UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2026

or

☐ **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: 001-38210

Krystal Biotech, Inc.

(Exact name of registrant as specified in its charter)

Delaware		**82-1080209**
(State or other jurisdiction of incorporation or organization)		**(I.R.S. Employer Identification Number)**
2100 Wharton Street, Suite 701		
Pittsburgh, Pennsylvania		**15203**
(Address of principal executive offices)		**(zip code)**

(412) 586-5830
(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
Common Stock	KRYS	Nasdaq Global Select 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

Emerging growth company ☐

If 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 April 29, 2026, there were 29,479,756 shares of the registrant's common stock issued and outstanding.

Krystal Biotech, Inc.
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Krystal Biotech, Inc.
Condensed Consolidated Balance Sheets
(unaudited)

(in thousands, except par value)	March 31, 2026	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	$ 501,313	$ 496,304
Short-term investments	322,092	331,487
Accounts receivable, net	127,022	127,425
Inventory	42,646	40,475
Prepaid taxes	10,642	14,006
Prepaid expenses and other current assets	16,026	14,905
Total current assets	1,019,741	1,024,602
Property and equipment, net	153,582	150,776
Long-term investments	193,485	128,066
Right-of-use assets	7,035	7,239
Deferred tax asset, net of valuation allowance	22,824	22,824
Other non-current assets	300	287
Total assets	$ 1,396,967	$ 1,333,794
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 4,089	$ 3,238
Current portion of lease liability	1,800	1,771
Accrued rebates	70,717	58,181
Accrued expenses and other current liabilities	31,196	39,752
Total current liabilities	107,802	102,942
Lease liability	7,312	7,568
Other long-term liabilities	5,124	3,724
Total liabilities	120,238	114,234
Commitments and contingencies (see note 7)		
Stockholders' equity		
Common stock; $0.00001 par value; 80,000 shares authorized as of March 31, 2026 and December 31, 2025; 29,437 and 29,192 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively.	—	—
Additional paid-in capital	1,198,257	1,194,261
Accumulated other comprehensive (loss) gain	(1,623)	1,136
Retained earnings	80,095	24,163
Total stockholders' equity	1,276,729	1,219,560
Total liabilities and stockholders' equity	$ 1,396,967	$ 1,333,794

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

Krystal Biotech, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Income
(unaudited)

(in thousands, except per share data)	Three Months Ended March 31, 2026	2025
Product revenue, net	$ 116,357	$ 88,183
Operating expenses		
Cost of goods sold	6,323	5,028
Research and development	15,331	14,256
Selling, general and administrative	41,014	32,647
Total operating expenses	62,668	51,931
Income from operations	53,689	36,252
Other income		
Interest and other income, net	7,753	7,345
Income before income taxes	61,442	43,597
Income tax expense	(5,510)	(7,864)
Net income	55,932	35,733
Unrealized (loss) gain on available-for-sale securities	(1,577)	344
Foreign currency translation	(1,182)	236
Comprehensive income	$ 53,173	$ 36,313
Net income per common share:		
Basic	$ 1.91	$ 1.24
Diluted	$ 1.83	$ 1.20
Weighted-average common shares outstanding:		
Basic	29,288	28,815
Diluted	30,507	29,871

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

Krystal Biotech, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(unaudited)

(in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholders' Equity
Balances as of January 1, 2026	29,192	$ —	$ 1,194,261	$ 1,136	$ 24,163	$ 1,219,560
Issuance of common stock upon exercise of stock options	145	—	6,501	—	—	6,501
Vesting of restricted stock units, net of shares withheld for taxes	100	—	(16,960)	—	—	(16,960)
Stock-based compensation	—	—	14,455	—	—	14,455
Unrealized loss on investments	—	—	—	(1,577)	—	(1,577)
Foreign currency translation	—	—	—	(1,182)	—	(1,182)
Net income	—	—	—	—	55,932	55,932
Balances as of March 31, 2026	29,437	—	$ 1,198,257	$ (1,623)	$ 80,095	$ 1,276,729

(in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity
Balances as of January 1, 2025	28,794	$ —	$ 1,127,238	$ (190)	$ (180,668)	$ 946,380
Issuance of common stock upon exercise of stock options	17	—	1,462	—	—	1,462
Vesting of restricted stock units, net of shares withheld for taxes	98	—	(12,116)	—	—	(12,116)
Shares of restricted stock awards surrendered for taxes	(10)	—	(1,812)	—	—	(1,812)
Stock-based compensation	—	—	14,447		—	14,447
Unrealized gain on investments	—	—	—	344	—	344
Foreign currency translation	—	—	—	236		236
Net income	—	—	—	—	35,733	35,733
Balances as of March 31, 2025	28,899	$ —	$ 1,129,219	$ 390	$ (144,935)	$ 984,674

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

Krystal Biotech, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)

(in thousands)	Three Months Ended March 31, 2026	2025
Operating Activities		
Net income	$ 55,932	$ 35,733
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	1,522	1,410
Accretion on marketable securities	(576)	(453)
Amortization of operating lease right-of-use assets	204	224
Stock-based compensation expense, net	13,609	13,478
Realized gain on investments	(529)	(1,502)
Other, net	136	614
Changes in operating assets and liabilities		
Accounts receivable, net	58	1,486
Inventory	(243)	(1,395)
Prepaid taxes	3,365	457
Prepaid expenses and other current assets	(1,699)	(3,433)
Lease liability	(227)	(136)
Other long-term liabilities	1,435	534
Accounts payable	1,022	906
Accrued rebates	12,685	10,601
Accrued expenses and other current liabilities	(6,312)	3,695
Accrued legal settlement	—	(31,250)
Net cash provided by operating activities	80,382	30,969
Investing Activities		
Proceeds from disposal of assets	—	435
Purchases of property and equipment	(7,148)	(6,204)
Purchases of investments	(160,033)	(137,806)
Maturities of investments	103,598	88,806
Net cash (used in) investing activities	(63,583)	(54,769)
Financing Activities		
Proceeds from exercise of stock options	6,501	1,462
Taxes paid for employee tax withholding related to restricted stock units	(16,960)	(12,116)
Taxes paid related to settlement of restricted stock awards	—	(1,812)
Net cash (used in) financing activities	(10,459)	(12,466)
Effect of exchange rate changes on cash and cash equivalents	(1,331)	171
Net increase (decrease) in cash and cash equivalents	5,009	(36,095)
Cash and cash equivalents at beginning of period	496,304	344,865
Cash and cash equivalents at end of period	$ 501,313	$ 308,770
Supplemental Disclosures of Non-Cash Activities		
Unpaid purchases of property and equipment	$ 1,218	$ 1,397
Initial recognition of right-of-use assets	$ —	$ 1,802
Supplemental Cash Flow Information		
Income taxes paid	$ 627	$ 400

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

1. Organization

Krystal Biotech, Inc. (together with its wholly-owned subsidiaries, the "Company," or "we" or other similar pronouns), a Delaware C-corporation, is a fully integrated, global, commercial-stage biotechnology company. We are focused on the discovery, development, manufacturing, and commercialization of genetic medicines to treat diseases with high unmet medical needs. Using our patented gene therapy technology platform that is based on engineered herpes simplex virus-1 ("HSV-1"), we create vectors that efficiently deliver therapeutic transgenes to cells of interest in multiple organ systems. The cell's own machinery then transcribes and translates the transgene to treat the disease. Our vectors are amenable to formulation for non-invasive or minimally invasive routes of administration at a healthcare professional's office or in the patient's home. Our innovative technology platform is supported by two in-house, commercial scale Current Good Manufacturing Practice ("CGMP") manufacturing facilities.

Liquidity

As of March 31, 2026, the Company had a retained earnings balance of $80.1 million. Our operating profitability is dependent upon the continued successful commercialization of VYJUVEK, our U.S. Food and Drug Administration ("FDA"), European Commission ("EC"), and Japan's Ministry of Health, Labour, and Welfare ("MHLW") approved product, as well as successful development, approval and commercialization of our product candidates. Management intends to fund future operations through its on hand cash and cash equivalents and revenue generated from the sale of VYJUVEK, and may also seek additional capital through arrangements with strategic partners, the sale of equity, debt financings or other sources.

The Company is subject to risks common to companies in the biotechnology industry, including, but not limited to, the failure of product candidates in clinical and preclinical studies, the development of competing product candidates or other technological innovations by competitors, dependence on key personnel, protection of proprietary technology, compliance with government regulations and the ability to commercialize product candidates. The Company expects to incur significant costs in connection with, among other things, advancing its product pipeline, expanding its commercialization capabilities, and complying with EU post-authorization regulatory requirements and EU member state-specific pricing, reimbursement, and market access activities. The Company believes that its cash and cash equivalents and short-term investments of approximately $823.4 million as of March 31, 2026 will be sufficient to allow the Company to fund its planned operations for at least the next 12 months from the date of this Quarterly Report on Form 10-Q.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America ("GAAP"). In the opinion of management, all adjustments, which consist of all normal recurring adjustments necessary for a fair presentation of the Company's financial position and results of operations for the interim periods presented, are reflected in the interim condensed consolidated financial statements. All intercompany balances and transactions have been eliminated in consolidation.

Certain prior period amounts have been reclassified to conform to the current period presentation. The reclassified amounts have no impact on the Company's previously reported financial position or results of operations.

The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (the "2025 10-K"), as filed with the U.S. Securities and Exchange Commission ("SEC") on February 17, 2026.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the condensed consolidated financial statements and accompanying notes. Actual results could materially differ from those estimates. Management considers many factors and applies significant judgment in developing the estimates and assumptions that are used in the preparation of these financial statements. If actual results in the future vary from the Company's estimates, the Company will adjust these estimates in the period these variances become known. Estimates are used in the following areas, among others: variable consideration associated with revenue recognition, stock-based compensation expense, accrued expenses, and income taxes.

Summary of Significant Accounting Policies

See Note 2 to our consolidated financial statements included in the 2025 10-K. There were no material changes to the Company's significant accounting policies during the three months ended March 31, 2026.

Recently Issued Accounting Pronouncements, Not Yet Adopted

There were no accounting pronouncements issued or adopted during the three months ended March 31, 2026 that had or are expected to have a material impact on the Company's condensed consolidated financial statements.

In November 2024, the Financial Accounting Standards Board ("FASB") issued *ASU 2024-03 Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses.* This standard calls for enhanced disclosures about components of expense captions on the face of the income statement. This standard will be effective for fiscal years beginning after December 15, 2026, with the option to apply it retrospectively. Early adoption is allowed. Currently, the Company is assessing the potential impact of this guidance on its consolidated financial statement disclosures.

In December 2025, the FASB issued *ASU 2025-11 Interim Reporting (Topic 270): Narrow-Scope Improvements.* This standard clarifies current interim reporting requirements on Topic 270 and introduces a disclosure principle requiring entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. This standard will be effective for fiscal years beginning after December 15, 2027, with the option to apply it retrospectively. Early adoption is allowed. Currently, the Company is assessing the potential impact of this guidance on its condensed consolidated financial statement disclosures.

3. Product Revenue, Accounts Receivable and Reserves for Product Sales

The Company's product revenue, net of sales discounts and allowances totaled $116.4 million and $88.2 million for the three months ended March 31, 2026 and March 31, 2025, respectively. Product revenue by significant geographic region is as follows:

	Three Months Ended March 31,	
	2026	**2025**
United States	$ 87,489	$ 88,183
Europe	20,677	—
Japan	8,191	—
Total product revenue, net	$ 116,357	$ 88,183

The Company's accounts receivable, net balance relating to VYJUVEK sales was $127.0 million as of March 31, 2026 and $127.4 million as of December 31, 2025. Accounts receivable, net from the Company's customers who individually accounted for 10% or more of accounts receivable, net consisted of the following:

	Percent of Accounts Receivable, Net	
	March 31, 2026	**December 31, 2025**
Customer A	62 %	66 %
Customer B	13 %	14 %

All other single customers represent less than 10% of outstanding accounts receivable, net in the applicable period.

