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 September 30, 2024
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: 001-40973

AirSculpt Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**87-1471855**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1111 Lincoln Road, Suite 802	
Miami Beach, FL	**33139**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(786) 709-9690**

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, par value $0.001 per share	AIRS	The Nasdaq Global Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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 an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had 57,882,284 shares of common stock outstanding as of November 7, 2024.

TABLE OF CONTENTS

		Page
PART I FINANCIAL INFORMATION		
Item 1.	Financial Statements	2
	Condensed Consolidated Balance Sheets as of September 30, 2024 (Unaudited) and December 31, 2023	2
	Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2024 and 2023 (Unaudited)	3
	Condensed Consolidated Statements of Other Comprehensive Loss for the Three and Nine Months Ended September 30, 2024 and 2023 (Unaudited)	4
	Condensed Consolidated Statements of Changes in Stockholders' Equity for the Three and Nine Months Ended September 30, 2024 and 2023 (Unaudited)	5
	Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2024 and 2023 (Unaudited)	6
	Notes to Condensed Consolidated Financial Statements (Unaudited)	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	24
Item 4.	Controls and Procedures	24
PART II OTHER INFORMATION		
Item 1.	Legal Proceedings	26
Item 1A.	Risk Factors	26
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	26
Item 3.	Defaults Upon Senior Securities	26
Item 4.	Mine Safety Disclosures	26
Item 5.	Other Information	26
Item 6.	Exhibits	27
Signatures		28

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements in the sections titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Quantitative and Qualitative Disclosures About Market Risk” and in other sections of this Quarterly Report on Form 10-Q that are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue,” the negative of these terms and other comparable terminology, but the absence of these words does not mean that a statement is not forward-looking. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. You are cautioned that there are important risks and uncertainties, many of which are beyond our control, that could cause our actual results, level of activity, performance or achievements to differ materially from the projected results, level of activity, performance or achievements that are expressed or implied by such forward-looking statements, including those factors discussed in the section titled “Risk Factors” in our Annual Report on Form 10-K. We qualify all of our forward-looking statements by these cautionary statements.

Our future results could be affected by a variety of other factors, including, but not limited to, failure to open and operate new centers in a timely and cost-effective manner; inability to open new centers due to rising interest rates and increased operating expenses due to rising inflation; increased competition in the weight loss and obesity solutions market, including
as a result of the recent regulatory approval, increased market acceptance, availability and customer awareness of
weight-loss drugs; shortages or quality control issues with third-party manufacturers or suppliers; competition for surgeons; litigation or medical malpractice claims; inability to protect the confidentiality of our proprietary information; changes in the laws governing the corporate practice of medicine or fee-splitting; changes in the regulatory, macroeconomic conditions, including inflation and the threat of recession, economic and other conditions of the states and jurisdictions where our facilities are located; and business disruption or other losses from war, pandemic, terrorist acts or political unrest.

The risk factors discussed in the section titled “Item 1A. Risk Factors” in our Annual Report on Form 10-K could cause our results to differ materially from those expressed in the forward-looking statements made in this Quarterly Report on Form 10-Q and in other filings we make from time to time with the U.S. Securities and Exchange Commission. There also may be other risks and uncertainties that are currently unknown to us or that we are unable to predict at this time.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Forward-looking statements represent our estimates and assumptions only as of the date they were made, which are inherently subject to change, and we are under no duty and we assume no obligation to update any of the forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, after the date of this Quarterly Report on Form 10-Q to conform our prior statements to actual results or revised expectations, except as required by law. Given these uncertainties, investors should not place undue reliance on these forward-looking statements.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

AirSculpt Technologies, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

($000s, except for shares)	September 30, 2024 (Unaudited)	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	$ 5,972	$ 10,262
Taxes receivable	2,772	1,941
Prepaid expenses and other current assets	4,148	3,758
Total current assets	12,892	15,961
Property and equipment, net	36,279	28,908
Other long-term assets	6,319	5,657
Right of use operating lease assets	28,240	25,413
Intangible assets, net	42,781	46,346
Goodwill	81,734	81,734
Total assets	$ 208,245	$ 204,019
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 6,792	$ 3,922
Accrued payroll and benefits	2,488	4,127
Current portion of long-term debt	3,719	2,125
Deferred revenue and patient deposits	2,343	1,463
Accrued and other current liabilities	3,898	3,303
Current operating lease liabilities	6,107	5,375
Total current liabilities	25,347	20,315
Long-term debt, net	66,423	69,503
Deferred tax liability, net	6,828	6,828
Long-term operating lease liabilities	25,943	22,665
Other long-term liabilities	1,167	716
Total liabilities	125,708	120,027
Commitments and contingent liabilities (Note 9)		
Stockholders' equity		
Common stock, $0.001 par value; shares authorized - 450,000,000; shares issued and outstanding - 57,809,121 and 57,355,676, respectively	58	57
Additional paid-in capital	105,435	103,898
Accumulated other comprehensive loss	(188)	(412)
Accumulated deficit	(22,768)	(19,551)
Total stockholders' equity	82,537	83,992
Total liabilities and stockholders' equity	$ 208,245	$ 204,019

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

AirSculpt Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)

(in $000s, except for shares and per share figures)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Revenue	$ 42,548	$ 46,793	$ 141,172	$ 148,309
Operating expenses:				
Cost of service (exclusive of depreciation and amortization)	17,766	18,175	54,635	56,144
Selling, general and administrative[(1)]	25,495	25,030	75,525	76,805
Depreciation and amortization	3,003	2,629	8,693	7,479
Loss/(gain) on disposal of long-lived assets	—	4	4	(198)
Total operating expenses	46,264	45,838	138,857	140,230
(Loss)/income from operations	(3,716)	955	2,315	8,079
Interest expense, net	1,591	1,836	4,638	5,462
Pre-tax net (loss)/income	(5,307)	(881)	(2,323)	2,617
Income tax expense	733	786	894	2,522
Net (loss)/income	$ (6,040)	$ (1,667)	$ (3,217)	$ 95
(Loss)/income per share of common stock				
Basic	$ (0.10)	$ (0.03)	$ (0.06)	$ 0.00
Diluted	$ (0.10)	$ (0.03)	$ (0.06)	$ 0.00
Weighted average shares outstanding				
Basic	57,650,923	56,785,087	57,543,678	56,661,903
Diluted	57,650,923	56,785,087	57,543,678	58,329,685

(1) During the first quarter of fiscal year 2024, the Company recorded a cumulative reversal of stock compensation expense of $10.4 million related to reassessing the probability of achieving the performance target on certain of the Company's performance-based stock units. See Note 6 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for further discussion.

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

AirSculpt Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Other Comprehensive Loss (Unaudited)

($000s)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net (loss)/income	$ (6,040)	$ (1,667)	$ (3,217)	$ 95
Other comprehensive income/(loss):				
Change in foreign currency translation adjustment	206	(106)	224	(141)
Total other comprehensive income/(loss):	206	(106)	224	(141)
Comprehensive loss	$ (5,834)	$ (1,773)	$ (2,993)	$ (46)

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

AirSculpt Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

	Common Stock					
($000s, except shares and per share figures)	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance at December 31, 2022	56,181,689	$ 56	$ 85,858	$ (76)	$ (15,072)	$ 70,766
Issuance of common stock through unit vesting	529,571	—	—	—	—	—
Dividends	—	—	66	—	—	66
Equity-based compensation	—	—	4,388	—	—	4,388
Net loss	—	—	—	—	(14)	(14)
Other comprehensive income	—	—	—	22	—	22
Balance at March 31, 2023	56,711,260	56	90,312	(54)	(15,086)	75,228
Issuance of common stock through unit vesting	73,708	1	—	—	—	1
Distributions	—	—	(79)	—	—	(79)
Equity-based compensation	—	—	4,603	—	—	4,603
Net income	—	—	—	—	1,776	1,776
Other comprehensive loss	—	—	—	(57)	—	(57)
Balance at June 30, 2023	56,784,968	57	94,836	(111)	(13,310)	81,472
Issuance of common stock through unit vesting	119	—	—	—	—	—
Equity-based compensation	—	—	4,492	—	—	4,492
Net loss	—	—	—	—	(1,667)	(1,667)
Other comprehensive loss	—	—	—	(106)	—	(106)
Balance at September 30, 2023	56,785,087	$ 57	$ 99,328	$ (217)	$ (14,977)	$ 84,191
Balance at December 31, 2023	57,355,676	$ 57	$ 103,898	$ (412)	$ (19,551)	$ 83,992
Issuance of common stock through unit vesting	181,717	1	—	—	—	1
Dividends	—	—	479	—	—	479
Equity-based compensation	—	—	(6,781)	—	—	(6,781)
Payment of taxes withheld through vested equity-based compensation	—	—	(377)	—	—	(377)
Net income	—	—	—	—	6,029	6,029
Other comprehensive income	—	—	—	160	—	160
Balance at March 31, 2024	57,537,393	58	97,219	(252)	(13,522)	83,503
Issuance of common stock through unit vesting	36,851	—	—	—	—	—
Dividends	—	—	(14)	—	—	(14)
Equity-based compensation	—	—	4,873	—	—	4,873
Net loss	—	—	—	—	(3,206)	(3,206)
Other comprehensive loss	—	—	—	(142)	—	(142)
Balance at June 30, 2024	57,574,244	58	102,078	(394)	(16,728)	85,014
Issuance of common stock through unit vesting	234,877	—	—	—	—	—
Equity-based compensation	—	—	3,430	—	—	3,430
Payment of taxes withheld through vested equity-based compensation	—	—	(73)	—	—	(73)
Net loss	—	—	—	—	(6,040)	(6,040)
Other comprehensive income	—	—	—	206	—	206
Balance at September 30, 2024	57,809,121	$ 58	$ 105,435	$ (188)	$ (22,768)	$ 82,537

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

AirSculpt Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)

($000s)	Nine Months Ended September 30, 2024	2023
Cash flows from operating activities		
Net (loss)/income	$ (3,217)	$ 95
Adjustments to reconcile net (loss)/income to net cash provided by operating activities:		
Depreciation and amortization	8,693	7,479
Equity-based compensation	1,522	13,483
Non-cash interest expense; amortization of debt costs	244	776
Loss/(gain) on disposal of long-lived assets	4	(198)
Changes in assets and liabilities		
Taxes receivable	(831)	(1,536)
Prepaid expense and other current assets	(384)	978
Other assets	(3,489)	(2,425)
Accounts payable	845	(807)
Deferred revenue and patient deposits	881	(796)
Accrued and other liabilities	4,369	2,041
Net cash provided by operating activities	8,637	19,090
Cash flows from investing activities		
Purchases of property and equipment, net	(10,479)	(8,092)
Net cash used in investing activities	(10,479)	(8,092)
Cash flows from financing activities		
Payment on term loan	(1,594)	(11,594)
Payments for debt modification	(136)	—
Distribution to member	—	(79)
Dividends paid to shareholders	(14)	(206)
Payment of taxes withheld through vested equity-based compensation	(464)	—
Other financing activity	(240)	(75)
Net cash used in financing activities	(2,448)	(11,954)
Net decrease in cash and cash equivalents	(4,290)	(956)
Cash and cash equivalents		
Beginning of period	10,262	9,616
End of period	$ 5,972	$ 8,660
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 4,478	$ 4,791
Cash paid for taxes	$ 1,808	$ 4,325
Supplemental disclosure of non-cash investing information:		
Property and equipment included in accounts payable and accrued expenses	$ 2,025	$ 525