The following table summarizes changes in allowances and discounts for the three months ended March 31, 2026:

(in thousands)	**Rebates**	**Prompt Pay**	**Other Accruals**	**Total**
Balance as of December 31, 2025	$ 61,905	$ 5,834	$ 378	$ 68,117
Provisions	22,335	3,349	60	25,744
Payments/Credits	(8,399)	(3,845)	(278)	(12,522)
Balance as of March 31, 2026	$ 75,841	$ 5,338	$ 160	$ 81,339

Rebates are included in accrued rebates and other long-term liabilities on the condensed consolidated balance sheets. Other long-term liabilities are comprised of $5.1 million and $3.7 million of long-term accrued rebates as of March 31, 2026 and December 31, 2025, respectively. Prompt pay discount is recorded as an allowance against accounts receivable, net on the condensed consolidated balance sheets. Other accruals are included in accrued expenses and other current liabilities on the condensed consolidated balance sheets. Provisions for rebates, prompt pay discounts and other accruals are recorded reductions to product revenue, net on the condensed consolidated statements of operations and comprehensive income.

4. Net Income Per Share Attributable to Common Stockholders

Basic net income per share attributable to common stockholders is calculated by dividing net income attributable to common stockholders by the weighted-average shares outstanding during the period, without consideration for common stock equivalents. Diluted net income per share attributable to common stockholders is computed by dividing the net income by the weighted-average number of shares of common stock and common stock equivalents outstanding for the period. Common stock equivalents consist of common stock issuable upon (1) exercise of stock options and (2) vesting of restricted stock awards, restricted stock units and performance-based restricted stock units (collectively, "restricted stock").

For the three months ended March 31, 2026 and 2025, respectively, there were 376 thousand and 413 thousand common stock equivalents outstanding in the form of stock options and 50 thousand and 48 thousand in unvested restricted stock, that have each been excluded from the calculation of diluted net income per common share as their effect would be anti-dilutive.

	Three Months Ended March 31,	
(in thousands, except per share data)	**2026**	**2025**
Numerator:		
Net income	$ 55,932	$ 35,733
Denominator:		
Weighted-average basic common shares	29,288	28,815
Dilutive effect of stock options and unvested restricted stock	1,219	1,056
Weighted-average diluted common shares	30,507	29,871
Net income per common share—basic	$ 1.91	$ 1.24
Net income per common share—diluted	$ 1.83	$ 1.20

5. Fair Value Instruments

The following tables show the Company's cash and cash equivalents and available-for-sale securities by significant investment category as of March 31, 2026 and December 31, 2025:

	March 31, 2026						
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Aggregate Fair Value	Cash and Cash Equivalents	Short-term Marketable Securities[1]	Long-term Marketable Securities[2]
Level 1:							
Cash and cash equivalents	$ 501,313	$ —	$ —	$ 501,313	$ 501,313	$ —	$ —
Subtotal	501,313	—	—	501,313	501,313	—	—
Level 2:							
Corporate bonds	229,575	125	(348)	229,352	—	147,369	81,983
U.S. government agency securities	286,398	165	(338)	286,225	—	174,723	111,502
Subtotal	515,973	290	(686)	515,577	—	322,092	193,485
Total	$ 1,017,286	$ 290	$ (686)	$ 1,016,890	$ 501,313	$ 322,092	$ 193,485

	December 31, 2025						
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Aggregate Fair Value	Cash and Cash Equivalents	Short-term Marketable Securities[1]	Long-term Marketable Securities[2]
Level 1:							
Cash and cash equivalents	$ 496,304	$ —	$ —	$ 496,304	$ 496,304	$ —	$ —
Subtotal	496,304	—	—	496,304	496,304	—	—
Level 2:							
Commercial paper	12,887	2	(1)	12,888	—	12,888	—
Corporate bonds	211,268	535	(6)	211,797	—	142,801	68,996
U.S. government agency securities	234,216	653	(1)	234,868	—	175,798	59,070
Subtotal	458,371	1,190	(8)	459,553	—	331,487	128,066
Total	$ 954,675	$ 1,190	$ (8)	$ 955,857	$ 496,304	$ 331,487	$ 128,066

(1) The Company's short-term marketable securities mature in one year or less.
(2) The Company's long-term marketable securities mature between one and two years.

6. Balance Sheet Components

Inventory

Inventory consisted of the following:

(in thousands)	March 31, 2026	December 31, 2025
Raw materials	$ 15,173	$ 15,938
Work-in-process	15,115	15,224
Finished goods	12,358	9,313
Inventory	$ 42,646	$ 40,475

Property and Equipment, Net

Property and equipment, net consisted of the following:

(in thousands)	March 31, 2026	December 31, 2025
Building and building improvements	$ 109,256	$ 109,242
Manufacturing equipment	30,202	29,279
Leasehold improvements	27,227	27,227
Construction in progress	12,341	8,108
Laboratory equipment	3,521	3,490
Computer equipment and software	2,616	2,559
Furniture and fixtures	2,191	2,152
Total property and equipment	187,354	182,057
Accumulated depreciation	(33,772)	(31,281)
Property and equipment, net	$ 153,582	$ 150,776

Depreciation expense was $1.5 million and $1.4 million for the three months ended March 31, 2026 and 2025, respectively. Depreciation expense capitalized into inventory was $1.0 million for the three months ended March 31, 2026 and 2025.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following as of March 31, 2026 and December 31, 2025:

(in thousands)	March 31, 2026	December 31, 2025
Accrued taxes	$ 13,110	$ 10,919
Accrued payroll and benefits	4,938	11,457
Accrued professional fees	4,347	5,936
Accrued preclinical and clinical expenses	3,801	4,667
Other current liabilities	3,176	3,579
Accrued inventory	1,040	1,005
Accrued construction in progress	784	2,189
Accrued expenses and other current liabilities	$ 31,196	$ 39,752

7. Commitments and Contingencies

Agreements with Contract Manufacturing Organizations and Contract Research Organizations

The Company enters into various agreements in the normal course of business with Contract Manufacturing Organizations ("CMOs"), Contract Research Organizations ("CROs") and other third parties for preclinical research studies, clinical trials and testing and manufacturing services. The agreements with CMOs primarily relate to the manufacturing of our sterile gel that is mixed with in-house produced vectors as part of the final drug product for VYJUVEK. Agreements with third parties may also include research and development consulting activities, clinical-trial agreements, testing of our clinical-stage, pre-commercial and commercial stage products and/or storage, packaging and labeling. The Company is obligated to make milestone payments under certain of these contracts. The Company incurred research and development expenses related to commitments under these agreements of $2.5 million for the three months ended March 31, 2026 and $2.2 million for the three months ended March 31, 2025.

Legal Proceedings

In the ordinary course of business, the Company may be subject from time to time to various proceedings, lawsuits, disputes, or claims. In accordance with FASB ASC Topic 450, *Contingencies* ("ASC 450"), the Company accrues a liability for legal contingencies when it is probable that a liability has been incurred, and the amount of the loss can be reasonably estimated. If there is at least a reasonable possibility that a loss may be incurred, ASC 450 requires disclosure of a loss contingency.

In the first quarter of 2025, the Company and certain of its employees received subpoenas from the U.S. Department of Justice requesting that the Company produce certain documents regarding its sponsored genetic testing program relating to

VYJUVEK and commercial practices relating thereto. The Company is cooperating and providing information in response to the subpoenas. It is not possible to estimate the amount of any loss or range of possible loss that might result from this inquiry, and because the final outcome cannot be predicted with certainty, unfavorable or unexpected developments or outcomes could result in a material impact to the Company's results of operations.

On September 18, 2025, a stockholder filed a derivative complaint in the Court of Chancery of the state of Delaware naming the Company's directors as defendants and the Company as a nominal defendant. The complaint alleged claims for breach of fiduciary duty, unjust enrichment, and waste of corporate assets based on allegedly excessive non-employee director compensation in each of 2021 through 2024. The parties have reached an agreement in principle on settlement terms but must still negotiate and execute a definitive settlement agreement, which will be filed with the Delaware Court of Chancery and is subject to court approval upon the conclusion of a settlement hearing concerning the fairness of the terms of the proposed settlement. If approved, the Company will adopt, implement, and maintain certain corporate governance reforms for a period of five (5) years. The Company has recorded a liability for an estimated amount of the settlement. The estimated amount of settlement is not material to the condensed consolidated financial statements.

8. Leases

As of March 31, 2026, future minimum commitments under the Company's operating leases with lease terms in excess of 12 months were as follows:

(in thousands)	**Operating Leases**
2026 (remaining nine months)	$ 1,417
2027	1,919
2028	1,954
2029	1,990
2030	2,016
Thereafter	7,279
Future minimum operating lease payments	16,575
Less: Interest	(7,463)
Present value of lease liability	$ 9,112

As of March 31, 2026 and December 31, 2025, the Company's weighted-average remaining lease term for operating leases was 10.0 years and 10.1 years, respectively, and the Company's weighted-average discount rate for operating leases was 9.7% as of March 31, 2026 and December 31, 2025.

The components of the Company's lease expense are as follows:

	Three Months Ended March 31,	
(in thousands)	**2026**	**2025**
Operating lease expense	$ 411	$ 426
Variable lease expense	63	64
Total lease expense	$ 474	$ 490

9. Stock-Based Compensation

In 2017, the Company adopted the 2017 IPO Stock Incentive Plan ("Plan"), which governs the issuance of equity awards to employees, certain non-employee consultants, and directors. Initially, the Company reserved 900 thousand shares for issuance under the Plan with an initial sublimit for incentive stock options of 900 thousand shares. On an annual basis, the amount of shares available for issuance under the Plan increases by an amount equal to four percent of the total outstanding shares as of the last day of the preceding calendar year. The sublimit of incentive stock options is not subject to the increase. The Company has historically granted stock options, restricted stock awards ("RSAs"), restricted stock units ("RSUs") and performance-based restricted stock units ("PSUs") to certain employees.

Shares of common stock remaining available for grant under the Plan were approximately 1.6 million as of March 31, 2026.

Stock Options

The following table summarizes the Company's stock option activity for the three months ended March 31, 2026:

	Stock Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life *(in years)*	Aggregate Intrinsic Value[(1)] *(in thousands)*
Outstanding as of December 31, 2025	2,030,417	$ 99.45	6.8	$ 298,662
Granted	275,500	$ 275.37		
Exercised	(145,130)	$ 44.79		
Cancelled or forfeited	(53,605)	$ 156.67		
Outstanding as of March 31, 2026	2,107,182	$ 124.76	7.0	$ 286,111
Exercisable as of March 31, 2026	1,268,779	$ 82.98	5.8	$ 222,474

(1) Aggregate intrinsic value represents the difference between the closing stock price of our common stock on December 31, 2025 and March 31, 2026 and the exercise price of outstanding in-the-money options on the respective date.

The following table summarizes the Company's stock option activity for the three months ended March 31, 2025:

	Stock Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life *(in years)*	Aggregate Intrinsic Value[(1)] *(in thousands)*
Outstanding as of December 31, 2024	2,049,063	$ 82.69	7.3	$ 156,404
Granted	255,773	$ 176.00		
Exercised	(17,123)	$ 85.39		
Cancelled or forfeited	(25,240)	$ 107.01		
Outstanding as of March 31, 2025	2,262,473	$ 92.94	7.4	$ 198,813
Exercisable as of March 31, 2025	1,168,812	$ 69.13	6.4	$ 130,018

(1) Aggregate intrinsic value represents the difference between the closing stock price of our Common Stock on December 31, 2024 and March 31, 2025 and the exercise price of outstanding in-the-money options on the respective date.

The total intrinsic value (the amount by which the fair market value exceeds the exercise price) of stock options exercised was $32.1 million and $1.4 million during the three months ended March 31, 2026 and 2025, respectively.

The weighted-average grant-date fair value per share of options granted to employees and directors was $175.20 and $116.88 during the three months ended March 31, 2026 and 2025, respectively.

There was $92.8 million of unrecognized stock-based compensation expense related to employees' and directors' options that is expected to be recognized over a weighted-average period of 3.2 years as of March 31, 2026.

Restricted Stock Units

The following table summarizes the Company's RSU activity:

	Three Months Ended March 31,			
	2026		2025	
	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Non-vested RSUs, beginning of period	331,574	$ 152.97	308,096	$ 135.22
Granted	96,322	$ 275.64	130,556	$ 179.25
Vested	(105,767)	$ 143.50	(84,097)	$ 129.56
Forfeited	(11,945)	$ 156.52	(5,798)	$ 154.56
Non-vested RSUs, end of period	310,184	$ 194.16	348,757	$ 152.75

There was $58.1 million of unrecognized stock-based compensation expense related to employees' RSU awards that is expected to be recognized over a weighted-average period of 3.1 years as of March 31, 2026.

Performance-Based Restricted Stock Units

The following table summarizes the Company's PSU activity:

	Three Months Ended March 31,			
	2026		2025	
	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Non-vested PSUs, beginning of period	56,250	$ 159.47	137,500	$ 145.37
Granted	43,536	$ 275.64	—	$ —
Vested	(56,250)	$ 159.47	(81,250)	$ 135.61
Forfeited	—	$ —	—	$ —
Non-vested PSUs, end of period	43,536	$ 275.64	56,250	$ 159.47

PSUs granted during the period are subject to regulatory performance-based vesting conditions, as determined by the Compensation Committee of the Company's Board of Directors, and vest on a three year cliff basis upon satisfaction of such conditions.

There was $11.6 million of unrecognized stock-based compensation expense related to employees' PSU awards that is expected to be recognized over a weighted-average period of 2.9 years as of March 31, 2026.

Stock-Based Compensation Expense, Net

The Company recorded stock-based compensation expense, net related to its stock options and restricted stock in the condensed consolidated statements of operations and comprehensive income for the three months ended March 31, 2026 and 2025 as follows:

	Three Months Ended March 31,	
(in thousands)	2026	2025
Research and development	2,177	2,469
Selling, general and administrative	11,432	11,009
Total stock-based compensation	$ 13,609	$ 13,478

The Company capitalized stock-based compensation associated with the allocation of labor costs related to work performed to manufacture VYJUVEK of $0.8 million and $1.0 million for the three months ended March 31, 2026 and 2025, respectively, into inventory.

10. Income Taxes

The Company recorded an income tax expense of $5.5 million for the three months ended March 31, 2026. The tax expense for interim periods is calculated using an estimate of the annual effective tax rate, adjusted for discrete items. If there are any changes to the estimated annual effective tax rate, the Company will make a cumulative adjustment to the income tax provision in the period the change becomes known. The Company recorded an income tax expense of $7.9 million for the three months ended March 31, 2025.

We monitor the realizability of our deferred tax assets taking into consideration all relevant factors at each reporting period. As of March 31, 2026, except for certain state net operating loss carryforward and tax credit carryforward, we do not have valuation allowance against deferred tax assets. We continue to maintain a full valuation allowance against certain state attributes as of March 31, 2026, because we concluded they are not more likely than not to be realized as we expect certain state attribute generation in future years to exceed our ability to use these deferred tax assets.

We are subject to income taxes in the U.S. and in many foreign jurisdictions. Significant judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets that are not more likely than not to be realized. The determination of the realizability of deferred tax assets requires significant judgment in assessing the likelihood of future tax consequences. The Company previously maintained a full valuation allowance against its U.S. federal and state deferred tax assets due to historical cumulative losses and uncertainty regarding the realization of such assets. The Company will continue to evaluate all available evidence each

reporting period and may adjust the valuation allowance in future periods if estimates of future taxable income or other relevant factors change.

11. Segment Information

The Company operates as one operating segment, which is focused on the discovery, development, manufacturing and commercialization of genetic medicines to treat diseases with high unmet medical needs. The Company's chief operating decision maker ("CODM"), our chief executive officer, utilizes financial information presented on a consolidated basis to manage and allocate resources. The CODM uses consolidated gross margin, operating margin, net income and total research and development expenses by product candidate or program to assess performance, forecast future financial results and to allocate resources.

The following table presents selected financial information with respect to the Company's single operating segment for the three months ended March 31, 2026, and 2025:

	Three Months Ended	
(in thousands)	**March 31, 2026**	**March 31, 2025**
Product revenue, net	$ 116,357	$ 88,183
Cost of goods sold	6,323	5,028
Gross margin	95 %	94 %
B-VEC	547	1,973
KB111	992	27
KB304	3	242
KB407	762	349
KB408	143	298
KB707	2,432	2,738
KB801	787	454
KB803	1,142	486
Other research programs	736	692
Other research and development costs [(1)]	7,787	6,997
Total research and development	15,331	14,256
Selling, general and administrative	41,014	32,647
Income from operations	$ 53,689	$ 36,252
Other income		
Interest and other income, net	7,753	7,345
Income before income taxes	$ 61,442	$ 43,597
Income tax expense	(5,510)	(7,864)
Net income	$ 55,932	$ 35,733

(1) Includes stock-based compensation, other manufacturing expenses related to our product candidates and other unallocated expenses which largely relates to depreciation and other facilities and equipment related costs.

12. Subsequent Events

The Company evaluates events or transactions that occur after the balance sheet date, but prior to the issuance of the financial statements, to identify matters that require recognition or disclosure. The Company concluded that no subsequent events have occurred, that would require recognition or disclosure in the condensed consolidated financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with the unaudited condensed consolidated financial statements and related notes included in Item 1 of Part I of this Quarterly Report on Form 10-Q and with the audited financial statements and the related notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (the "2025 10-K"), as filed with the SEC on February 17, 2026.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "seek," "should," "target," "will," "would," or similar expressions and the negatives of those terms. These statements relate to future events or to our future operating or financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements.

Forward-looking statements appearing in this Quarterly Report on Form 10-Q include, but are not limited to, statements about the following, among other things:

- our commercialization plans in the United States, the European Union, Japan, and elsewhere for our first commercial product, VYJUVEK® (beremagene geperpavec-svdt) for the treatment of dystrophic epidermolysis bullosa ("DEB"), including timing of pricing negotiations and potential commercial launches in Europe;
- the design, initiation, enrollment, timing, progress, and results of clinical trials for our product candidates, as well as expected timing of regulatory filings and reporting of data readouts from our clinical trials;
- our beliefs about our proprietary HSV-1 based vector platform;
- our expectations regarding future fluctuations in revenue and anticipated increases in certain expenses; and
- our commercialization, marketing, and manufacturing capabilities and strategy.

Forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those referenced in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 and other filings we make with the SEC from time to time. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Quarterly Report on Form 10-Q may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. You should read this Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect.

Forward-looking statements represent our management's beliefs and assumptions only as of the date of filing this Quarterly Report on Form 10-Q with the SEC. Except as required by law, we assume no obligation to update these forward-looking statements publicly as a result of subsequent events, developments or otherwise, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Throughout this Quarterly Report on Form 10-Q, unless the context requires otherwise, all references to "Krystal," the "Company," "we," "our," "us," or similar terms refer to Krystal Biotech, Inc., together with its consolidated subsidiaries. Web links throughout this Quarterly Report on Form 10-Q are provided for convenience only and are not intended to be active hyperlinks to the referenced websites. No content on the referenced websites shall be deemed incorporated by reference into this Quarterly Report on Form 10-Q.

Overview

We are a fully integrated, global, commercial-stage biotechnology company focused on the discovery, development, manufacturing, and commercialization of genetic medicines to treat diseases with high unmet medical needs. Using our patented gene therapy technology platform that is based on engineered HSV-1, we create vectors that efficiently deliver therapeutic transgenes to cells of interest in multiple organ systems. The cell's own machinery then transcribes and translates the transgene to treat the disease. Our vectors are amenable to formulation for non-invasive or minimally invasive routes of

administration at a healthcare professional's office or in the patient's home. Our innovative technology platform is supported by two in-house, commercial scale CGMP manufacturing facilities.

Our Commercial Product

VYJUVEK (beremagene geperpavec-svdt, or B-VEC)

VYJUVEK is a non-invasive, topical, redosable gene therapy approved in the United States, European Union ("EU"), and Japan for the treatment of DEB, a rare and severe monogenic disease that affects the skin and mucosal tissues and is caused by one or more mutations in a gene called *COL7A1*. VYJUVEK is designed to deliver two copies of the *COL7A1* gene when applied directly to DEB wounds, providing the patient's skin cells the template to make normal type VII collagen protein and thereby addressing the fundamental disease-causing mechanism.

VYJUVEK was first approved by the FDA in May 2023 for the treatment of wounds in patients, six months of age or older, suffering from DEB, making it the first and only corrective medicine approved by the FDA for the treatment of both recessive and dominant subtypes of DEB. In September 2025, the FDA approved a label update for VYJUVEK that expanded the treatment eligible population to include DEB patients from birth and provided patients with greater dosing flexibility, including the option for VYJUVEK to be applied by a healthcare professional ("HCP"), caregiver, or directly by the patient themselves, either at home or in a healthcare setting.

VYJUVEK was also approved in Japan and the EU in 2025, making it the first and only corrective therapy approved for the treatment of DEB in each of those respective markets. Both approvals include flexible dosing options with the potential for patient or caregiver administration in the home setting.

We possess exclusive rights to develop, manufacture, and commercialize VYJUVEK throughout the world. We are commercializing VYJUVEK directly in the United States, major European markets, and Japan. We launched VYJUVEK in the United States in 2023, in Germany in August 2025, and in France and Japan in October 2025. The launch in France is under the post-marketing authorization early reimbursed access Accès Précoce program.

Pricing negotiations are underway in both Germany and France and are expected to continue until the second half of 2026 in Germany and 2027 in France. Pricing negotiations were successfully completed in Japan prior to launch.

We are also advancing pricing discussions with Italian and Spanish reimbursement authorities to enable potential launches in both Italy and Spain in the second half of 2026, as well as initiating pricing discussions with relevant authorities in other key Western European markets. The timing of additional European launches is uncertain will depend on the cadence and outcomes of ongoing and planned regulatory interaction and pricing negotiations.

We continue to expand our specialty distributor network to support the commercialization of VYJUVEK in territories outside of the United States, major European markets, and Japan.

Net VYJUVEK product revenue was $116.4 million for the three months ended March 31, 2026, and $846.7 million in cumulative net product revenue since our first launch of VYJUVEK in the United States in 2023.

Gross margin for the three months ended March 31, 2026 was 95%. We define gross margin as product revenue, net less cost of goods sold expressed as a percentage of product revenue, net.

Pipeline Highlights and Recent Developments

Ophthalmology

KB803 for Ocular Complications in Patients with DEB

KB803 is a redosable eye drop formulation of B-VEC, designed for the treatment of ocular complications that are thought to affect over 25% of DEB patients. These complications, which include corneal erosions, abrasions, blistering and scarring, can lead to progressive vision loss. There is currently no corrective therapy available.

B-VEC has been applied topically to the eye of one DEB patient with severe cicatrizing conjunctivitis under a compassionate use protocol. The clinical observations of this compassionate use case were published in the *New England Journal of Medicine* in February 2024. Regular eye drop administration of B-VEC was well tolerated by the patient with no drug-related adverse events noted. Full corneal healing was observed at three months, as well as significant visual acuity improvement from hand motion to 20/25 by eight months.