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

AirSculpt Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 1 – ORGANIZATION AND SUMMARY OF KEY ACCOUNTING POLICIES

AirSculpt Technologies, Inc. ("AirSculpt" or the "Company"), was formed as a Delaware corporation on June 30, 2021. On October 28, 2021, AirSculpt completed an initial public offering ("IPO") of 8,050,000 shares of common stock at an initial public offering price of $11.00 per share. Immediately following the IPO, AirSculpt's total outstanding shares were 55,640,154. Pursuant to a reorganization (the "Reorganization") among entities under common control immediately prior to the IPO, AirSculpt became a holding company with its principal asset being 100% of the ownership interests in EBS Intermediate Parent LLC. The Company's revenues are concentrated in the specialty, minimally invasive liposuction market. The operations of the Company prior to the IPO represent the predecessor to AirSculpt. The Company and its consolidated subsidiaries are referred to collectively in these consolidated financial statements as "we," "our," and "us." Solely for convenience, some of the copyrights, trade names and trademarks referred to in these consolidated financial statements are listed without their ©, ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to our copyrights, trade names and trademarks.

The Company, through its wholly-owned subsidiaries, is a provider of practice management services to professional associations ("PAs") located throughout the United States, Canada, and the United Kingdom. The Company owns and operates non-clinical assets and provides its management services to the PAs through management services agreements ("MSAs"). Management services provide for the administration of the non-clinical aspects of the medical operations and include, but are not limited to, financial, administrative, technical, marketing, and personnel services. Pursuant to the MSA, the PA is responsible for all clinical aspects of the medical operations of the practice.

Principles of Consolidation

These consolidated financial statements present the financial position and results of operations of the Company, its wholly-owned domestic and international subsidiaries, and its variable interest in the managed PAs in the United States ("Domestic PAs"), which are under the control of the Company and are considered variable interest entities in which the Company is the primary beneficiary.

All intercompany accounts and transactions have been eliminated in consolidation.

Interim Financial Statement Presentation

In the opinion of management, the accompanying Condensed Consolidated Financial Statements of the Company and its subsidiaries, which are unaudited, include all normal and recurring adjustments considered necessary to present fairly the Company's financial position as of September 30, 2024, and the results of its operations and its cash flows for the periods presented.

Variable Interest Entities

The Company has a variable interest in the Domestic PAs where it has a long-term and unilateral controlling financial interest over their assets and operations. The Company has the ability to direct the activities that most significantly affect the Domestic PAs' economic performance via the MSAs and related agreements. The Company is a practice management service organization and does not engage in the practice of medicine. These services are provided by licensed professionals at each of the Domestic PAs. Certain key features of the MSAs and related agreements enable the Company to assign the member interests of certain of the Domestic PAs to another member designated by the Company (i.e., "nominee shareholder") for a nominal value in certain circumstances at the Company's sole discretion. The MSA does not allow the Company to be involved in, or provide guidance on, the clinical operations of the Domestic PAs. The Company consolidates the Domestic PAs into the financial statements. All of the Company's revenue is earned from services provided by the Domestic PAs and its wholly-owned foreign subsidiaries in the United Kingdom and Canada. The only assets and liabilities held by the Domestic PAs included in the accompanying consolidated balance sheets are clinical related. The clinical assets and liabilities are not material to the Company as a whole.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Concentration of Credit Risk

The Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The Company's revenues are concentrated in the specialty, minimally invasive liposuction market.

The Company maintains cash balances at financial institutions which may at times exceed the amount covered by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts.

Revenue Recognition

Revenue consists primarily of revenue earned for the provision of the Company's patented AirSculpt® procedures. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account for revenue recognition. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Company's performance obligations are delivery of specialty, minimally invasive liposuction services.

The Company assists patients, as needed, by providing third-party financing options to pay for procedures. The Company has arrangements with various financing companies to facilitate this option. There is a financing transaction fee based on a set percentage of the amount financed and are not contingent upon any criteria. The Company recognizes revenue based on the expected transaction price which is reduced for financing fees.

Revenue for services is recognized when the service is performed. Payment is typically rendered in advance of the service. Customer contracts generally do not include more than one performance obligation.

The Company's policy is to require payment for services in advance. Payments received for services that have yet to be performed as of September 30, 2024 and December 31, 2023 are included in deferred revenue and patient deposits. All of the deferred revenue and patient deposits as of December 31, 2023 were recognized in revenue during the nine months ended September 30, 2024.

For the three months ended September 30, 2024 and 2023, revenue from international locations was $1.5 million and $1.4 million, respectively, and net loss from international operations was $0.8 million and $2.6 million, respectively. For the nine months ended September 30, 2024 and 2023, revenue from international locations was $4.7 million and $3.9 million, respectively, and net loss from international operations was $1.6 million and $3.5 million, respectively.

Cost of Service

Cost of service is comprised of all service and product costs related to the delivery of procedures, including but not limited to compensation to doctors, nurses and clinical staff, supply costs, and facility rent expense.

Deferred Financing Costs, Net

Loan costs and discounts are capitalized in the period in which they are incurred and amortized on the straight-line basis over the term of the respective financing agreement which approximates the effective interest method. These costs are included as a reduction of long-term debt on the condensed consolidated balance sheets. Total amortization of deferred financing costs was approximately $0.1 million and $0.3 million for the three months ended September 30, 2024 and 2023, respectively. Total amortization of deferred financing costs was approximately $0.2 million and $0.8 million for the nine months ended September 30, 2024 and 2023, respectively. Amortization of loan costs and discounts is included as a component of interest expense.

Long-Lived Assets

The Company accounts for impairment of long-lived assets in accordance with the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350, *Intangibles – Goodwill and Other* and Topic 360, *Impairment or Disposal of Long-Lived Assets*. These standards require that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of an asset to future estimated cash flows expected to arise as a direct result of the use and eventual disposition of the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. No impairment charges were recognized for the three and nine months ended September 30, 2024 and 2023.

Fair Value

ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States, and expands disclosure requirements about fair value measurements.

ASC Topic 820 defines three categories for the classification and measurement of assets and liabilities carried at fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or observable inputs that are corroborated by market data.

Level 3: Unobservable inputs reflecting the reporting entity's own assumptions.

The fair value of financial instruments is generally estimated through the use of public market prices, quotes from financial institutions and other available information. Judgment is required in interpreting data to develop estimates of market value and, accordingly, amounts are not necessarily indicative of the amounts that could be realized in a current market exchange.

Short-term financial instruments, including cash, prepaid expenses and other current assets, accounts payable, and other liabilities, consist primarily of instruments without extended maturities, for which the fair value, based on management's estimates, approximates their carrying values. Borrowings bear interest at what is estimated to be current market rates of interest, accordingly, carrying value approximates fair value.

Earnings Per Share

Basic earnings per share of common stock is computed by dividing net (loss)/income for the three and nine months ended September 30, 2024 and 2023 by the weighted-average number of shares of common stock outstanding during the same period. Diluted earnings per share of common stock is computed by dividing net (loss)/income for the three and nine months ended September 30, 2024 and 2023 by the weighted-average number of shares of common stock adjusted to give effect to potentially dilutive securities.

Advertising Costs

Advertising costs are expensed in the period when the costs are incurred and are included as a component of selling, general and administrative costs. Advertising expenses were approximately $6.9 million and $6.5 million for the three months ended September 30, 2024 and 2023, respectively, and approximately $26.3 million and $19.5 million for the nine months ended September 30, 2024 and 2023, respectively.

Income Taxes

The Company applies the provisions of ASC 740-10, *Accounting for Uncertain Tax Positions* ("ASC 740-10"). Under these provisions, companies must determine and assess all material positions existing as of the reporting date, including all significant uncertain positions, for all tax years that are open to assessment or challenge under tax statutes. Additionally, those positions that have only timing consequences are analyzed and separated based on ASC 740-10's recognition and measurement model.

ASC 740-10 provides guidance related to uncertain tax positions for pass-through entities and tax-exempt not-for profit entities. ASC 740-10 also modifies disclosure requirements related to uncertain tax positions for nonpublic entities and provides that all entities are subject to ASC 740-10 even if the only tax position in question is the entity's status as a pass-through.

As required by the uncertain tax position guidance, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the condensed consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company applied the uncertain tax position guidance to all tax positions for which the statute of limitations remained open and determined that there are no uncertain tax positions as of September 30, 2024 or December 31, 2023. The Company is not subject to U.S. federal tax examination prior to 2021, when it was formed.

The Company has an effective tax rate of approximately (13.8)% and (89.2)% for the three months ended September 30, 2024 and 2023, respectively, and approximately (38.5)% and 96.4% for the nine months ended September 30, 2024 and 2023, respectively, inclusive of all applicable U.S. federal and state income taxes.

Recent Accounting Pronouncements

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures*, which requires enhanced disclosures of significant segment expenses. The ASU is effective for annual periods beginning after December 15, 2023 and interim periods beginning after December 15, 2024. The amendments in this ASU must be applied retrospectively to all periods presented and early adoption is permitted. The Company is evaluating the impact of this ASU on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740), Improvements to Income Tax Disclosures*, which establishes new requirements for the categorization and disaggregation of information in the rate reconciliation as well as for disaggregation of income taxes paid. The ASU is effective for annual periods beginning after December 15, 2024 and interim periods beginning after December 15, 2025. The amendments in this ASU may be applied prospectively or retrospectively to all periods presented and early adoption is permitted. The Company is evaluating the impact of this ASU on its consolidated financial statements.

NOTE 2 – GOODWILL AND INTANGIBLES, NET

The annual review of goodwill impairment will be performed in October 2024. There were no triggering events during the three and nine months ended September 30, 2024 and 2023.

The Company had goodwill of $81.7 million at September 30, 2024 and December 31, 2023.