In June 2025, we announced that we dosed the first patient in IOLITE, an intra-patient, double-blind, placebo-controlled, multicenter Phase 3 registrational study with a crossover design to evaluate KB803 for the treatment and prevention of corneal abrasions in DEB patients, six months of age or older. After observing a promising clinical safety profile in the initial patients treated with Krystal's eye drop gene therapies, we modified the KB803 dosing schedule to reduce the potential impact

of human error in eye drop administration. In April 2026, we completed study enrollment, with a total of 16 patients enrolled under the updated IOLITE protocol. We expect to report top-line results from IOLITE before the end of the year. The primary efficacy endpoint of the IOLITE study is the change in the average number of days per month with corneal abrasion symptoms while receiving KB803 versus placebo. Safety and secondary efficacy data, including weekly assessments of eye pain and monthly Epidermolysis Bullosa Eye Disease Index questionnaires, are being collected through to the end of the 24-week study period.

To enroll in IOLITE, patients first completed a 12-week run-in period in our natural history study, during which they reported the number of days they experienced symptoms of corneal abrasions. Additional details on both studies are available at www.clinicaltrials.gov under NCT identifiers NCT07016750 for IOLITE and NCT06563414 for the natural history study.

KB801 for Neurotrophic Keratitis ("NK")

KB801 is an eye drop formulation of our novel HSV-1 based vector designed to deliver two transgene copies to the corneal epithelium for the sustained, localized expression and secretion of nerve growth factor ("NGF") and treatment of NK, a rare, degenerative corneal disease caused by nerve damage in the eye that leads to corneal epithelial defects, ulcers, and perforation. Recombinant NGF eye drops have been shown to significantly improve corneal healing and are approved for the treatment of NK in multiple jurisdictions worldwide, including the United States, but rapid clearance from the eye requires intensive administration six times a day, with eye pain frequently reported, and may result in suboptimal treatment outcomes. By transducing the cells of the corneal epithelium to produce and secrete NGF, KB801 has the potential to significantly reduce the treatment burden for patients while also maintaining more consistent NGF levels in the front of the eye.

In July 2025, we announced that we dosed the first patient in EMERALD-1, a randomized, double-masked, multicenter, placebo-controlled study evaluating KB801, administered as an eye drop, for the treatment of NK. In October 2025, the FDA granted platform technology designation to the engineered HSV-1 viral vector used in KB801, a designation which affords development and manufacturing efficiencies for the development of KB801. Following receipt of this designation, we amended the EMERALD-1 protocol to enable the study to serve as a registrational trial supporting the potential registration of KB801. Under the updated protocol, we expect to enroll approximately 60 adult patients with Stage 2 or Stage 3 NK, as defined by the Mackie criteria, randomized 1:1 to receive either KB801 or placebo. The primary efficacy endpoint of EMERALD-1 is the proportion of patients with complete healing of corneal epithelium at eight weeks. Enrollment in EMERALD-1 is ongoing. We expect to complete enrollment and report top-line results from EMERALD-1 before the end of the year. More details of the EMERALD-1 study can be found at www.clinicaltrials.gov under NCT identifier NCT06999733.

Respiratory

KB407 for Cystic Fibrosis ("CF")

KB407 is an inhaled (nebulized) formulation of our novel vector designed to deliver two copies of the full-length cystic fibrosis transmembrane conductance regulator ("*CFTR*") transgene for the treatment of CF, a serious rare lung disease caused by missing or mutated CFTR protein.

In July 2023, we announced that we had dosed the first patient in our Phase 1 CORAL-1 study, a multi-center, dose-escalation trial of KB407 in patients with CF that included molecular assessments of CFTR delivery and expression in the third and highest dose cohort. In December 2024, we announced an interim safety data update from the first two dose cohorts of CORAL-1 and, in January 2026, interim safety and molecular data updates from the third dose cohort. KB407 was generally well tolerated across all three dose cohorts, and molecular assessments by bronchoscopy confirmed the successful delivery and expression of wild-type CFTR protein in patient's lungs, with broad airway distribution and confirmation of KB407 transduction in all six CF patients with successful bronchoscopies.

We are now working closely with the FDA and the Cystic Fibrosis Foundation ("CFF") on development pathways to support potential registration of KB407. In April 2026, the FDA also granted platform technology designation to the engineered HSV-1 viral vector used in KB407, affording the program the same potential development and manufacturing efficiencies as KB801.

Based on recent interactions with the FDA, we are initiating an open label, single-arm study to evaluate safety of repeat dose KB407 for 24 weeks in five patients with CF who are ineligible for, do not tolerate, or do not benefit from modulator therapy. We expect to dose the first patient in the open-label study later this month, complete enrollment in the second quarter of 2026, and report results before the end of the year. Details of the study can be found at www.clinicaltrials.gov under NCT identifier: NCT05504837. Concurrently, we are in discussions with the FDA and CFF regarding a potential innovative registrational study design and statistical analysis plan that explores using prospectively collected natural history data from the CFF to supplement placebo control data for evaluation of KB407 treatment effect. We expect to share the design

and associated statistical analysis of the registrational study following alignment with the FDA, which is anticipated in the second half of 2026, and initiate the registrational study in 2027.

KB408 for Alpha-1 Antitrypsin Deficiency ("AATD") Lung Disease

KB408 is an inhaled (nebulized) formulation of our novel vector designed to deliver two copies of the SERPINA1 transgene, that encodes for normal human alpha-1 antitrypsin ("AAT") protein, for the treatment of AATD, a serious rare lung disease characterized by diminished or absent functional AAT protein in the lungs and unopposed neutrophil elastase activity resulting in progressive lung function decline.

In February 2024, we announced that we dosed the first patient in SERPENTINE-1, a Phase 1, open-label, dose escalation study evaluating KB408, delivered via a nebulizer, in adult patients with AATD with a Pi*ZZ or a Pi*ZNull genotype. In December 2024, we announced an interim clinical update from the first two dose escalation cohorts of SERPENTINE-1. Inhaled KB408 was safe and well-tolerated at both tested dose levels and clear evidence of successful SERPINA1 delivery and AAT expression was observed in both patients that underwent bronchoscopies. We have since confirmed SERPINA1 delivery and functional AAT expression in a third patient dosed with KB408 in Cohort 2 and amended the SERPENTINE-1 protocol to investigate repeat dosing at the Cohort 2 dose level (the repeat dose cohort now referred to as "Cohort 2B"). A total of five patients were dosed in Cohort 2 of which three underwent bronchoscopy. The first patient in Cohort 2B was dosed in August 2025 and enrollment in this repeat dose cohort is ongoing. We expect to report interim safety and SERPINA1 delivery data from the repeat dose Cohort 2B in 2026. Enrollment in single dose cohorts is now closed. Details of the Phase 1 study can be found at www.clinicaltrials.gov under NCT identifier: NCT06049082.

Dermatology

KB111 for Hailey-Hailey Disease ("HHD")

KB111 is a topical gel formulation of our novel vector designed to deliver two copies of the ATP2C1 transgene encoding the human calcium-transporting ATPase type 2C member 1 ("ATP2C1") for the treatment of HHD, a serious and rare monogenic skin disorder characterized by painful rash and blistering in skin folds and linked to low ATP2C1 expression levels in keratinocytes.

In October 2025, the FDA cleared our investigational new drug application to evaluate KB111 in the clinic and, in January 2026, the FDA granted KB111 Fast Track Designation for the treatment of HHD. In April 2026, the FDA also granted platform technology designation to the engineered HSV-1 viral vector used in KB111, affording the program the same potential development and manufacturing efficiencies as KB801 and KB407.

We are currently developing an HHD-specific severity scale required for the clinical evaluation of KB111. We expect to complete development and validation of the scale in the first half of 2026. We also plan to initiate an open-label safety study later this month, HALITE-1, evaluating repeat dose KB111, administered once weekly for 12 weeks, in approximately seven patients with HHD. We expect to report HALITE-1 study results in the second half of 2026. We also plan to submit the results from HALITE-1 along with the registrational study design for discussions with the FDA in the second half of 2026 to enable a potential registrational study start in 2027.

Oncology

KB707 for Solid Tumors

KB707 is a redosable, immunotherapy designed to deliver transgenes encoding both human interleukin-2 and interleukin-12 to the tumor microenvironment and promote systemic immune-mediated tumor clearance. Two formulations of KB707 are in development, a solution formulation for transcutaneous injection and an inhaled (nebulized) formulation for lung delivery. Both intratumoral and inhaled KB707 have been granted Rare Pediatric Disease Designations and Fast Track Designations by the FDA. In February 2026, the FDA also granted Regenerative Medicine Advanced Therapy designation to KB707 for the treatment of advanced or metastatic non-small cell lung cancer ("NSCLC").

We have prioritized development of the inhaled KB707 formulation for the treatment of NSCLC based on early evidence of efficacy from KYANITE-1, an open-label, multi-center, dose escalation and expansion Phase 1/2 study, evaluating inhaled KB707, as monotherapy or in combination, in patients with locally advanced or metastatic solid tumors of the lung. As of the latest data cut-off disclosed in June 2025, in an evaluable cohort of 11 patients with heavily pre-treated advanced NSCLC, we observed monotherapy activity with inhaled KB707 therapy, achieving an objective response rate of 36% and a disease control rate of 54%. Inhaled KB707 was also reported to be safe and generally well tolerated as monotherapy in the 39 patients included in the safety analysis. The majority of treatment-related adverse events have been mild to moderate in severity and transient with no Grade 4 or 5 adverse events observed.

We continue to enroll patients with advanced NSCLC in a cohort evaluating a fixed dose of inhaled KB707 in combination with chemotherapy in patients with advanced NSCLC and expect to report additional interim efficacy data from KYANITE-1, as well as potential registrational study plans for inhaled KB707, later this year. Details of the KYANITE-1 study can be found at www.clinicaltrials.gov under NCT identifier NCT06228326.

With the prioritization of inhaled KB707, we have paused enrollment in OPAL-1, an open-label, multi-center, dose escalation and expansion Phase 1/2 study, evaluating intratumoral KB707, as monotherapy or in combination, in patients with locally advanced or metastatic solid tumors, who relapsed or are refractory to standard of care, with at least one measurable and injectable tumor accessible by transcutaneous route of administration. Patients enrolled in OPAL-1 continue to be followed and based on safety and efficacy results from the study, the Company may adjust development plans for intratumoral KB707. Details of the OPAL-1 study can be found at www.clinicaltrials.gov under NCT identifier NCT05970497.

Aesthetics

In addition to focusing on genetic medicines to treat patients with diseases with high unmet medical needs, we are leveraging the ability of our platform to deliver proteins of interest to cells in the skin in the context of aesthetic medicine via our wholly-owned subsidiary, Jeune Aesthetics, Inc. ("Jeune").

Jeune's lead clinical program, KB304, is a solution formulation of our novel vector for intradermal injection designed to deliver two copies of the *COL3A1* transgene and one copy of the *ELN* transgene to address various signs of skin aging including elasticity loss. In July 2025, Jeune announced positive safety and efficacy results, including significant improvements in key skin aesthetic attributes such as wrinkles and elasticity, in PEARL-2, a 2:1 randomized, double-blind, placebo-controlled Phase 1 study evaluating KB304, for the treatment of wrinkles of the décolleté.

Based on the broad aesthetic improvements observed in PEARL-2, Jeune is progressing KB304 into a Phase 2 study for the treatment of wrinkles of the décolleté. In support of the Phase 2 study, Jeune developed and validated a décolleté-specific photonumeric scale ("JDWS") which was submitted to the FDA in the second half of 2025. Jeune has aligned with the FDA on the JDWS and expects to initiate the Phase 2 study in 2027.

Financial Overview

Product Revenue, Net

After FDA approval of VYJUVEK in May 2023, we launched VYJUVEK in the United States in 2023, in Germany in August 2025, and in France and Japan in October 2025. Our future revenue will fluctuate from quarter to quarter for many reasons, including the uncertain timing and amount of sales of VYJUVEK.

The transaction price that we recognize as revenue for VYJUVEK sales includes an estimate of variable consideration, which may include discounts, returns, and rebates that are offered within contracts. Refer to Note 3 of the notes to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information.

Cost of Goods Sold

Cost of goods sold includes direct and indirect costs related to the manufacturing of VYJUVEK. These costs consist of manufacturing costs, personnel costs including stock-based compensation, facility costs, and other indirect overhead costs. Cost of goods sold may also include period costs related to certain manufacturing services and inventory adjustment charges.

Research and Development Expenses

Research and development expenses consist primarily of costs incurred to advance our preclinical and clinical development programs and the development and manufacturing of our product candidates, which include:

- agreements with contract research organizations, consultants and other third parties that conduct preclinical activities, clinical trials and other research and development activities on our behalf;
- costs of acquiring, developing and manufacturing product candidates and clinical trial materials, lab supplies and consumables;
- facility costs, depreciation and other related expenses, which include expenses for rent and the maintenance of our facilities;
- other testing and support costs and supplies; and
- payroll related expenses, including stock-based compensation expense.

We expense research and development costs to operations as incurred.

We expect our research and development expenses will increase as we continue the manufacturing of preclinical and clinical materials, manage the clinical trials of and seek regulatory approval for our product candidates and as we expand our

product portfolio. Due to the numerous risks and uncertainties associated with product development, we cannot determine with certainty the duration, costs and timing of clinical trials, and as a result, the actual costs to complete clinical trials may exceed the expected costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist principally of salaries and other related costs, including stock-based compensation for personnel in our executive, finance, legal, commercial, business development, information technology and other general and administrative functions and are expensed as incurred. Selling, general and administrative expenses also include professional fees associated with corporate and intellectual property-related legal expenses, consulting and accounting services, insurance, facility-related costs and expenses associated with obtaining and maintaining patents. Other selling, general and administrative costs include travel expenses, patient access program costs, management service fees, marketing expenses, and selling expenses which include transportation, shipping and handling fees.

We anticipate that our selling, general and administrative expenses will increase in the future relating to our commercialization efforts and to support the development of our product candidates. These increases will likely include increased costs for insurance, costs related to the hiring of additional personnel and payments to outside consultants, lawyers and accountants, among other expenses. Additionally, we anticipate that we will continue to increase our salary and personnel costs and other expenses to support VYJUVEK commercialization globally.

Interest and Other Income, Net

Interest and other income, net consists primarily of income earned from our cash, cash equivalents and investments and gains and losses on foreign currency transactions.

Critical Accounting Policies, Significant Judgments and Estimates

There have been no material changes during the three months ended March 31, 2026 to our critical accounting policies, significant judgments and estimates as disclosed in our management's discussion and analysis of financial condition and results of operations included in the 2025 10-K.

Results of Operations

Our management's discussion and analysis of financial condition and results of operations is based on our financial statements, which have been prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Three Months Ended March 31, 2026 and 2025

	Three Months Ended March 31,		Change	
	2026	2025	$	%
(in thousands)	(unaudited)			
Product revenue, net	$ 116,357	$ 88,183	$ 28,174	32 %
Operating expenses				
Cost of goods sold	6,323	5,028	1,295	26 %
Research and development	15,331	14,256	1,075	8 %
Selling, general and administrative	41,014	32,647	8,367	26 %
Total operating expenses	62,668	51,931	10,737	21 %
Income from operations	53,689	36,252	17,437	48 %
Other income				
Interest and other income, net	7,753	7,345	408	6 %
Income before income taxes	61,442	43,597	17,845	41 %
Income tax expense	(5,510)	(7,864)	2,354	(30)%
Net income	$ 55,932	$ 35,733	$ 20,199	57 %

Product Revenue, Net

Product revenue, net was $116.4 million for the three months ended March 31, 2026, as compared to $88.2 million for the three months ended March 31, 2025. The increase in product revenue, net was driven by an increase in VYJUVEK sales as compared to the prior year, primarily due to continued growth in our Europe and Japan markets.

Cost of Goods Sold

Cost of goods sold was $6.3 million for the three months ended March 31, 2026, as compared to $5.0 million for the three months ended March 31, 2025, representing an increase in units of VYJUVEK sold.

Research and Development Expenses

The following table summarizes our research and development expenses by product candidate or program, and for unallocated expenses, by type, for the three months ended March 31, 2026 and 2025.

	Three Months Ended March 31,		Change	
	2026	2025	$	%
(in thousands)	(unaudited)			
B-VEC	$ 547	$ 1,973	$ (1,426)	(72)%
KB111	992	27	965	3574 %
KB304	3	242	(239)	(99)%
KB407	762	349	413	118 %
KB408	143	298	(155)	(52)%
KB707	2,432	2,738	(306)	(11)%
KB801	787	454	333	73 %
KB803	1,142	486	656	135 %
Other programs	736	692	44	6 %
Stock-based compensation	2,177	2,469	(292)	(12)%
Other unallocated expenses[(1)]	5,610	4,528	1,082	24 %
Research and development expense	$ 15,331	$ 14,256	$ 1,075	8 %

(1) Other unallocated expenses consist of shared pre-commercial manufacturing costs, primarily relating to certain raw materials, process development, quality control and quality assurance activities, as well as other manufacturing and facility related costs including rent, storage and depreciation which support the development of multiple product candidates.

Research and development expenses increased by $1.1 million for the three months ended March 31, 2026 as compared to the three months ended March 31, 2025. The increase in research and development expenses was primarily attributable to:

- a net increase of $0.9 million in unallocated materials and other support costs for our pipeline products; and
- a net increase of $0.8 million in R&D payroll and manufacturing costs driven by the timing of production runs across our product candidates and programs, mainly due to an increase in KB111, KB407, and KB803, partially offset by a decrease in B-VEC.

These increases were partially offset by:

- a decrease of $0.4 million in B-VEC regulatory fees due to timing of international expansion.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $8.4 million in the three months ended March 31, 2026 as compared to the three months ended March 31, 2025. The increase was primarily driven by the following:

- an increase of $3.8 million in payroll costs, including stock-based compensation;
- an increase of $2.3 million in costs related to our global commercialization efforts; and
- an increase of $2.0 million in professional services, including legal and consulting fees.

Interest and Other Income, Net

Interest and other income, net was $7.8 million and $7.3 million for the three months ended March 31, 2026 and 2025, respectively, and consisted of interest and dividend income earned from our cash, cash equivalents and investments as well as the effects of foreign exchange rates.

Income Tax Expense

Income tax expense was $5.5 million and $7.9 million for the three months ended March 31, 2026 and March 31, 2025, respectively, which relates to state, federal and foreign income taxes.

Liquidity and Capital Resources

Overview

As of March 31, 2026, our cash, cash equivalents and short-term investments balance was approximately $823.4 million, and we had a retained earnings balance of $80.1 million. We believe that our cash, cash equivalents and short-term investments as of March 31, 2026 will be sufficient to allow us to fund our operations for at least 12 months from the filing date of this Quarterly Report on Form 10-Q.

Costs related to clinical trials can be unpredictable and, therefore, there can be no guarantee that we will have sufficient capital to fund the continued or planned pre-clinical and clinical studies for our product candidates or our operations. Further, we expect our future revenue to fluctuate from quarter to quarter for many reasons, including the uncertain timing and amount of any product sales. While we are in the process of building out our internal vector manufacturing capacity, some of our manufacturing activities will be contracted out to third parties. Additionally, we currently utilize third-party contract research organizations to carry out some of our clinical development activities. As we seek to obtain regulatory approval for our product candidates and prepare for product sales, marketing, commercial manufacturing, packaging, labeling and distribution, we expect to continue to incur significant manufacturing and commercialization expenses. Our funds may not be sufficient to enable us to conduct pivotal clinical trials for, seek marketing approval for or commercially launch our product candidates. Accordingly, to obtain marketing approval for and to commercialize these or any other product candidates, we may be required to obtain further funding through public or private equity offerings, debt financings, collaboration and licensing arrangements or other sources. Adequate additional financing may not be available to us on acceptable terms, if at all. Our failure to raise capital when needed could have a negative effect on our financial condition and our ability to pursue our business strategy.

Operating Capital Requirements

Our primary uses of capital are, and we expect will continue to be for the near future, compensation and related expenses, manufacturing costs for preclinical and clinical materials, regulatory expenses, third-party clinical trial research and development services, laboratory and related supplies, selling expenses, costs to manufacture our commercial product, legal expenses and general overhead costs. In order to complete the process of obtaining regulatory approval for any of our product candidates and to build the sales, manufacturing, marketing and distribution infrastructure that we believe will be necessary to commercialize our product candidates, if approved, we may require substantial additional funding.

We have based our projections of operating capital requirements on assumptions that may prove to be incorrect, and we may use all of our available capital resources sooner than we expect. Because of the numerous risks and uncertainties associated with research, development, manufacturing and commercialization of genetic medicines, we are unable to estimate the exact amount of our operating capital requirements. Our future funding requirements will depend on many factors, including, but not limited to:

- the costs needed to globally commercialize and market our lead product, VYJUVEK;
- the progress, timing and costs of clinical trials of our current product candidates;
- the progress, timing and cost of manufacturing VYJUVEK and revenue received from commercial sale of VYJUVEK;
- the continued development and the filing of investigational new drug applications for current and future product candidates;
- the initiation, scope, progress, timing, costs and results of drug discovery, laboratory testing, manufacturing, preclinical studies and clinical trials for any product candidates that we may pursue in the future, if any;
- the costs of maintaining our own commercial-scale CGMP manufacturing facilities;
- the outcome, timing and costs of seeking regulatory approvals;
- the costs associated with the manufacturing process development and evaluation of third-party manufacturers;
- the extent to which the costs of VYJUVEK and our product candidates, if approved, will be paid by health maintenance, managed care, pharmacy benefit and similar healthcare management organizations, or will be reimbursed by government authorities, private health coverage insurers and other third-party payors;
- the costs of commercialization activities for our current and future product candidates if we receive marketing approval for such product candidates, including the costs and timing of establishing product sales, medical affairs, marketing, distribution and manufacturing capabilities;
- the revenue received from commercial sale of our current and future product candidates, subject to receipt of marketing approval;

- the terms and timing of any future collaborations, licensing, consulting or other arrangements that we may establish;
- the amount and timing of any payments we may be required to make, or that we may receive, in connection with the licensing, filing, prosecution, maintenance, defense and enforcement of any patents or other intellectual property rights, including milestone and royalty payments and patent prosecution fees that we are obligated to pay pursuant to our license agreements;
- our current license agreements remaining in effect and our achievement of milestones under those agreements;
- our ability to establish and maintain collaborations and licenses on favorable terms, if at all; and
- the extent to which we acquire or in-license other product candidates and technologies.

We may need to obtain substantial additional funding in order to receive regulatory approval and to commercialize our product candidates. To the extent that we raise additional capital through the sale of common stock, convertible securities or other equity securities, the ownership interests of our existing stockholders may be materially diluted and the terms of these securities could include liquidation or other preferences that could adversely affect the rights of our existing stockholders. In addition, debt financing, if available, would result in increased fixed payment obligations and may involve agreements that include restrictive covenants that limit our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends, that could adversely affect our ability to conduct our business. If we are unable to raise capital when needed or on attractive terms, we could be forced to significantly delay, scale back or discontinue the development or commercialization of our product candidates, seek collaborators at an earlier stage than otherwise would be desirable or on terms that are less favorable than might otherwise be available, and relinquish or license, potentially on unfavorable terms, our rights to our product candidates that we otherwise would seek to develop or commercialize ourselves.