Intangible assets consisted of the following at September 30, 2024 and December 31, 2023 (in 000’s):

	September 30, 2024	December 31, 2023	Useful Life
Technology and know-how	$ 53,600	$ 53,600	15 years
Trademarks and tradenames	17,700	17,700	15 years
	71,300	71,300	
Accumulated amortization of technology and know-how	(21,439)	(18,759)	
Accumulated amortization of tradenames and trademarks	(7,080)	(6,195)	
Total intangible assets	$ 42,781	$ 46,346	

Amortization of intangible assets will be $4.8 million per year for each of the next five fiscal years.

Aggregate amortization expense on intangible assets was approximately $1.2 million for both of the three months ended September 30, 2024 and 2023 and $3.6 million for both of the nine months ended September 30, 2024 and 2023.

NOTE 3 – PROPERTY AND EQUIPMENT, NET

As of September 30, 2024 and December 31, 2023 property and equipment consists of the following (in 000's):

	September 30, 2024	December 31, 2023
Medical equipment	$ 13,219	$ 11,576
Office and computer equipment	921	860
Furniture and fixtures	4,951	4,280
Leasehold improvements	31,536	21,982
Construction in progress	2,254	1,910
Less: Accumulated depreciation	(16,602)	(11,700)
Property and equipment, net	$ 36,279	$ 28,908

Depreciation expense was approximately $1.8 million and $1.4 million for the three months ended September 30, 2024 and 2023, respectively, and $5.1 million and $3.9 million for the nine months ended September 30, 2024 and 2023, respectively.

NOTE 4 – DEBT

On November 7, 2022, the Company entered into a credit agreement with a syndicate of lenders (the "Credit Agreement") maturing November 7, 2027. Pursuant to the Credit Agreement, there is (i) an $85.0 million aggregate principal amount of term loans and (ii) a revolving loan facility in an aggregate principal amount of up to $5.0 million. On September 29, 2023, the Company voluntarily pre-paid $10.0 million of the principal balance of the term loans under the Credit Agreement using cash on hand.

Under the Credit Agreement, all outstanding loans bear interest based on either a base rate or SOFR plus an applicable per annum margin. The applicable per annum margin is 2.0% or 3.0% for base rate or SOFR, respectively, if the Company's total leverage ratio is equal to or greater than 2.0x. If the Company's total leverage ratio is equal to or greater than 1.0x and less than 2.0x, the applicable per annum margin is 1.5% or 2.5% for base rate or SOFR, respectively. If the Company's total leverage ratio is below 1.0x, the applicable per annum margin is 1.0% or 2.0% for base rate or SOFR, respectively.

On September 13, 2024, the Company amended the Credit Agreement to modify certain financial condition covenants. As such, for the period of September 13, 2024 through June 30, 2025, the applicable per annum margin is 2.5% or 3.5% for base rate or SOFR, respectively, if the Company's total leverage ratio is equal to or greater than 2.0x. If the Company's total leverage ratio is equal to or greater than 1.0x and less than 2.0x, the applicable per annum margin is 2.0% or 3.0% for base rate or SOFR, respectively. If the Company's total leverage ratio is below 1.0x, the applicable per annum margin is 1.5% or 2.5% for base rate or SOFR, respectively. As of September 30, 2024, the interest rate was 7.85%.

Total borrowings as of September 30, 2024 and December 31, 2023 were as follows (in 000's):

	September 30, 2024	December 31, 2023
Term loan	$ 71,281	$ 72,875
Unamortized debt discounts and issuance costs	(1,139)	(1,247)
Total debt, net	70,142	71,628
Less: Current portion	(3,719)	(2,125)
Long-term debt, net	$ 66,423	$ 69,503

As of September 30, 2024 and December 31, 2023, the Company had $5.0 million available on the revolving credit facility.

The scheduled future maturities of long-term debt as of September 30, 2024 is as follows (in 000's):

Year ending December 31,		
2024 (excluding the nine months ended September 30, 2024)	$	531
2025		4,250
2026		6,375
2027		60,125
Total maturities	$	71,281

All borrowings under the Credit Agreement are cross collateralized by substantially all assets of the Company and are subject to certain restrictive covenants including quarterly total leverage ratio and fixed charge ratio requirements. The Company is in compliance with all covenants and has no letter of credit outstanding as of September 30, 2024 and December 31, 2023.

NOTE 5 – LEASES

The Company's operating leases are primarily for real estate, including medical office suites and corporate offices. For the three months ended September 30, 2024 and 2023, the Company incurred rent expense of $1.8 million and $1.5 million, respectively, for its medical office suites. For the nine months ended September 30, 2024 and 2023, the Company incurred rent expense of $5.0 million and $4.4 million, respectively, related to its medical office suites. The Company's rent expense related to its medical office suites is classified in cost of services within the Company's condensed consolidated statements of operations. The Company incurred rent expense of $91,000 and $91,000 for the three months ended September 30, 2024 and 2023, respectively, and $273,000 and $273,000 for the nine months ended September 30, 2024 and 2023, respectively, related to the corporate offices which is classified in selling, general and administrative expenses. The Company currently does not have any finance leases.

Real estate lease agreements typically have initial terms of five to ten years and may include one or more options to renew. The useful life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The Company's lease agreements do not contain any material residual value guarantees, restrictions or covenants.

The following table presents supplemental cash flow information for the nine months ended September 30, 2024 and 2023 (in 000's):

	September 30, 2024		September 30, 2023	
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash outflows from operating leases	$	4,907	$	3,852
Right-of-use assets obtained in exchange for lease obligations:				
Operating leases	$	8,035	$	8,991

Future minimum rental payments under all non-cancellable operating lease agreements for the succeeding five years are as follows, excluding common area maintenance charges that may be required by the agreements (in 000's):

Year ending December 31,		
2024 (excluding the nine months ended September 30, 2024)	$	1,777
2025		7,445
2026		7,335
2027		6,763
2028		5,946
Thereafter		16,715
Total lease payments		45,981
Less: imputed interest		(13,931)
Total lease obligations	$	32,050

NOTE 6 – STOCKHOLDERS' EQUITY AND EQUITY-BASED COMPENSATION

During the three and nine months ended September 30, 2024, the Company granted 0 and 515,804 restricted stock units ("RSUs"), respectively, to executive officers and employees under the 2021 Equity Incentive Plan. During the three and nine months ended September 30, 2023, the Company granted 0 and 767,261 RSUs, respectively. These RSUs are not considered outstanding until vested. These RSUs have a time-based vesting condition. These units will vest 1/3 per year over three years. Vesting and payment of these RSUs are generally subject to continuing service of the employee or non-employee director over the ratable vesting periods beginning one year from the date of grant to three years after the date of grant. The fair values of these RSUs were determined based on the closing price of the Company's common stock on the trading date immediately prior to the grant date.

During the three and nine months ended September 30, 2024, the Company granted 0 and 407,688 performance-based stock units ("PSUs"), respectively, which have market-based vesting conditions. In the three and nine months ended September 30, 2023, the Company granted 0 and 674,876 PSUs, respectively, which have market-based vesting conditions. The vesting is based on achievement of a total shareholder return relative to a specified peer group ("rTSR"). Based on the rTSR, the awards can settle in shares in a range from 0% to 200%. In addition to the achievement of the performance conditions, these PSUs are generally subject to the continuing service of the employee over the ratable vesting period from the earned date continuing through the settlement of the shares. For these PSUs, the shares settle in the first quarter of the year following the year in which the vesting criteria is met. The fair values of PSUs with a market-based vesting condition were estimated using a Monte Carlo simulation model.

In connection with the IPO, on November 4, 2021 the Company previously granted PSUs with performance-based vesting conditions to certain employees. The performance-based conditions include PSUs that can vest upon achieving specified stock price performance targets, and the remaining PSUs can vest upon achieving a revenue performance target in any trailing twelve-month period up to December 31, 2024 (the "Revenue Target"). During the three months ended March 31, 2024, the Company reassessed the probability of achieving the Revenue Target and determined such achievement is improbable based on current facts and circumstances. As a result, the Company recorded a $10.4 million cumulative reversal of stock compensation expense related to the unvested PSUs attributable to the Revenue Target in the three months ended March 31, 2024.

The Company recognized equity-based compensation expense of $3.4 million and $4.5 million for the three months ended September 30, 2024 and 2023, respectively, and $1.5 million and $13.5 million for the nine months ended September 30, 2024 and 2023, respectively, in selling, general and administrative expenses on the condensed consolidated statements of operations. Forfeitures are recognized as incurred.

The Company paid dividends of approximately $14,000 and $206,000 for the nine months ended September 30, 2024 and 2023, respectively.

NOTE 7 – EARNINGS PER SHARE

Basic earnings per share of common stock is computed by dividing net (loss)/income by the weighted-average number of shares of common stock outstanding during the same period. Diluted earnings per share of common stock is computed by dividing net (loss)/income by the weighted-average number of shares of common stock adjusted to give effect to potentially dilutive securities. Where the inclusion of potentially dilutive shares would be antidilutive, diluted loss per share equals basic loss per share.

A reconciliation of the numerator and denominator used in the calculation of basic and diluted net (loss)/income per share of common stock is as follows (in 000's except for shares and per share figures):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net (loss)/income	$ (6,040)	$ (1,667)	$ (3,217)	$ 95
Denominator:				
Weighted average shares of common stock outstanding - basic	57,650,923	56,785,087	57,543,678	56,661,903
Add: Effect of dilutive securities	—	—	—	1,667,782
Weighted average shares of common stock outstanding - diluted	57,650,923	56,785,087	57,543,678	58,329,685
(Loss)/income per share of common stock outstanding - basic and diluted	$ (0.10)	$ (0.03)	$ (0.06)	$ 0.00

The following number of potentially dilutive shares were excluded from the calculation of diluted loss per share because the effect of including such potentially dilutive shares would have been antidilutive.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Restricted stock units	1,304,512	661,723	1,304,512	777,849
Performance and market-based stock units	2,185,599	1,697,842	2,185,599	1,830,505

NOTE 8 – INCOME TAXES

The Company's income tax expense for the three months ended September 30, 2024 and 2023 was $0.7 million and $0.8 million, respectively, and the income tax expense for the nine months ended September 30, 2024 and 2023 was $0.9 million and $2.5 million, respectively. The effective tax rate for the three months ended September 30, 2024 and 2023 was (13.8)% and (89.2)%, respectively. The effective tax rate for the nine months ended September 30, 2024 and 2023 was (38.5)% and 96.4%, respectively. The main driver of the difference between the effective and statutory rate is non-deductible executive compensation under Section 162(m) of the Internal Revenue Code. There are no uncertain tax positions as of September 30, 2024 or December 31, 2023.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Professional Liability

In the ordinary course of business, the Company becomes involved in pending and threatened legal actions and proceedings, most of which involve claims of medical malpractice related to medical services provided by the PAs employed and affiliated physicians. The Company may also become subject to other lawsuits which could involve large claims and significant costs. The Company believes, based upon a review of pending actions and proceedings, that the outcome of such legal actions and proceedings will not have a material adverse effect on its business, financial condition, results of operations, and cash flows. The outcome of such actions and proceedings, however, cannot be predicted with certainty and an unfavorable resolution of one or more of them could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

Although the Company currently maintains liability insurance coverage intended to cover professional liability and certain other claims, the Company cannot assure that its insurance coverage will be adequate to cover liabilities arising out of claims asserted against it in the future where the outcomes of such claims are unfavorable. Liabilities in excess of the Company's insurance coverage, including coverage for professional liability and certain other claims, could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

In the third quarter of 2024, a potential litigation matter outside of the Company's normal course of business became probable and estimable of settlement. As the loss related to this claim was probable and estimable the Company accrued $0.9 million in other current liabilities as of September 30, 2024.