Sources and Uses of Cash

The following table summarizes our sources and uses of cash for the three months ended March 31, 2026 and 2025:

	Three Months Ended March 31,	
	2026	**2025**
(in thousands)	**(unaudited)**	
Net cash provided by operating activities	$ 80,382	$ 30,969
Net cash (used in) investing activities	(63,583)	(54,769)
Net cash (used in) financing activities	(10,459)	(12,466)
Effect of exchange rate changes on cash and cash equivalents	(1,331)	171
Net increase (decrease) in cash	$ 5,009	$ (36,095)

Operating Activities

Net cash provided by operating activities for the three months ended March 31, 2026 and 2025 was $80.4 million and $31.0 million, respectively. Increase in operating cash flows was driven by a $31.3 million impact of changes in accrued legal settlement due to the final payment of the PeriphaGen settlement in the first quarter of 2025 and a $20.2 million increase in net income primarily due to increased revenue, partially offset by increased operating expenses.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2026 and 2025 was $63.6 million and $54.8 million, respectively. The increase in cash used in investing activities was driven by increased purchases of investments of $22.2 million, partially offset by increased maturities of investments of $14.8 million.

Financing Activities

Net cash used in financing activities for the three months ended March 31, 2026 and 2025 was $10.5 million and $12.5 million, respectively. The decrease in cash used in financing activities was primarily driven by a $5.0 million increase in proceeds from exercise of stock options and $1.8 million decrease in taxes paid related to settlement of restricted stock awards, offset by $4.8 million increase in taxes paid for employee tax withholding related to restricted stock units.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We had cash, cash equivalents and short-term investments of $823.4 million as of March 31, 2026, which consisted primarily of money market funds, commercial paper, corporate bonds and U.S. government agency securities. The investments

in these financial instruments are made in accordance with an investment policy which specifies the categories, allocations and ratings of securities we may consider for investment. The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive without significantly increasing risk. Some of the financial instruments in which we invest could be subject to market risk. This means that a change in prevailing interest rates may cause the value of the instruments to fluctuate. For example, if we purchase a security that was issued with a fixed interest rate and the prevailing interest rate later rises, the value of that security will probably decline. To minimize this risk, we intend to maintain a portfolio which may include cash, cash equivalents and short-term investment securities available-for-sale in a variety of securities which may include money market funds, government and non-government debt securities and commercial paper, all with various maturity dates. Based on our current investment portfolio, we do not believe that our financial position would be materially affected by an immediate change of 0.5% in interest rates.

We also have established operations in Europe and Japan and hold cash in Swiss Francs, Euros and Japanese Yen. We are subject to foreign exchange rate risk arising from transactions conducted in the aforementioned foreign currencies, however, our foreign operations are not currently material to our business. We do not believe that our results of operations or our financial position would be materially affected by an immediate change of 10% in foreign currency exchange rates.

We do not hold or issue derivatives, derivative commodity instruments or other financial instruments for speculative trading purposes. Further, we do not believe our cash, cash equivalents and short-term investments have significant risk of default or illiquidity. While we believe our cash, cash equivalents and short-term investments do not contain excessive risk, we cannot provide absolute assurance that any investments we make in the future will not be subject to adverse changes in market value. Our cash, cash equivalents and short-term investments are recorded at fair value.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and our Chief Accounting Officer, with the participation of other members of the Company's management, have evaluated the effectiveness of the Company's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this quarterly report, and our Chief Executive Officer and our Chief Accounting Officer have concluded that our disclosure controls and procedures are effective based on their evaluation of these controls and procedures as required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting occurred during the quarter ended March 31, 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For discussion regarding legal proceedings, please refer to Note 7 of the notes to the consolidated financial statements in the 2025 10-K and Note 7 of the notes to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q for additional information.

In the ordinary course of business, we have faced, and we may in the future face, various claims brought by third parties or government regulators and, from time to time, make claims or take legal actions to assert our rights, including claims relating to our directors, officers, stockholders, intellectual property rights, employment matters and the safety or efficacy of our products. Any of these claims have subjected and could in the future subject, us to costly litigation and, while we generally believe that we have adequate insurance to cover many different types of liabilities, our insurance carriers may deny coverage, may be inadequately capitalized to pay on valid claims, or our policy limits may be inadequate to fully satisfy any damage awards or settlements. If this were to happen, the payment of any such awards could have a material adverse effect on our consolidated operations, cash flows and financial position. Additionally, any such claims, whether or not successful, could damage our reputation and business.

ITEM 1A. RISK FACTORS

The Company's business, reputation, results of operations, financial condition, and stock price can be materially and adversely affected by a number of factors, whether currently known or unknown, including those described in Part I, Item 1A of the 2025 10-K under the heading "Risk Factors." There have been no material changes to the Company's risk factors since the 2025 10-K was filed with the SEC on February 17, 2026.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Insider Trading Arrangements

On February 3, 2026, John Thomas, our Executive Vice President, General Counsel, and Corporate Secretary, adopted a Rule 10b5-1 trading arrangement (the "Trading Plan") that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act for the sale of up to 1,903 shares of our common stock, subject to certain conditions. The end date of the Trading Plan is December 31, 2026, subject to early termination in accordance with the terms of the Trading Plan, including upon completion of the sale of all of the shares of our common stock subject to the Trading Plan.

On March 9, 2026, Daniel Janney, one of our directors, terminated a Rule 10b5-1 trading arrangement that was originally adopted on November 25, 2025. The Rule 10b5-1 trading arrangement was terminated during the Company's unrestricted trading window and at a time when Mr. Janney was not in possession of material, non-public information about the Company. 71,964 shares of our common stock were sold under the Rule 10b5-1 trading arrangement prior to termination of the arrangement.

During the three months ended March 31, 2026, other than as set forth above, no other director or officer (as that term is defined by the SEC in Rule 16a-1(f) under the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	
10.1	Employment Agreement dated September 1, 2021, by and between Krystal Biotech, Inc. and John Thomas.
10.2	Employment Agreement dated January 4, 2022, by and between Krystal Biotech Switzerland, GmbH and Laurent Goux.
31.1	Certification of Periodic Report by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Periodic Report by Chief Accounting Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Inline XBRL (Extensible Business Reporting Language). The following materials from this Quarterly Report on Form 10-Q for the period ended March 31, 2026, are formatted in Inline XBRL: (i) consolidated balance sheets of Krystal Biotech, Inc., (ii) consolidated statements of operations of Krystal Biotech, Inc., (iii) consolidated statements of operations and comprehensive income of Krystal Biotech, Inc., (iv) consolidated statements of changes in equity of Krystal Biotech, Inc., (v) consolidated statements of cash flows of Krystal Biotech, Inc. and (vi) notes to condensed consolidated financial statements of Krystal Biotech, Inc. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL.

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.

KRYSTAL BIOTECH, INC.
(Registrant)

Date: May 4, 2026	By:	/s/ Krish S. Krishnan
		Krish S. Krishnan President and Chief Executive Officer (Principal executive officer)
Date: May 4, 2026	By:	/s/ Kathryn A. Romano
		Kathryn A. Romano Chief Accounting Officer (Principal financial and accounting officer)

Krystal

EMPLOYMENT AGREEMENT

This Employment Agreement ("the Agreement"), dated September 1st, 2021, is between Krystal Biotech, Inc., a Delaware corporation (the "Company") and John Thomas ("Employee") and reflects the Company's and Employee's desire to establish a full employment relationship. We kindly request this document be signed and returned to us before September 7th, 2021.

1. POSITION AND RESPONSIBILITIES

a. Position. Employee is employed by the Company to render services to the Company in the position of General Counsel and Corporate Secretary, commencing September 15th, 2021 ("Start Date"). This position will report to the CEO, Krish Krishnan. Employee shall perform such duties and responsibilities as are normally related to similar positions in accordance with the standards of the industry and any additional duties now or hereafter assigned to Employee by the Company. Employee shall abide by the rules, regulations, and practices as adopted or modified from time to time in the Company's sole discretion. Employee's primary location shall be in Pittsburgh, PA. This employment offer is contingent upon the completion of a satisfactory reference check, background check and drug screen.

b. Other Activities. Except upon the prior written consent of the Company, Employee will not, during the term of this Agreement, (i) accept any other employment, or (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) that might interfere with Employee's duties and responsibilities hereunder or create a conflict of interest with the Company. Company acknowledges that Employee is an adjunct Professor at Carnegie Mellon University teaching Intro To Intellectual Property Law and approves of Employee having this position. Employee will retain all monies earned from Carnegie Mellon University as an adjunct Professor. Employee acknowledges that adjunct Professor responsibilities will not interfere with Employee's responsibilities during normal business hours.

c. No Conflict. Employee represents and warrants that Employee's execution of this Agreement, Employee's employment with the Company, and the performance of Employee's proposed duties under this Agreement shall not violate any obligations Employee may have to any other employer, person or entity, including any obligations with respect to proprietary or confidential information of any other person or entity.

2. COMPENSATION AND BENEFITS

a. Base Salary and Bonus. In consideration of the services to be rendered under this Agreement, the Company shall pay Employee a base salary at the rate of THREE HUNDRED AND FIFTY THOUSAND DOLLARS ($350,000) per year ("Base Salary") with a target bonus of up to 40% of the annual base salary, subject to meeting corporate and individual goals. The target bonus will be prorated during Employee's first year of employment. This position is considered Tier 2, which means 25% of the target bonus will be based upon individual performance, while 75% of the target bonus will be based upon corporate performance. The corporate performance portion of the bonus will be measured upon attainment of performance objectives during the calendar year as determined by the Krystal Biotech board of directors. The bonus payout shall occur upon Krystal Biotech board of directors approval of the attainment of goals, likely to be on or before March 15th following the calendar year in which the bonus is measured. Employee must be employed by the Company and be in good standing at the time of payout in order to be eligible to receive payment.

b. The Base Salary shall be paid in accordance with the Company's regularly established payroll practice.

c. Employee's Total Compensation will be reviewed from time to time in accordance with the established procedures of the Company for adjusting salaries for similarly situated employees and may be adjusted in the sole discretion of the Company.

d. Equity Grants. The Employee will be awarded options to purchase 40,000 shares of the common stock of Krystal, as adjusted by any stock splits that may occur. The exercise price per share of any approved options will be the closing price of Krystal's common stock on September 30th, 2021. Any and all equity grants shall vest in four equal annual installments commencing on the Employee's first anniversary. Employee's entitlement to any equity grant is conditioned upon Employee's signing of an appropriate Equity Incentive Agreement and the terms of the relevant equity incentive plans under which the options are granted, including vesting requirements.

e. Benefits. Employee shall be eligible to participate in the benefits made generally available by the Company to similarly-situated employees, in accordance with the benefit plans established by the Company, and as may be amended from time to time at the Company's sole discretion.

f. Expenses. The Company shall reimburse Employee for reasonable business expenses incurred in the performance of Employee's duties hereunder, in accordance with the Company's travel and expense policy.

g. Sign-On Bonus. The Company shall pay the Employee a sign-on bonus in the amount of FIFTY THOUSAND DOLLARS ($50,000). The Company will pay the bonus during the Company's normal payroll processing calendar for September 2021, which is scheduled to occur on September 24th 2021. The Employee will reimburse the Company for the sign-on Bonus should the Employee fail to maintain employment for at least 12 months from the Start Date, without pro-ration or partial credit for length of employment. Should the Company terminate the Agreement for reasons other than "for-cause", the Employee is not obligated to reimburse the Company for the sign-on bonus. "Cause" shall be defined as any of the following: (i) an intentional act of fraud, embezzlement, theft or any other material violation of law that occurs during or in the course of Employee's employment with Company;(ii) intentional damage to the Company's assets;(iii) intentional disclosure of Company's confidential information contrary to Company's policies; (iv) intentional breach of Employee's obligations under this agreement; (v) intentional engagement in any competitive activity which would constitute a breach of Employee's duty of loyalty or of Employee's obligations under this agreement;(vi) intentional breach of any of the Company's policies;(vii) the willful and/or continued failure to substantially perform Employee's duties for company (other than as a result of incapacity due to physical or mental illness); (viii) inability to make agreed upon improvements resulting from a Performance Improvement Plan ("PIP") or (ix) willful conduct by Employee that is demonstrably and materially injurious to company, monetarily or otherwise.