NOTE 10 – SEGMENT INFORMATION

The Company has one reportable segment: direct medical procedure services. This segment is made up of facilities and medical staff that provide the Company's patented AirSculpt® procedures to patients. Segment information is presented in the same manner that the Company's chief operating decision maker ("CODM") reviews the operating results in assessing performance and allocating resources. The Company's CODM is the Company's chief executive officer. The CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance and allocating resources. The Company's CODM reviews revenue, gross profit and Adjusted EBITDA. Gross profit is defined as revenues less cost of service incurred and Adjusted EBITDA as net (loss)/income excluding depreciation and amortization, net interest expense, income tax expense, restructuring and related severance costs, loss/(gain) on disposal of long-lived assets, settlement costs for non-recurring litigation, and equity-based compensation.

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 our financial statements and related notes and other financial information appearing in our Annual Report on Form 10-K dated February 27, 2024 filed with the Securities and Exchange Commission ("SEC") pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"). This discussion and analysis contains forward-looking statements that involve risk, uncertainties and assumptions. See the section entitled "Cautionary Note Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q. Our actual results could differ materially from those anticipated in the forward-looking statements.

Unless otherwise indicated or the context otherwise requires, references in this Quarterly Report on Form 10-Q to the "Company," "AirSculpt," "we," "us" and "our" refer to AirSculpt Technologies, Inc. and its consolidated subsidiaries and the Professional Associations.

Overview

AirSculpt is an experienced, fast-growing national provider of body contouring procedures delivering a premium consumer experience. We provide custom body contouring using our proprietary AirSculpt® method that removes unwanted fat and tightens skin in a minimally invasive procedure, producing dramatic results. We opened new centers in Kansas City, KS in July 2024, Columbus, OH in August 2024, Deerfield, IL and Birmingham, MI in September 2024. We deliver our AirSculpt® procedures through a growing nationwide footprint of 31 centers across 20 states, Canada and the United Kingdom as of November 8, 2024.

For the three and nine months ended September 30, 2024, we performed 3,277 and 10,972 cases, respectively, compared to 3,426 and 11,252 for the three and nine months ended September 30, 2023, respectively. For the three and nine months ended September 30, 2024, we generated approximately $42.5 million and $141.2 million of revenue, respectively, compared to $46.8 million and $148.3 million for the three and nine months ended September 30, 2023, respectively. This represents approximately 9% decline in revenue for the three months ended September 30, 2024 over the same period in prior year and approximately 5% decline in revenue for the nine months ended September 30, 2024 over the same period in prior year.

Key Operational and Business Metrics

In addition to the measures presented in our condensed consolidated financial statements, we use the following key operational and business metrics to evaluate our business, measure our performance, develop financial forecasts and make strategic decisions:

Cases Performed and Revenue per Case

Our case volumes in the table below, which are used for calculating revenue per case, represent one patient visit; notwithstanding that, a patient may have multiple areas treated during one visit. We believe this provides the best approach for assessing our revenue performance and trends.

Total Case and Revenue Metrics

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cases	3,277	3,426	10,972	11,252
Case growth	(4.3)%	N/A	(2.5)%	N/A
Revenue per case	$ 12,984	$ 13,658	$ 12,867	$ 13,181
Revenue per case growth	(4.9)%	N/A	(2.4)%	N/A
Number of facilities	31	27	31	27
Number of total procedure rooms	65	57	65	57

Same-Center Case and Revenue Metrics

Same-Center Information

For the three months ended September 30, 2024 and 2023, we define same-center case and revenue growth as the growth in each of our cases and revenue at facilities that were owned and operated during the three months ended September 30, 2024 and 2023, respectively. At facilities that were not owned or operated for the entirety of the prior year period, the current year period has been pro-rated to reflect only growth experienced during the portion of the three months ended September 30, 2024 in which such facilities were owned and operated during the three months ended September 30, 2023. We define same-center facilities and procedure rooms based on if a facility was owned or operated as of September 30, 2023.

For the nine months ended September 30, 2024 and 2023, we define same-center case and revenue growth as the growth in each of our cases and revenue at facilities that were owned and operated during the nine months ended September 30, 2024 and 2023, respectively. At facilities that were not owned or operated for the entirety of the prior year period, the current year period has been pro-rated to reflect only growth experienced during the portion of the nine months ended September 30, 2024 in which such facilities were owned and operated during the nine months ended September 30, 2023.We define same-center facilities and procedure rooms based on if a facility was owned or operated as of September 30, 2023.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
Cases		3,147		3,426		10,013		11,252
Case growth		(8.1)%		N/A		(11.0)%		N/A
Revenue per case	$	12,949	$	13,658	$	12,805	$	13,181
Revenue per case growth		(5.2)%		N/A		(2.9)%		N/A
Number of facilities		27		27		27		27
Number of total procedure rooms		57		57		57		57

Our same-store revenue decline is primarily attributed to weaker than expected performance across the broader aesthetics and high-end retail industries.

Non-GAAP Financial Measures—Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, and Adjusted Net Income per Share

We report our financial results in accordance with accounting principles generally accepted in the United States of America ("GAAP"), however, management believes the evaluation of our ongoing operating results may be enhanced by a presentation of Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income and Adjusted Net Income per Share, which are non-GAAP financial measures.

We define Adjusted EBITDA as net (loss)/income excluding depreciation and amortization, net interest expense, income tax expense, restructuring and related severance costs, loss/(gain) on disposal of long-lived assets, settlement costs for non-recurring litigation, and equity-based compensation.

We define Adjusted Net Income as net (loss)/income excluding restructuring and related severance costs, loss/(gain) on disposal of long-lived assets, settlement costs for non-recurring litigation, equity-based compensation and the tax effect of these adjustments.

We include Adjusted EBITDA and Adjusted Net Income because they are important measures on which our management assesses and believes investors should assess our operating performance. We consider Adjusted EBITDA and Adjusted Net Income each to be an important measure because they help illustrate underlying trends in our business and our historical operating performance on a more consistent basis. Adjusted EBITDA has limitations as an analytical tool including: (i) Adjusted EBITDA does not include results from equity-based compensation and (ii) Adjusted EBITDA does not reflect interest expense on our debt or the cash requirements necessary to service interest or principal payments. Adjusted Net Income has limitations as an analytical tool because it does not include results from equity-based compensation.

We define Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of revenue. We define Adjusted Net Income per Share as Adjusted Net Income divided by weighted average basic and diluted shares. We included Adjusted EBITDA Margin and Adjusted Net Income per Share because they are important measures on which our management assesses and believes investors should assess our operating performance. We consider Adjusted EBITDA Margin and Adjusted Net Income per Share to be important measures because they help illustrate underlying trends in our business and our historical operating performance on a more consistent basis.

The following table reconciles Adjusted EBITDA and Adjusted EBITDA Margin to net (loss)/income, the most directly comparable GAAP financial measure:

($ in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net (loss)/income	$ (6,040)	$ (1,667)	$ (3,217)	$ 95
Plus				
Equity-based compensation[(1)]	3,430	4,492	1,522	13,483
Restructuring and related severance costs	1,099	995	5,487	4,300
Depreciation and amortization	3,003	2,629	8,693	7,479
Loss/(gain) on disposal of long-lived assets	—	4	4	(198)
Litigation settlements[(2)]	850	—	850	—
Interest expense, net	1,591	1,836	4,638	5,462
Income tax expense	733	786	894	2,522
Adjusted EBITDA	**$ 4,666**	**$ 9,075**	**$ 18,871**	**$ 33,143**
Adjusted EBITDA Margin	**11.0 %**	**19.4 %**	**13.4 %**	**22.3 %**

(1) During the first quarter of fiscal year 2024, the Company recorded a cumulative reversal of stock compensation expense of $10.4 million related to reassessing the probability of achieving the performance target on certain of the Company's performance-based stock units. See Note 6 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for further discussion.

(2) This amount relates to settlement costs for non-recurring litigation of $0.9 million for the three and nine months ended September 30, 2024. This amount is accrued in "Accrued and other current liabilities" as of September 30, 2024. See Note 9 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for further discussion.

For the three months ended September 30, 2024 and 2023, pre-opening de novo and relocation costs were $0.7 million and $0.5 million, respectively. For the nine months ended September 30, 2024 and 2023, pre-opening de novo and relocation costs were $0.8 million and $3.3 million, respectively.

The following table reconciles Adjusted Net Income and Adjusted Net Income per Share to net (loss)/income, the most directly comparable GAAP financial measure:

($ in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net (loss)/income	$ (6,040)	$ (1,667)	$ (3,217)	$ 95
Plus				
Equity-based compensation[(1)]	3,430	4,492	1,522	13,483
Restructuring and related severance costs	1,099	995	5,487	4,300
Loss/(gain) on disposal of long-lived assets	—	4	4	(198)
Litigation settlements[(2)]	850	—	850	—
Tax effect of adjustments	(717)	(751)	996	(2,079)
Adjusted net (loss)/income	**$ (1,378)**	**$ 3,073**	**$ 5,642**	**$ 15,601**
Adjusted net (loss)/income per share of common stock [(3)]				
Basic	$ (0.02)	$ 0.05	$ 0.10	$ 0.28
Diluted	$ (0.02)	$ 0.05	$ 0.10	$ 0.27
Weighted average shares outstanding				
Basic	57,650,923	56,785,087	57,543,678	56,661,903
Diluted	57,650,923	58,954,829	58,289,022	58,329,685

(1) During the first quarter of fiscal year 2024, the Company recorded a cumulative reversal of stock compensation expense of $10.4 million related to reassessing the probability of achieving the performance target on certain of the Company's performance-based stock units. See Note 6 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for further discussion.

(2) This amount relates to settlement costs for non-recurring litigation of $0.9 million for the three and nine months ended September 30, 2024. This amount is accrued in "Accrued and other current liabilities" as of September 30, 2024. See Note 9 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for further discussion.