3. AT-WILL EMPLOYMENT; TERMINATION BY COMPANY

a. At-Will Termination by Company. The employment of Employee shall be "at-will" at all times. The Company may terminate Employee's employment with the Company at any time, without any advance notice, for any reason or no reason at all, notwithstanding anything to the contrary contained in or arising from any statements, policies or practices of the Company relating to the employment, discipline or termination of its employees. Upon and after such termination, all obligations of the Company under this Agreement shall cease. In the event of any such termination by the Company for any reason other than Cause, the Company shall pay to Employee an amount equal to six months of his then-current Base Salary, which payment may, at the request of the Company, be conditioned upon Employee's execution of a usual and customary general release in favor of the Company. "Cause" shall be defined as any of the following: (i) an intentional act of fraud, embezzlement, theft or any other material violation of law that occurs during or in the course of Employee's employment with company; (ii) intentional damage to the Company's assets; (iii) intentional disclosure of Company's confidential information contrary to Company's policies; (iv) intentional breach of Employee's obligations under this agreement; (v) intentional engagement in any competitive activity which would constitute a breach of Employee's duty of loyalty or of Employee's obligations under this agreement; (vi) intentional breach of any of the Company's policies; (vii) the

willful and/or continued failure to substantially perform Employee's duties for company (other than as a result of incapacity due to physical or mental illness); (viii) inability to make agreed upon improvements resulting from a clearly outlined and mutually agreed upon Performance Improvement Plan ("PIP") or (ix) willful conduct by Employee that is demonstratably and materially injurious to company, monetarily or otherwise.

4. AT-WILL EMPLOYMENT; TERMINATION BY EMPLOYEE

a. At-Will Termination by Employee. Employee may terminate employment with the Company at any time for any reason or no reason at all, upon thirty days' advance written notice. During such notice period Employee shall continue to diligently perform all of Employee's duties hereunder. The Company shall have the option, in its sole discretion, to make Employee's termination effective at any time prior to the end of such notice period as long as the Company pays Employee all compensation to which Employee is entitled up through the last day of the thirty-day notice period. Thereafter all obligations of the Company shall cease.

5. TERMINATION OBLIGATIONS

a. Return of Property. Employee agrees that all property (including without limitation all equipment, tangible proprietary information, documents, records, notes, contracts and computer-generated materials) furnished to or created or prepared by Employee incident to Employee's employment belongs to the Company and shall be promptly returned to the Company upon termination of Employee's employment.

b. Resignation and Cooperation. Following any termination of employment, Employee shall cooperate with the Company in the winding up of pending work on behalf of the Company and the orderly transfer of work to other employees. Employee shall also cooperate with the Company in the defense of any action brought by any third party against the Company that relates to Employee's employment by the Company.

c. Continuing Obligations. Employee understands and agrees that Employee's obligations under Sections 5 and 6 herein (including Exhibit A) shall survive the termination of Employee's employment for any reason and the termination of this Agreement.

6. INVENTIONS AND PROPRIETARY INFORMATION; PROHIBITION ON THIRD PARTY INFORMATION

a. Proprietary Information Agreement. Employee agrees to sign and be bound by the terms of the Company's Proprietary Information and Inventions Agreement, which is attached as Exhibit A ("Proprietary Information Agreement").

b. Non-Disclosure of Third Party Information. Employee represents and warrants and covenants that Employee shall not disclose to the Company, or use, or induce the Company to use, any proprietary information or trade secrets of others at any time, including but not limited to any proprietary information or trade secrets of any former employer, if any; and Employee acknowledges and agrees that any violation of this provision shall be grounds for Employee's immediate termination and could subject Employee to substantial civil liabilities and criminal penalties. Employee further specifically and expressly acknowledges that no officer or other employee or representative of the Company has requested or instructed Employee to disclose or use any such third party proprietary information or trade secrets.

c. Noncompetition. In consideration of the Company's extension to Employee of full time employment with the Company, the Employee agrees that at no time during the Employee's employment with the Company, and for a period of one (1) year immediately following the termination of such employment (regardless of the reason for or the party initiating the termination), the Employee will not, directly or indirectly, on the Employee's own behalf or on behalf of any third party, in any capacity (whether as a proprietor, stockholder, partner, officer, employee, consultant, contractor, or otherwise), work for, be a consultant for, be employed by, or provide strategic advice to any Competitor, where the services the Employee would render to the Competitor are similar to those which the Employee performed for the Company. As used herein, Competitor means any person or entity that (a) is engaged in the development of products or technologies which may compete with the products or technologies under development by the Company at the time of Employee's termination or within the twelve (12) month period immediately preceding such termination; and (b) is located within the territory of the United States. This provision does not apply to (1) the Employees' passive ownership of not more than 2% of the outstanding, publicly traded securities of another company; and (2) work in a capacity that is unrelated to development or of products or technologies which may compete with those under development by the Company. Nothing in the Agreement will prevent Employee from working at a law firm and representing clients consistent with the Rules of Professional Conduct in Pennsylvania immediately after termination of employment. For example, on the day following termination of employment, Employee can work at a law firm and represent a pharmaceutical client consistent with the Rules of Professional Conduct in Pennsylvania that require no conflict of interest and prohibit any use of of Company's confidential information.

7. AMENDMENTS; WAIVERS; REMEDIES

This Agreement may not be amended or waived except by a writing signed by Employee and by a duly authorized officer of the Company. Failure to exercise any right under this Agreement shall not constitute a waiver of such right. Any waiver of any breach of this Agreement shall not operate as a waiver of any subsequent breaches. All rights or remedies specified for a party herein shall be cumulative and in addition to all other rights and remedies of the party hereunder or under applicable law.

8. ASSIGNMENT; BINDING EFFECT

a. Assignment. The performance of Employee is personal hereunder, and Employee agrees that Employee shall have no right to assign and shall not assign or purport to assign any rights or obligations under this Agreement. This Agreement may be assigned or transferred by the Company, including in connection with any conversion of the Company into corporate form; and nothing in this Agreement shall prevent the consolidation, merger or sale of the Company or a sale of any or all or substantially all of its assets.

b. Binding Effect. Subject to the foregoing restriction on assignment by Employee, this Agreement shall inure to the benefit of and be binding upon each of the parties; the affiliates, officers, directors, agents, successors and assigns of the Company; and the heirs, devisees, spouses, legal representatives and successors of Employee.

9. NOTICES

All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered: (a) by hand; (b) by a nationally recognized overnight courier service; or (c) by United States first class registered or certified mail, return receipt requested, to the principal address of the other party, as set forth below. The date of notice shall be deemed to be the earlier of (i) actual receipt of notice by any permitted means, or (ii) five business days following dispatch by overnight delivery service or the United States Mail. Employee shall be obligated to notify the Company in writing of any change in Employee's address. Notice of change of address shall be effective only when done in accordance with this paragraph.

Company's Notice Address:

Krystal Biotech, Inc.
2100 Wharton Street, Suite 310

Pittsburgh, PA 15203
Attention: Josh Suskin
Email: jsuskin@krystalbio.com

Employee's Contact Information:

John C. Thomas
[redacted]

10. SEVERABILITY

If any provision of this Agreement shall be held by a court or arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect. In the event that the time period or scope of any provision is declared by a court or arbitrator of competent jurisdiction to exceed the maximum time period or scope that such court or arbitrator deems enforceable, then such court or arbitrator shall reduce the time period or scope to the maximum time period or scope permitted by law.

11. TAXES

All amounts paid under this Agreement shall be paid less all applicable state and federal tax withholdings and any other withholdings required by any applicable jurisdiction or authorized by Employee.

12. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to the conflict of law principles. Parties agree to first try to mediate any conflict arising under this Agreement or a matter related thereto. If such a conflict cannot be resolved through mediation then any suit or action shall be brought in an appropriate federal or state court located in Allegheny County, Pennsylvania.

13. INTERPRETATION

This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. Sections and section headings contained in this Agreement are for reference purposes only, and shall not affect in any manner the meaning or interpretation of this Agreement. Whenever the context requires, references to the singular shall include the plural and the plural the singular.

14. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement, but all of which together shall constitute one and the same instrument.

15. AUTHORITY

Each party represents and warrants that such party has the right, power and authority to enter into and execute this Agreement and to perform and discharge all of the obligations hereunder; and that this Agreement constitutes the valid and legally binding agreement and obligation of such party and is enforceable in accordance with its terms.

16. ENTIRE AGREEMENT

This Agreement is intended to be the final, complete, and exclusive statement of the terms of Employee's employment by the Company and may not be contradicted by evidence of any prior or contemporaneous statements or agreements, except for agreements specifically referenced herein (including the Employee Proprietary Information and Inventions Agreement attached as Exhibit A and the Company's Equity Incentive Plan and Equity Incentive Agreement). To the extent that the practices, policies or procedures of the Company, now or in the future, apply to Employee and are inconsistent with the terms of this Agreement, the provisions of this Agreement shall control. Any subsequent change in Employee's duties, position, or compensation will not affect the validity or scope of this Agreement.

17. EMPLOYEE ACKNOWLEDGEMENT

Employee acknowledges that Employee has had the opportunity to consult legal counsel concerning this agreement, that Employee has read and understands the agreement, that Employee is fully aware of its legal effect, and that Employee has entered into it freely based on Employee's own judgment and not on any representations or promises other than those contained in this agreement.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

KRYSTAL BIOTECH, INC.

DocuSigned by:

By: Kathryn Romano
9FB2276999540D...

Kathryn Romano

Title: Chief Accounting Officer

John Thomas

[redacted]

Name: John Thomas

Employee

Employment Agreement

dated as of 04 January 2022

by and between

Krystal Biotech Switzerland GmbH
Baarerstrasse 14
2nd floor
6300 Zug
Switzerland

(the **Company**)

and

Laurent Goux
[redacted]

(the **Employee**)

(each a **Party**, and together the **Parties**)

Recitals

The Company, which is a subsidiary of Krystal Biotech, Inc., a Delaware Corporation (**Parent**), hereby employs and appoints the Employee as Senior Vice President and General Manager Europe.

The Employee's responsibilities shall be those commonly associated with the Employee's position and those duties periodically assigned to the Employee by the Company, including but not limited to, any ideas that would benefit the Company.

The Employee reports directly to Andy Orth, Chief Commercial Officer of Parent. The Company reserves the right to change the reporting relationship at any time according to operational circumstances.

The Employment Agreement and the employment relationship created thereby (the **Employment**) are conditional on the grant of all necessary residence and/or work permits for Switzerland by the competent authorities (or the employee being a Swiss national).

1. Term of Employment

The employment period shall begin on 01/01/2022 or such other date as may be mutually agreed (the **Start Date**). No probation period applies.

This Employment Agreement is concluded for an indefinite period of time. It will be terminated without further notice at the end of the month during which the Employee reaches the statutory retirement age.

Either Party may terminate the Employment by giving three months' notice at the end of a calendar month.

The Employment Agreement can further at any time be immediately terminated for cause pursuant to Article 337 of the Swiss Code of Obligations (**CO**).

2. Place of Work

The place of work shall be Zug, Switzerland. The Employee is aware of and accepts that he may be required to travel frequently.

3. Working Time

The usual working time is 40 hours per week (corresponding to a 100% employment).

The Employee shall dedicate full working capacity to the Company. He shall devote as much time to the performance of his duties hereunder as shall be necessary. Overtime work performed by the Employee is fully compensated by the salary as set forth under Article 4.1.

4. Compensation and Benefits

4.1 Salary

The Employee will be paid a gross fixed annual salary of CHF 350,000. The annual salary will be paid in twelve monthly installments by bank transfer at the end of each calendar month, generally on the 25th day of each month.

4.2 Bonus

In addition to the salary, the Employee may be granted a variable annual bonus with a target of 35% of the gross fixed annual salary. The bonus is based upon the performance of Parent (75%) and the Employee's individual performance (25%).