(3) Diluted Adjusted Net Income Per Share is computed by dividing adjusted net income by the weighted-average number of shares of common stock outstanding adjusted for the dilutive effect of all potential shares of common stock.

Components of Results of Operations

Revenue

Our revenue is generated from our patented AirSculpt® procedures performed on our patients. We are 100% self-pay and do not accept payments from the U.S. federal government or payer organizations. We assist patients, as needed, by providing third-party financing options to pay for procedures. We have arrangements with various financing companies to facilitate this option. There is a financing transaction fee based on a set percentage of the amount financed. We recognize revenue based on the expected transaction price which is reduced for financing fees.

Our policy is to require full payment for services in advance of performing a procedure. Payments received for which services have yet to been performed for all reported periods are included in deferred revenue and patient deposits on our balance sheets.

Cost of Service (excluding depreciation and amortization)

Cost of service is comprised of all service and product costs related to the delivery of procedures, including but not limited to compensation to our physicians and clinical staff, medical supply costs, and facility-related rent expense.

Operating Expense

Selling, General and Administrative

Selling, general and administrative consists of marketing and advertising expenses we incur to market our patented AirSculpt® procedures to potential patients and general and administrative costs, including rent for our corporate offices.

Selling Expenses

Selling expenses consist of advertising costs for social, digital and traditional marketing and sales and marketing personnel. Our advertising costs include both national and site-based advertising used to generate greater awareness and engagement among our current and potential patients. Our advertising costs include social media, digital marketing and traditional advertising. Selling expenses include salaries and commissions for employees engaged in marketing and sales. We define our customer acquisition costs as the total selling expenses per case.

We generally expect our selling expenses to increase as we continue to grow our brand and expand our national footprint. We evaluate our selling expense as compared to growth in our sales volume and will invest accordingly to the extent we believe we can increase our growth without materially negatively impacting our Adjusted EBITDA Margins.

General and Administrative

General and administrative expenses include employee-related expenses, including salaries and related costs (excluding physician and clinical cost included in cost of service and the salaries and commissions of sales and marketing employees), equity-based compensation, technology, operations, finance, legal, corporate office rent and human resources. We expect our general and administrative expenses to increase over time due to the additional legal, accounting, insurance, investor relations and other costs that we will continue to incur as a public company. We also expect increases from other costs associated with continuing to grow our business. As we continue to expand the number of centers and procedures rooms, we anticipate general and administrative expenses to decrease as a percentage of revenue over time.

Interest Expense

Interest expense, net consists primarily of interest costs on our outstanding borrowings under our debt.

Results of Operations

Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

The following table and notes summarize certain results from the statements of operations for each of the periods indicated and the changes between periods. The table also shows the percentage relationship to revenue for the periods indicated:

	Three Months Ended September 30,			
	2024		2023	
($ in 000s)	**Amount**	**% of Revenue**	**Amount**	**% of Revenue**
Revenue	$ 42,548	100.0 %	$ 46,793	100.0 %
Operating expenses:				
Cost of service	17,766	41.8 %	18,175	38.8 %
Selling, general and administrative[1]	25,495	59.9 %	25,030	53.5 %
Depreciation and amortization	3,003	7.1 %	2,629	5.6 %
Gain on disposal of long-lived assets	—	— %	4	— %
Total operating expenses	46,264	108.7 %	45,838	98.0 %
(Loss)/income from operations	(3,716)	(8.7)%	955	2.0 %
Interest expense, net	1,591	3.7 %	1,836	3.9 %
Pre-tax net loss	(5,307)	(12.5)%	(881)	(1.9)%
Income tax benefit	733	1.7 %	786	1.7 %
Net loss	$ (6,040)	(14.2)%	$ (1,667)	(3.6)%

[1] During the first quarter of fiscal year, 2024, the Company recorded a cumulative reversal of stock compensation expense of $10.4 million related to reassessing the probability of achieving the performance target on certain of the Company's performance-based stock units. See Note 6 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for further discussion.

Overview—Our financial results for the three months ended September 30, 2024 compared to the three months ended September 30, 2023 reflect the addition of four de novo centers which increased our procedure rooms by eight.

Revenue—Our revenue decreased $4.2 million, or 9.1%, compared to the same period in 2023. The decrease is primarily attributed to weaker than expected performance across the broader aesthetics and high-end retail industries.

Cost of Service—Our cost of services decreased $0.4 million, or 2.3%, compared to the same period in 2023. The percentage decrease in cost of service is driven by the decrease in cases over the same period and offset by increases in nursing and medical supply expenses during the period. Cost of service was 41.8% and 38.8% as a percentage of revenue for the three months ended September 30, 2024 and 2023, respectively. This is primarily due to opening four de novo facilities in the quarter which caused a temporary 1% increase in cost of service as a percentage of revenue over the prior period as these facilities ramp up. The remaining increase was due to the decline in revenue and not being able to leverage certain fixed costs within cost of service like rent and certain nursing costs.

Selling, General and Administrative Expenses—Selling, general and administrative expenses increased $0.5 million, or 1.9%, for the three months ended September 30, 2024 compared to the same period in 2023. This increase is related to the additional expenses we incurred for marketing and corporate support as we grow our center count through de novo expansion and providing support for our centers. We expect our marketing and corporate support costs to continue to increase on an absolute dollar basis as we open de novo centers. Selling, general and administrative expenses as a percent of revenue was at 59.9% and 53.5% for the three months ended September 30, 2024 and 2023, respectively. This increase is primarily driven by the decline in revenue and not being able to leverage certain fixed costs within selling, general and administrative costs.

Selling expenses consist of advertising costs for social, digital and traditional marketing and sales and marketing personnel. Total selling expenses were approximately $9.6 million and $9.4 million for the three months ended September 30, 2024 and 2023, respectively. Our customer acquisition costs were approximately $2,900 and $2,750 per customer in the three months ended September 30, 2024 and 2023, respectively. We intend to continue investing in our sales and marketing capabilities as we add new centers. Additionally, selling expenses as a percentage of revenue may fluctuate from quarter to quarter based on the timing and scope of our initiatives and the related impact to our revenue.

General and administrative expenses include employee-related expenses, including salaries and related costs (excluding physician and clinical cost included in cost of service), equity-based compensation, technology, operations, finance, legal, corporate office rent and human resources. General and administrative expenses were approximately $15.9 million and $15.6 million for the three months ended September 30, 2024 and 2023, respectively.

Depreciation and Amortization—Depreciation and amortization increased to approximately $3.0 million for the three months ended September 30, 2024 compared to $2.6 million for the same period in 2023. This increase is the result of having four additional de novo centers during the three months ended September 30, 2024 as compared to the 2023 period.

Interest Expense, net—Interest expense was $1.6 million and $1.8 million for the three months ended September 30, 2024 and 2023, respectively. The decrease is due to the voluntary prepayment of $10.0 million of the principal balance of the term loans under the Credit Agreement on September 29, 2023.

Income Tax Expense— Our effective tax rate is (13.8)% and (89.2)% for the three months ended September 30, 2024 and 2023, respectively. The main driver of the difference between the effective and statutory rate is non-deductible executive compensation under Section 162(m) of the Internal Revenue Code.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

The following table and notes summarize certain results from the statements of operations for each of the periods indicated and the changes between periods. The table also shows the percentage relationship to revenue for the periods indicated:

	Nine Months Ended September 30,			
	2024		2023	
($ in 000s)	**Amount**	**% of Revenue**	**Amount**	**% of Revenue**
Revenue	$ 141,172	100.0 %	$ 148,309	100.0 %
Operating expenses:				
Cost of service	54,635	38.7 %	56,144	37.9 %
Selling, general and administrative	75,525	53.5 %	76,805	51.8 %
Depreciation and amortization	8,693	6.2 %	7,479	5.0 %
Loss/(gain) on disposal of long-lived assets	4	— %	(198)	(0.1)%
Total operating expenses	138,857	98.4 %	140,230	94.6 %
Income from operations	2,315	1.6 %	8,079	5.4 %
Interest expense, net	4,638	3.3 %	5,462	3.7 %
Pre-tax net (loss)/income	(2,323)	(1.6)%	2,617	1.8 %
Income tax expense	894	0.6 %	2,522	1.7 %
Net (loss)/income	$ (3,217)	(2.3)%	$ 95	0.1 %

Overview— Our financial results for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 reflect the addition of four de novo centers which increased procedure rooms by eight.

Revenue—Our revenue decreased $7.1 million, or 4.8%, compared to the same period in 2023. The decrease is primarily attributed to weaker than expected performance across the broader aesthetics and high-end retail industries.

Cost of Service—Our cost of service decreased $1.5 million, or 2.7%, compared to the nine months ended September 30, 2023. The percentage decrease in cost of service is driven by the decrease in cases over the same period and partially offset by increases in nursing and rent related to our new facility openings during the period. Cost of service was 38.7% and 37.9% as a percentage of revenue for the nine months ended September 30, 2024 and 2023, respectively. This is primarily due to the decline in revenue and not being able to leverage certain fixed costs within cost of service like rent and certain nursing costs.

Selling, General and Administrative Expenses—Selling, general and administrative expenses decreased $1.3 million, or 1.7%, for the nine months ended September 30, 2024 compared to the same period in 2023. This decrease is related to a decrease in our equity-based compensation expense (see Note 6 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for further discussion) partially offset by additional expenses we incurred for marketing and corporate support as we grow our center count through de novo expansion and providing support for our centers. We expect our marketing and corporate support costs to continue to increase on an absolute dollar basis as we open de novo centers. Selling, general and administrative expenses as a percent of revenue were 53.5% and 51.8% for the nine months ended September 30, 2024 and 2023, respectively.

Selling expenses consist of advertising costs for social, digital and traditional marketing and sales and marketing personnel. Total selling expenses were approximately $34.0 million and $27.4 million for the nine months ended September 30, 2024 and 2023, respectively. Our customer acquisition costs were approximately $3,095 and $2,400 per customer in the nine months ended September 30, 2024 and 2023, respectively. We intend to continue investing in our sales and marketing capabilities as we add new centers. Additionally, selling expenses as a percentage of revenue may fluctuate from quarter to quarter based on the timing and scope of our initiatives and the related impact to our revenue.

General and administrative expenses include employee-related expenses, including salaries and related costs (excluding physician and clinical cost included in cost of service), equity-based compensation, technology, operations, finance, legal, corporate office rent and human resources. General and administrative expense were approximately $41.5 million and $49.4 million for the nine months ended September 30, 2024 and 2023, respectively. This reduction is due to a decrease in equity-based compensation (see Note 6 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for further discussion).

Depreciation and Amortization—Depreciation and amortization increased to approximately $8.7 million for the nine months ended September 30, 2024 compared to $7.5 million for the same period in 2023. This increase is the result of having four additional de novo centers during the nine months ended September 30, 2024 as compared to the 2023 period.

Interest Expense, net—Interest expense decreased to $4.6 million from $5.5 million for the nine months ended September 30, 2024 and 2023, respectively. The decrease is due to the lower principal balance resulting from the Company's voluntary $10 million prepayment made in 2023.

Income Tax Expense— Our effective tax rate is (38.5)% and 96.4% for the nine months ended September 30, 2024 and 2023, respectively. The main driver of the difference between the effective and statutory rate is non-deductible executive compensation under Section 162(m) of the Internal Revenue Code.

Liquidity and Capital Resources

We principally rely on cash flows from operations as our primary source of liquidity and, if needed, up to $5.0 million in revolving loans under our revolving credit facility. Our primary cash needs are for payroll, marketing and advertisements, rent, capital expenditures associated with de novo locations and new procedure room additions, as well as information technology and infrastructure, including our corporate office. We believe that the cash expected to be generated from operations and the availability of borrowings under the revolving credit facility will be sufficient for our working capital requirements, liquidity obligations, anticipated capital expenditures relating to the opening of de novo centers, and payments due under our existing credit facilities for at least the next 12 months.

As of September 30, 2024, we had $6.0 million in cash and cash equivalents and an available amount of $5.0 million under our revolving credit facility. We do not have any letters of credit outstanding as of September 30, 2024.

As of September 30, 2023, we had $10.3 million in cash and cash equivalents and an available amount of $5.0 million under our revolving credit facility. We did not have any letters of credit outstanding as of September 30, 2023.

The following table summarizes the net cash provided by (used for) operating activities, investing activities and financing activities for the periods indicated:

($ in 000s)	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Cash Flows Provided By (Used For):		
Operating activities	$ 8,637	$ 19,090
Investing activities	(10,479)	(8,092)
Financing activities	(2,448)	(11,954)
Net decrease in cash and cash equivalents	(4,290)	(956)

Operating Activities

The primary source of our operating cash flow is the collection of patient payments received prior to performing surgical procedures. For the nine months ended September 30, 2024, our operating cash flow decreased by $10.5 million compared to the same period in 2023. The decrease is primarily attributed to weaker than expected revenue performance and an increase in our marketing investments during the nine months ended September 30, 2024 as compared to the prior year period. At September 30, 2024, we had working capital of $(12.5) million compared to $(4.4) million at December 31, 2023.

Investing Activities

Investing activities during both periods were attributable to the preparation for the opening of de novo locations and the relocation of multiple existing facilities. Net cash used in investing activities for the nine months ended September 30, 2024 and 2023 was $10.5 million and $8.1 million, respectively.

Financing Activities

Net cash used in financing activities during the nine months ended September 30, 2024 was $2.4 million. During the nine months ended September 30, 2024, we made principal payments on our debt of $1.6 million and made payments of taxes withheld through vested equity-based compensation of $0.5 million.

Net cash used in financing activities for the nine months ended September 30, 2023 was $12.0 million. For the nine months ended September 30, 2023, we paid cash dividends to shareholders of $0.2 million and made principal payments on our debt of $11.6 million.

Long-Term Debt

The carrying value of our total indebtedness was $70.1 million and $71.6 million, which includes unamortized deferred financing costs and issuance discount of $1.1 million and $1.2 million, as of September 30, 2024 and December 31, 2023, respectively.

On November 7, 2022, the Company entered into a credit agreement with a syndicate of lenders (the "Credit Agreement") maturing November 7, 2027. Pursuant to the Credit Agreement, there is (i) an $85.0 million aggregate principal amount of term loans and (ii) a revolving loan facility in an aggregate principal amount of up to $5.0 million. On September 29, 2023, the Company voluntarily pre-paid $10.0 million of the principal balance of the term loans under the Credit Agreement using cash on hand.

Under the Credit Agreement, all outstanding loans bear interest based on either a base rate or SOFR plus an applicable per annum margin. The applicable per annum margin is 2.0% or 3.0% for base rate or SOFR, respectively, if the Company's total leverage ratio is equal to or greater than 2.0x. If the Company's total leverage ratio is equal to or greater than 1.0x and less than 2.0x, the applicable per annum margin is 1.5% or 2.5% for base rate or SOFR, respectively. If the Company's total leverage ratio is below 1.0x, the applicable per annum margin is 1.0% or 2.0% for base rate or SOFR, respectively.

On September 13, 2024, the Company amended the Credit Agreement to modify certain financial condition covenants. As such, for the period of September 13, 2024 through June 30, 2025, the applicable per annum margin is 2.5% or 3.5% for base rate or SOFR, respectively, if the Company's total leverage ratio is equal to or greater than 2.0x. If the Company's total leverage ratio is equal to or greater than 1.0x and less than 2.0x, the applicable per annum margin is 2.0% or 3.0% for base rate or SOFR, respectively. If the Company's total leverage ratio is below 1.0x, the applicable per annum margin is 1.5% or 2.5% for base rate or SOFR, respectively. As of September 30, 2024, the interest rate was 7.85%.

JOBS Act Accounting Election

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Subject to certain conditions set forth in the JOBS Act, if, as an "emerging growth company," we choose to rely on such exemptions we may not be required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis), and (iv) disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the CEO's compensation to median employee compensation. These exemptions will apply for a period of five years following the completion of our IPO or until we are no longer an "emerging growth company," whichever is earlier.

Critical Accounting Policies and Estimates

A summary of significant accounting policies is disclosed in our Annual Report on Form 10-K dated February 27, 2024 filed with the SEC pursuant to Section 13 or 15d of the Exchange Act, as amended (the "Exchange Act") under the caption "Critical Accounting Policies and Estimates" in the Management's Discussion and Analysis of Financial Condition and Results of Operations section. There have been no material changes in the nature of our critical accounting policies and estimates or the application of those policies from our Annual Report on Form 10-K dated February 27, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information required under this item.

Item 4. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required financial disclosure.

As of the end of the period covered by this Quarterly Report on Form 10-Q, our management, under the supervision and with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e) and 15d-15(e). Based upon this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of September 30, 2024.

Changes in Internal Controls Over Financial Reporting

There were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the quarter ended September 30, 2024.

Limitations on the Effectiveness of Controls

Our management, including the Chief Executive Officer and the Chief Financial Officer, recognizes that any set of controls and procedures, no matter how well-designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, with the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of controls. For these reasons, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

During the ordinary course of business, we have become and may in the future become subject to pending and threatened legal actions and proceedings, including with respect to the quality of our services. All of the current legal actions and proceedings that we are a party to are of an ordinary or routine nature incidental to our operations, the resolution of which should not have a material adverse effect on our financial condition, results of operations or cash flows. These claims, to the extent they exceed our insurance deductibles, are covered by insurance, but there can be no assurance that our insurance coverage will be adequate to cover any such liability.

In the third quarter of 2024, a potential litigation matter outside of the Company's normal course of business became probable and estimable of settlement. As the loss related to this claim was probable and estimable the Company accrued $0.9 million in other current liabilities as of September 30, 2024.

Item 1A. Risk Factors

Except to the extent updated below or to the extent additional factual information disclosed elsewhere in this Quarterly Report on Form 10-Q relates to such risk factors (including, without limitation, the matters discussed in Part I, “Item 2—Management’s Discussion and Analysis of Financial Condition and Results of Operations”), there were no material changes to the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2023 dated February 27, 2024 and filed with the SEC pursuant to Section 13 or 15(d) of the Exchange Act.

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

During the quarter ended September 30, 2024, none of our directors or officers have adopted or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (each as defined in Item 408(a) of Regulation S-K).

Item 6. Exhibits

Exhibit Number	Description of Exhibit
10.1*	Stockholders Agreement by and between the Company, VSCP EBS Aggregator, LP, Dr. Aaron Rollins, and JCBI II LLC, dated November 2, 2021, as amended on July 30, 2024
10.2	Transition Services Agreement between the Company and Todd Magazine, dated August 8, 2024 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No.: 001-40973), filed with the Securities and Exchange Commission on August 9, 2024)
10.3	Second Amendment to Credit Agreement, dated September 13, 2024 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No.: 001-40973), filed with the Securities and Exchange Commission on September 13, 2024)
31.1*	Certification of Principal Executive Officer 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
31.2*	Certification of Principal Financial Officer 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
32.1*†	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*†	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

† The certifications attached as Exhibit 32.1 and Exhibit 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing, except to the extent that the registrant specifically incorporates them by reference.

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.

AIRSCULPT TECHNOLOGIES, INC.

By: /s/ Dennis Dean
Dennis Dean
Interim Chief Executive Officer
and Chief Financial Officer
(Principal Executive and Financial Officer)

By: /s/ Philip Bodie
Philip Bodie
Chief Accounting Officer
(Principal Accounting Officer)

Date: November 8, 2024

Exhibit 10.1

STOCKHOLDERS AGREEMENT

of

AIRSCULPT TECHNOLOGIES, INC.

dated as of November 2, 2021, as amended on July 30, 2024

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS 1
- SECTION 1.1. Effective Date 1
- SECTION 1.2. Certain Defined Terms 1
- SECTION 1.3. Other Interpretive Provisions. 3

ARTICLE II CORPORATE GOVERNANCE 3
- SECTION 2.1. The Board. 3
- SECTION 2.2. Other Rights of Principal Investor Designees 5
- SECTION 2.3. Corporate Opportunity 5

ARTICLE III INFORMATION 5
- SECTION 3.1. Books and Records; Access. 5
- SECTION 3.2. Tax Information 6
- SECTION 3.3. Confidentiality 6
- SECTION 3.4. Sharing of Information 6

ARTICLE IV MISCELLANEOUS 6
- SECTION 4.1. Cooperation 6
- SECTION 4.2. Termination 6
- SECTION 4.3. Amendments and Waivers. 6
- SECTION 4.4. Assignment 7
- SECTION 4.5. Third Parties. 7
- SECTION 4.6. Notices 7
- SECTION 4.7. Further Assurances 8
- SECTION 4.8. Entire Agreement 8
- SECTION 4.9. Governing Law; Jurisdiction; Waiver of Jury Trial 9
- SECTION 4.10. Severability 9
- SECTION 4.11. Enforcement 9
- SECTION 4.12. Liability of Parties 9
- SECTION 4.13. Counterparts 9

THIS STOCKHOLDERS AGREEMENT (this "Agreement") is entered as of November [2], 2021, among AirSculpt Technologies, Inc., a Delaware corporation (the "Company"), and each of the other parties identified on the signature pages hereto (the "Holders").

RECITALS

WHEREAS, in connection with the Company's initial public offering of its shares of Common Stock (the "IPO"), the Company and the Holders desire to set forth their agreement regarding certain governance matters.

NOW, THEREFORE, in consideration of the foregoing recitals and of the mutual promises hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and the Holders hereby agree as follows:

1.