For the bonus payable in 2022, the relevant period for performance calculation starts on 15 September 2021 and ends on 31 December 2021. As from bonus payable 2023, the relevant period shall be as follows: 1 January through 31 December. The targets for performance of Parent will be communicated annually by the Company no later than on March 31 of the current year.

If a bonus is granted, it will be paid by bank transfer approximately 3 months after the end of the financial year of Parent.

The payment of the bonus requires employment in good standing at the time of payment of the bonus.

4.3 Health Insurance allowance

Basic health insurance is compulsory for everybody living in Switzerland. The Employee is required to make adequate provision for the insurance of medical treatment, doctors and hospitalisation for himself and any dependants. The Company will contribute CHF 250 per month each for the Employee and for his spouse. This will be paid through the monthly payroll and be reported on the Employee's annual salary statement.

4.4 Car allowance

The Company will provide the Employee with an annual car allowance of CHF 20,000 (gross) in total per year, paid in 12 equal monthly instalments through the payroll. This allowance will be listed on the salary statement.

4.5 Deductions

The Company will deduct from the Employee's gross annual salary, the allowances for car and health insurance as well as from the bonus, if any, the applicable Employee contributions, respectively premiums to social security schemes (AHV / IV, EO, ALV), the premiums for the pension fund (BVG) as well as the applicable taxes, if any, payable by the Employee in accordance with the respective laws and regulations.

5. Expenses

Necessary expenses for business purposes will be reimbursed to the Employee against submission of the relevant receipts.

The Employee is responsible for exercising sound judgement in spending and ensuring all expenses are necessary, reasonable, customary, and appropriate for business needs. The Employee is further responsible for saving all receipts or alternative supporting documentation. Receipts or supporting documentation is required for expenses to be considered reimbursable.

Until the Company has incorporated its own Travel and Expense Policy, the Parent's Travel and Expense Policy (as amended from time to time) shall serve as a guideline what expenses are deemed reasonable.

6. Sickness and Accidents

The Employee is insured under a daily sickness benefits insurance (KTG) against loss of income resulting in case of sickness, replacing the Company's respective statutory obligation. The commencement, duration and extent of insurance coverage as well as the benefits are according to the insurance policy. During a waiting period (if any), the Company shall pay 100% of the salary, but in no event after the expiration of the employment relationship. The premiums for the daily sickness benefits insurance shall be borne by the Company.

The Employee is insured against occupational and non-occupational accidents and against occupational diseases in accordance with the statutory provisions. The premiums for the mandatory accident insurance shall be borne by the Company. An additional accident insurance is applicable in order to increase coverage above the maximum salary statutorily insured. The premiums for the additional accident insurance shall be borne by the Company.

If the Employee is unable to attend work due to sickness or accident or any other reason, he must immediately notify the Company indicating the reason for being absent at that time and the likely duration of the absence. He must keep the Company informed as to the continuation and likely duration of the absence. If the Employee is unable to work due to illness or an accident, which exceeds three working days, a medical certificate from the Employee's doctor must be provided to the Company. In any event, the Company has the right to request a medical certificate already from the first day of absence and I or have the Employee examined by a doctor of the Company's choice and shall bear such expense.

7. Vacation

The Employee is entitled to 25 days of paid vacation per calendar year. Vacation will be taken at times mutually agreed by the Employee and the Company.

Vacation should be taken during the calendar year, but no later than by April of the following year.

In case of commencement / termination of this Employment Agreement during the year, the Employee is entitled to a *pro rata vacation*.

8. Duty of Care and Loyalty

The Employee shall at any time diligently and carefully perform the work assigned to him and shall safeguard the interests of the Company. The Employee shall observe in good faith the applicable statutory and contractual provisions, as well as the directives and specific instructions given to him by the Company. The Employee is expected to invest his entire work to the benefit of the Company and to refrain from any activities which could have an adverse effect on or conflict with the Company's or its affiliates' interests or the Employee's performance.

In case of any conflict between personal and the Company's or its affiliates' interests, the Employee undertakes to observe the Company's interest, in particular with respect to the exercise of a public office.

In particular, the Employee agrees that he will:

- directly or indirectly advise, serve as a president, member of the Board of Directors, employee, agent etc. or perform duties for another firm, person, company or another organization (against payment or without payment) only after having been granted the prior written permission of the Company;
- not accept any payments, gifts, loans or other benefits in connection with his services under this Employment Agreement, except for usual complementary gifts of low value at the end of the year or at closing of a project;
- not proceed to private investments or build up business relations on his behalf and for own account which may compromise the interests of the Company and its affiliates.

The Employee shall use work facilities, work equipment and work material diligently and economically. The Employee is liable for any violation of his duty of care.

9. Confidentiality Covenant

During the Employment and after its termination, the Employee shall neither communicate to third parties nor make use of any confidential information which he is made aware of during the course of the performance of his function within the Company. Confidential information shall comprise anything for which it cannot be shown that it was already known to the public at the relevant point in time, particularly information about any kind of know-how (e.g., inventions, developments, data collections, procedures and concepts, business relationships and clients) which is relevant for the Company, its affiliates or for persons who stand in relation or cooperate with them.

10. Return of Property

Immediately upon request but in no case later than at the date on which the Employment is terminated, the Employee shall – without any request from the Company – return to the Company all work products related to the Company or its affiliates and the like regardless of the form in which they exist (including computer files, source codes and documentation).

The Employee further acknowledges that it shall be strictly forbidden to make any records or copies of such work products, of products and documents pertaining to the Company or its affiliates, of contracts and correspondence for his private use or purposes unrelated to the performance of this Employment Agreement.

11. Pension Fund

The pension fund and the Employee's contributions thereto are governed by the applicable regulations of the Company's pension fund institution.

12. Data Protection

The Company processes personal data pertaining to the Employee in accordance with and all applicable data protection laws. The Employee agrees that the Company may transfer to its affiliated companies or any other third party (including, but not limited to, service providers, courts, and public authorities) in Switzerland and I or abroad the Employee's data for processing purposes, as far as such transfer is required in connection with the Employment, the execution of the Employment Agreement, the performance of any obligations resulting from the Employment, the Company's work organization or otherwise required by Swiss law or the laws of any other relevant jurisdiction. Affiliated companies or third parties are obliged to respect the Employee's privacy to the same extent as the Company itself.

If the level of data protection in a country is considered inadequate by Swiss standards, the Company will ensure, by means of an agreement or otherwise, that the Employee's personal data is protected in accordance with the standards of Swiss law at all times. The Company shall further ensure that the Employee's personal data is secured against unauthorized access by appropriate technical and organizational measures if a data transfer is contemplated.

13. Intellectual Property Rights

All work products including invention and designs, along with the associated intellectual property rights (patents, trademarks, patterns, models, etc.) produced by the Employee alone or in collaboration with others in the course of his work for the Company and in performance of his duties and responsibilities belong to the Company, whether or not they may be protected. Any compensation for this purpose is included in the salary agreed with the Employee.

By written agreement, the Company may reserve the right to acquire any work product including invention and designs, along with the associated intellectual property rights (patents, trademarks, patterns, models, etc.) produced by the Employee in the course of his work for the Company but not in performance of his duties and responsibilities.

An Employee who produces an invention or design covered by the preceding paragraph must notify the Company thereof in writing; the Company must inform the Employee within six months if it wishes to acquire the invention or design or release it to the Employee.

Where it is not released to the Employee, the Company must pay him separate, appropriate remuneration to be determined with due regard to all pertinent circumstances and in particular the economic value of the invention or design, the degree to which the Company contributed, any reliance on other staff and on the Company's facilities, the expenses incurred by the Employee and his position in the company, in accordance with Article 332 para. 4 CO.

The Employee assigns to the Company all rights of use to copyrighted works acquired in the course of his work for the Company. Together with this assignment, the Company is granted the moral rights of the author, which may be exercised for the purposes of exploiting the assigned rights. In particular, the

Company is authorized to alter or amend the work product and to decide if, when and under what name the work products should be used.

The provisions of this clause continue to apply even after the Employment has ended.

14. Non-Compete and Non-Solicitation

The Parties hereby confirm that the Employee, in his position as Senior Vice President and General Manager Europe, will not only gain insights into the circle of customers as well as the manufacturing and business secrets of the Company, but that he also decisively forms them. The Parties acknowledge that the competing use of such knowledge by the Employee could cause considerable harm to the Company.

Therefore, the Employee shall for a period of 12 months after the end of the Employment, refrain from engaging in any activity directly or indirectly competing with the Company and its affiliates in Europe in their field of activities.

In particular, the Employee agrees that he will not:

— be partially or fully employed by or independently render services or advise a business that develops, produces, distributes or offers the same or similar products and | or services as the Company and its affiliates or that advises on such products and | or services.

— directly or indirectly engage or invest in or establish any such business; and

— solicit, interfere with or endeavor to entice away from the Company or its affiliates any person who is employed by the Company or its affiliates.

The Company retains the right to request the Employee to immediately cease any breach of these non-compete and non-solicitation covenants and may seek court orders, including interim orders, prohibiting such breaches.

In case of any breach of the obligations stipulated in this section 14, the Employee shall pay a contractual penalty in the amount of CHF 30,000 per breach. Nothing contained herein shall prevent the Company from seeking specific performance (*Realvollstreckung*) of the Employee's obligations and from seeking compensation for any damages in excess payable hereunder.

15. Additional Provisions

The Employee is aware of the following documents (the **Documents**) and accepts they will be provided to him before or on his first day of employment

— Expense reimbursement regulations

— Accident insurance regulations (UVG)

— Daily sickness benefits insurance regulations (KTG)

— Pension fund regulations (BVG)

— Company Code of Conduct

16. Amendments

Any amendments to this Employment Agreement shall be made in writing in order to have legal effect. The Company reserves the right to unilaterally change or amend the Documents at any time.

17. Entire Agreement

This Employment Agreement constitutes the entire agreement and understanding among the Parties with respect to the subject matter hereof, and shall supersede all prior oral and written offers, assurances or agreements of the Parties relating hereto. In the event of a conflict between this Employment Agreement and the existing policies and practices, the terms of this Employment Agreement shall prevail.

18. Governing Law

This Employment Agreement shall be governed by and construed in accordance with the substantive laws of Switzerland.

19. Jurisdiction

All disputes arising out of or in connection with this Employment Agreement shall be subject to the jurisdiction of the courts of the domicile of the defendant or the Employee's ordinary place of work.

This Employment Agreement has been executed in two (2) originals.

[*signatures on the next page*]

For the Company **07 January 2022**

DocuSigned by:
krish krishnan
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Name: Krish Krishnan
Function: CEO

DocuSigned by:
kathryn Romano
9FB2276E906540D...

Name: Kathryn Romano
Function: CAO

The Employee

DocuSigned by:
Laurent Goux
7C6CDAC0710E41D...

Laurent Goux **07 January 2022**

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Krish S. Krishnan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Krystal Biotech, Inc.;

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

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

4. The registrant's other certifying officer(s) 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; and

5. The registrant's other certifying officer(s) 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: May 4, 2026

By: /s/ Krish S. Krishnan
Krish S. Krishnan
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kathryn A. Romano, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Krystal Biotech, Inc.;

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

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

4. The registrant's other certifying officer(s) 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; and

5. The registrant's other certifying officer(s) 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: May 4, 2026

By: /s/ Kathryn A. Romano
Kathryn A. Romano
Chief Accounting Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF ACCOUNTING OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Krish S. Krishnan, Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Quarterly Report on Form 10-Q for the three months ended March 31, 2026, (the " Periodic Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Krystal Biotech, Inc.

Date: May 4, 2026

By: /s/ Krish S. Krishnan
Krish S. Krishnan
President and Chief Executive Officer

I, Kathryn A. Romano, Chief Accounting Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Quarterly Report on Form 10-Q for the three months ended March 31, 2026, (the " Periodic Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Krystal Biotech, Inc.

Date: May 4, 2026

By: /s/ Kathryn A. Romano
Kathryn A. Romano
Chief Accounting Officer