DEFINITIONS

1.1. Effective Date. This Agreement shall become effective upon the closing of the IPO (the "Effective Date").

1.2. Certain Defined Terms. As used herein, the following terms shall have the following meanings:

"Affiliate" has the meaning set forth in Rule 12b-2 promulgated under the Exchange Act, as in effect on the date hereof; provided that the Company and its Subsidiaries shall not be deemed to be Affiliates of the VSCP Investor for purposes of this Agreement.

"Agreement" has the meaning assigned to such term in the preamble.

"beneficially own" has the meaning set forth in Rule 13d-3 promulgated under the Exchange Act.

"Board" means the Board of Directors of the Company.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the New York City.

"Common Stock" means collectively the common stock, par value $0.001 per share, of the Company and any securities issued in respect thereof, or in substitution therefor, in connection with any stock split, dividend or combination, or any reclassification, recapitalization, merger, consolidation, exchange or other similar reorganization.

"Company" has the meaning assigned to such term in the preamble.

"Company Charter" means the certificate of incorporation of the Company in effect on the date hereof, as may be amended from time to time.

"Control" (including its correlative meanings, "Controlled by" and "under common Control with") means possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) of a Person.

"Director" means any member of the Board.

"Effective Date" has the meaning set forth in Section 1.1.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Holders" has the meaning set forth in the preamble.

"IPO" has the meaning set forth in the Recitals.

"Law" means any statute, law, regulation, ordinance, rule, injunction, order, decree, governmental approval, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority.

"Necessary Action" means, with respect to a specified result, all actions necessary to cause such result, including (i) voting or providing a written consent or proxy with respect to the Common Stock, (ii) causing the adoption of stockholders' resolutions and amendments to the organizational documents of the Company, (iii) executing agreements and instruments, and (iv) making, or causing to be made, with Governmental Authorities, all filings, registrations or similar actions that are required to achieve such result.

"Person" means an individual, corporation, association, partnership, joint venture, limited liability company, estate, trust, or any other legal entity.

"Principal Investor" has the meaning set forth in Section 2.1(a)(iv).

"Principal Investor Designee" means any VSCP Designee or Rollins Designee.

"Rollins Designee" has the meaning assigned to such term in Section 2.1(a)(ii).

"Rollins" means Aaron Rollins, M.D. and his spouse, issue (including adopted children and their issue) and trusts, estates or custodianships (x) for the primary benefit of one or more of Aaron Rollins, M.D. or any spouse or issue (including adopted children and their issue) or (y) created by Aaron Rollins, M.D. for bona fide estate planning or similar purposes..

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which: (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, representatives or trustees thereof is at the time owned or Controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or any combination thereof; or (ii) if a limited liability company, partnership, association or other business entity, a majority of the total voting power of stock (or equivalent ownership interest) of the limited liability company, partnership, association or other business entity is at the time owned or Controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or any combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall (a) be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or (b) Control the managing member, managing director or other governing body or general partner of such limited liability company, partnership, association or other business entity.

"VSCP" means Vesey Street Capital Partners, L.L.C., a Delaware limited liability company.

"VSCP Designee" has the meaning assigned to such term in Section 2.1(a)(i).

"VSCP Investor" means, collectively, VSCP EBS Aggregator, LP, VSCP EBS Blocker, Inc., EBS Aggregator, LLC, EBS Aggregator Blocker, Inc., EBS Aggregator Blocker Holdings, LLC, Vesey Street Capital Partners Healthcare Fund, LP, Vesey Street Capital Partners Healthcare Fund-A, LP or any Affiliate of VSCP.

1.3. Other Interpretive Provisions.

1.3.1. The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

1.3.2. The words "hereof," "herein," "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and any subsection and section references are to this Agreement unless otherwise specified.

1.3.3. The term "including" is not limiting and means "including without limitation."

1.3.4. The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

1.3.5. Whenever the context requires, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms.

2.

CORPORATE GOVERNANCE

2.1. The Board.

2.1.1. Election of Directors.

2.1.1.1. Following the Effective Date, the VSCP Investor shall have the right, but not the obligation, to designate, and the individuals nominated for election as Directors by or at the direction of the Board or a duly-authorized committee thereof shall include, a number of individuals such that, upon the election of each such individual, and each other individual nominated by or at the direction of the Board or a duly authorized committee of the Board, as a Director and taking into account any Director continuing to serve without the need for re-election, the number of VSCP Designees serving as Directors of the Company will be equal to at least: (A) if the VSCP Investor beneficially owns, directly or indirectly, 25% or more of the shares of the Company's issued and outstanding Common Stock, two Directors; and (B) if the VSCP Investor beneficially owns, directly or indirectly, 10% or more, but less than 25%, of the shares of the Company's issued and outstanding Common Stock, one Director (in each case, each such person, a "VSCP Designee").

2.1.1.2. Following the Effective Date, Rollins shall have the right, but not the obligation, to designate, and the individuals nominated for election as Directors by or at the direction of the Board or a duly-authorized committee thereof shall include, a number of individuals such that, upon the election of each such individual, and each other individual nominated by or at the direction of the Board or a duly authorized committee of the Board, as a Director and taking into account any Director continuing to serve without the need for re-election, the number of Rollins Designees serving as Directors of the Company will be equal to one Director if Rollins beneficially owns, directly or indirectly, 10% or more of the shares of the Company's issued and outstanding Common Stock (such person, the "Rollins Designee").

2.1.1.3. Directors are subject to removal pursuant to the applicable provisions of the Company Charter; *provided*, *however*, (A) the VSCP Designees may only be removed with the prior written consent of VSCP and the Rollins Designees may only be removed with the prior written consent of Rollins and (B) VSCP shall have the right to request the removal of any VSCP Designee (with or without cause) nominated by the VSCP Investor, from time to time and at any time, from the Board, and Rollins shall have the right to request the removal of any Rollins Designee (with or without cause) nominated by Rollins, from time to time and at any time, from the Board, in each case, exercisable upon written notice to the Company, and the Company shall take all Necessary Action to cause such removal.

2.1.1.4. In the event that a vacancy is created at any time by death, disability, retirement, removal (with or without cause), disqualification, resignation or otherwise with respect to the VSCP Investor or Rollins (collectively, the "Principal Investors", and each a "Principal Investor"), any individual nominated by or at the direction of the Board or any duly-authorized committee thereof to fill such vacancy shall be filled, and the

Company shall take all Necessary Action to cause such vacancy to be filled, as promptly as reasonably practicable, by a new designee of such Principal Investor, subject to the restrictions set forth in Section 2.1(a)(i) and Section 2.1(a)(ii).

2.1.1.5. In the absence of any designation from any Principal Investor as specified in Section 2.1(a)(i) or Section 2.1(a)(ii) hereof, the Director(s) previously designated by such Principal Investor and then serving shall be reelected if willing to serve unless such individual has been removed as provided herein, and otherwise such Board seat(s) shall remain vacant until otherwise filled as provided above.

2.1.1.6. The Company shall take all Necessary Action to include in the slate of nominees recommended by the Board or any duly-authorized committee thereof for election at any meeting of stockholders called for the purpose of electing directors the persons designated pursuant to this Section 2.1 and to nominate and recommend each such individual to be elected as a Director as provided herein, and to solicit proxies or consents in favor thereof; provided, however, neither the Board nor any committee thereof shall have any obligation to recommend a nominee designated by a Principal Investor if the Board or such committee, in exercising their fiduciary duties to the Company and its stockholders, does not believe that such designee should be elected to the Board. The Company is entitled, solely for the purposes set forth in this Section 2.1(a)(vi), to identify such individual as a VSCP Designee or a Rollins Designee pursuant to this Agreement.

2.1.1.7. In addition to any vote or consent of the Board or the stockholders of the Company required by applicable Law or the Company Charter or the bylaws of the Company, and notwithstanding anything to the contrary in this Agreement, for so long as the VSCP Investor beneficially owns, directly or indirectly, at least 25% of the shares of the Company's issued and outstanding Common Stock, the Company shall take all Necessary Action to ensure that the number of Directors serving on the Board shall not exceed seven without the prior written consent of the VSCP Investor.

2.1.1.8. For so long as the VSCP Investor is entitled to designate two Directors for election to the Board in accordance with the terms and conditions of this Agreement, the Principal Investors and the Company shall take all Necessary Action to cause the Chairperson of the Board to be an individual chosen by the VSCP Investor, who shall initially be Adam Feinstein. Except as otherwise set forth herein, the majority of the Board shall determine the Chairperson of the Board.

2.1.1.9. Once any Principal Investor no longer has the right to designate a director for election to the Board as set forth in Section 2.1(a)(i) or Section 2.1(a)(ii), such Principal Investor shall take all Necessary Action to cause the appropriate number of such Principal Investor's designees to tender his or her resignation from the Board effective at the Company's next annual meeting of stockholders. The Board (acting by majority vote of all directors excluding all the designees of the applicable Principal Investor) shall have the option, but not the obligation, to accept or reject any such resignation.

2.1.1.10. Upon completion of the IPO, each of the initial VSCP Designees and the Rollins Designee shall be assigned to one of the three (3) classes of directors, each of whose members shall serve a staggered three-year term as follows:

(A) The class I directors (whose term expires at the first annual meeting of stockholders at which directors are elected following completion of the IPO) shall include one (1) VSCP Designee;

(B) The class II directors (whose term expires at the second annual meeting of stockholders at which directors are elected following completion of the IPO) shall include one (1) VSCP Designee; and

(C) The class III directors (whose term expires at the third annual meeting of stockholders at which directors are elected following completion of the IPO) shall include the Rollins Designee.

2.1.2. Committees. Subject to applicable Law and stock exchange regulations, the Company shall take all Necessary Action to have a Principal Investor Designee then serving on the Board appointed to serve on each committee of the Board for so long as the applicable Principal Investor has the right to at least one Principal Investor Designee. Each Principal Investor shall have the right to appoint a representative as an observer to any committee of the Board to which the Principal Investor (i) does not elect to have a representative appointed or (ii) is prohibited by applicable Law and stock exchange regulations from having a representative appointed, in each case for so long as such Principal Investor has the right pursuant to this Article II to designate at least one Principal Investor Designee.

2.1.3. Compensation. Except to the extent the VSCP Designee may otherwise notify the Company, any VSCP Designee shall be entitled to compensation consistent with the compensation received by other non-employee Directors, including any fees and equity awards, *provided*, that (i) to the extent any Director compensation is payable in the form of equity awards, at the election of a VSCP Designee, in lieu of any equity award, such compensation shall be paid in an amount of cash equal to the value of the equity award as of the date of the award, with any such cash subject to the same vesting terms, if any, as the equity awarded to other Directors and (ii) at the election of a VSCP Designee, any Director compensation (whether cash, equity awards and/or cash in lieu of equity as may be designated by the electing VSCP Designee) shall be paid to the VSCP Investor or an Affiliate thereof specified by such VSCP Designee rather than to such VSCP Designee. If the Company adopts a policy that Directors own a minimum amount of equity in the Company, no VSCP Designee that is an Affiliate or employee of the VSCP Investor shall be subject to such policy unless otherwise determined by the VSCP Investor in its sole discretion.

2.2. Other Rights of Principal Investor Designees. Each Principal Investor Designee serving on the Board shall be entitled to rights and privileges that are no less favorable than those applicable to all other Directors generally or to which all such Directors are entitled. In furtherance of the foregoing, from and after the date hereof, the Company shall execute and deliver to each Principal Investor Designee, concurrently with or prior to such Principal Investor Designee joining the Board, an indemnification agreement substantially in the form filed with the U.S. Securities and Exchange Commission and shall otherwise indemnify, exculpate, and reimburse fees and expenses of such Principal Investor Designee and provide each such Principal Investor Designee with customary director and officer insurance on terms that are no less favorable than the Company indemnifies, exculpates, reimburses and provides insurance for any other Director pursuant to the Company Charter, the bylaws of the Company, applicable Law or otherwise.

2.3. Corporate Opportunity. The Company shall take all Necessary Action to ensure that no amendment to the provisions of the Company Charter pertaining to the renouncement of corporate opportunity is effected without the consent of the VSCP Investor for so long as the VSCP Investor has the right pursuant to this Article II to designate at least one (1) VSCP Designee.

3.
INFORMATION

3.1. Sharing of Information. Each party hereto acknowledges and agrees that any VSCP Designee may share any information concerning the Company and its Subsidiaries received by such VSCP Designee from or on behalf of the Company or its designated representatives with the VSCP Investor and its designated representatives, subject to execution of an agreement (in form and substance approved by the Company) by each such recipient to maintain the confidentiality of such information. Notwithstanding the foregoing, the Company may designate that certain information provided to a VSCP Designee may not be shared with the VSCP Investor and its designated representatives.

4.

MISCELLANEOUS

4.1. Termination. This Agreement shall terminate automatically (without any action by any party hereto) as to each Principal Investor as of the latest of (i) the time that such Principal Investor no longer has the right to nominate any directors to the Board pursuant to Article II hereof, (ii) the date that is the second anniversary of the completion of the IPO and (iii) the time that the shares of the Company's outstanding Common Stock held by such Principal Stockholder constitute less than 3% of all of the shares of the Company's outstanding Common Stock. Article IV will survive any termination of this Agreement.

4.2. Amendments and Waivers.

4.2.1. The terms and provisions of this Agreement may be modified or amended only with the written approval of the Company and the Holders holding a majority of the shares of Common Stock then held by the Holders in the aggregate; *provided, however*, that any modification or amendment (i) to Section 2.1, Section 2.3, Section 3.1, Section 4.1 or this Section 4.2, or any other provision of this Agreement that would have the effect of modifying or amending such sections, shall also require the approval of the VSCP Investor and Rollins, as applicable, and (ii) that would adversely affect the rights of (A) the VSCP Investor in a manner different from any other Holder, shall also require the approval of the VSCP Investor or (B) Rollins in a manner different from any other Holder, shall also require the approval of Rollins.

4.2.2. Except as expressly set forth in this Agreement, neither the failure nor delay on the part of any party hereto to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence.

4.2.3. No party shall be deemed to have waived any claim arising out of this Agreement, or any right, remedy, power or privilege under this Agreement, unless the waiver of such claim, right, remedy, power or privilege is expressly set forth in a written instrument duly executed and delivered on behalf of such party; and any such waiver shall not be applicable or have any effect except in in the specific instance in which it is given.

4.2.4. Each Principal Investor, in such Principal Investor's sole discretion, may withdraw from this Agreement at any time by written notice to the Company. Thereafter, such Principal Investor shall cease to be a party to this Agreement, shall have no further rights or obligations hereunder and none of the terms or provisions hereof shall have any continuing force and effect with respect to such Principal Investor.

4.2.5. Any party hereto may unilaterally waive any of its rights hereunder in a signed writing delivered to the Company.

4.3. Assignment. This Agreement and the rights and obligations hereunder may not be assigned without the express prior written consent of the other parties hereto, and any attempted assignment, without such consents, will be null and void.

4.4. Third Parties. Except as provided for in Article II and Article III with respect any Principal Investor Designees and the VSCP Investor, this Agreement does not create any rights, claims or benefits inuring to any person that is not a party hereto nor create or establish any third party beneficiary hereto.

4.5. Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified; (b) when sent by e-mail or confirmed facsimile if sent during normal business hours of the recipient, and, if not, then on the next Business Day; (c) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one Business Day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to such party's address as set forth below or at such other address as the party shall have furnished to each other party in writing in accordance with this provision:

If to the Company, to:

AirSculpt Technologies, Inc.
400 Alton Road, Unit TH-103M
Miami Beach, FL 33129
Email: ddean@elitebodysculpture.com
Attn: Aaron Rollins, M.D.

with a copy to:

McDermott Will & Emery LLP
500 North Capital Street, NW
Washington, DC 20001-1531
Email: tconaghan@mwe.com
Attn: Thomas Conaghan

If to VSCP EBS Aggregator, L.P.:

c/o Vesey Street Capital Partners, LLC
428 Greenwich Street, Townhouse
New York, NY 10013
Email: dan@vscpllc.com
Attention: Daniel Sollof

with a copy to:

McDermott Will & Emery LLP
500 North Capital Street, NW
Washington, DC 20001-1531
Email: tconaghan@mwe.com
Attn: Thomas Conaghan

If to Rollins:

400 Alton Road, Unit TH-103M
Miami Beach, FL 33129
Email: arollins@elitebodysculpture.com
Attn: Aaron Rollins, M.D.

with a copy to:

Young & Company
21700 Oxnard Street, Suite 2030
Email: melody@young-co.com
Attn: Melody Young

If to JCBI II LLC:

840 First Avenue, Suite 200
King of Prussia, PA 19406
Email: bcarden@burchcreativecapital.com
Attention: J. Brian Carden

4.6. Further Assurances. At any time or from time to time after the date hereof, the parties agree to cooperate with each other, and at the request of any other party, to execute and deliver any further instruments or documents and to take all such further action as the other party may reasonably request in order to evidence or effectuate the consummation of the transactions contemplated hereby and to otherwise carry out the intent of the parties hereunder.

4.7. Entire Agreement. Except as otherwise expressly set forth herein, this Agreement sets forth the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, that may have related to the subject matter hereof in any way.

4.8. Governing Law; Jurisdiction; Waiver of Jury Trial. THIS AGREEMENT SHALL BE GOVERNED IN ALL RESPECTS BY THE LAWS OF THE STATE OF DELAWARE REGARDLESS OF THE LAW THAT MIGHT BE APPLIED UNDER PRINCIPLES OF CONFLICT OF LAWS TO THE EXTENT SUCH PRINCIPLES WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION. NO SUIT, ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN ANY COURT OR BEFORE ANY SIMILAR AUTHORITY OTHER THAN IN A COURT OF COMPETENT JURISDICTION IN THE STATE OF DELAWARE, AND THE PARTIES HERETO HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS FOR THE PURPOSE OF SUCH SUIT, PROCEEDING OR JUDGMENT. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE HAD TO BRING SUCH AN ACTION IN ANY OTHER COURT, DOMESTIC OR FOREIGN, OR BEFORE ANY SIMILAR DOMESTIC OR FOREIGN AUTHORITY. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING IN RELATION TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

4.9. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

4.10. Enforcement. Each party hereto acknowledges and agrees that the other parties hereto would be irreparably harmed and money damages would not be an adequate remedy in the event that any of the covenants or agreements in this Agreement are not performed by any of them in accordance with its terms, and it is therefore agreed that in addition to and without limiting any other remedy or right it may have, the non-breaching party will have the right to an injunction, temporary restraining order or other equitable relief (without the necessity of having to prove actual damages therefrom or post a bond therefore) in any court of competent jurisdiction enjoining any such breach and enforcing specifically the terms and provisions hereof.

4.11. Liability of Parties. To the extent not inconsistent with applicable Law, neither any Principal Investor Designee nor any Holder, nor any of their respective officers, directors, employees, partners, members, shareholders or Affiliates, nor any officer of the Company or any Subsidiary thereof shall be liable, responsible or accountable in damages or otherwise to the Company or to any Holder for any action taken or for any failure to act on behalf of the Company in connection with the business or operations of the Company, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person’s conduct was unlawful.

4.12. Counterparts. This Agreement may be executed in any number of separate counterparts each of which when so executed shall be deemed to be an original and all of which together shall constitute one and the same agreement. Counterpart signature pages to this Agreement may be delivered by facsimile or electronic delivery (*i.e*., by email of a PDF signature page) and each such counterpart signature page will constitute an original for all purposes.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed this Stockholders Agreement as of the date first set forth above.

AIRSCULPT TECHNOLOGIES, INC.

By: /s/ Dr. Aaron Rollins
Name: Dr. Aaron Rollins
Title: Chief Executive Officer

VSCP EBS AGGREGATOR, L.P.

By: Vesey Street Capital Partners Healthcare GP, L.P., its General Partner

By: Vesey Street Capital Partners Healthcare UGP, LLC, its General Partner

By: /s/ Adam Feinstein
Name: Adam Feinstein
Title: Managing Member

[Signature Page to Stockholders Agreement]

/s/ Aaron Rollins, M.D.
Name: Aaron Rollins, M.D.

JCBI II LLC

By: /s/ Brian Carden
Name: Brian Carden
Title: Treasurer

[Signature Page to Stockholders Agreement]

Exhibit 31.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dennis Dean, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AirSculpt Technologies, Inc.;

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

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

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

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

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

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

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

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

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

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

AirSculpt Technologies, Inc.

Date: November 8, 2024

By: /s/ Dennis Dean
Dennis Dean
Interim Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dennis Dean, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AirSculpt Technologies, Inc.;

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

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

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

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

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

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

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

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

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

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

AirSculpt Technologies, Inc.

Date: November 8, 2024

By: /s/ Dennis Dean

Dennis Dean
Chief Financial Officer

Exhibit 32.1

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

In connection with the quarterly report of AirSculpt Technologies, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned certifies, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: November 8, 2024

By: /s/ Dennis Dean

Dennis Dean
Interim Chief Executive Officer

Exhibit 32.2

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

In connection with the quarterly report of AirSculpt Technologies, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certifies, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: November 8, 2024

By: /s/ Dennis Dean

Dennis Dean

Chief Financial Officer