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 June 30, 2025
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 62,436,670 shares of common stock outstanding as of July 31, 2025.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements in the sections titled “Risk Factors,” “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, inability to sell equity or other securities in the future at a time when we might otherwise wish to effect sales; inability to raise capital on commercially reasonable terms, if at all; the risk that any future financings may dilute our stockholders or restrict our business; failure to stabilize same-center performance; not being able to optimize our marketing investment, go-to-market strategy and sales process; not having the ability to expand our financing options for consumers; being unsuccessful in further product innovations; failure to operate centers in a cost-effective manner; 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 natural disasters, 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 anticipated 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)	June 30, 2025 (Unaudited)	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	$ 8,189	$ 8,235
Taxes receivable	1,805	3,056
Prepaid expenses and other current assets	6,411	5,826
Total current assets	16,405	17,117
Property and equipment, net	33,849	37,471
Other long-term assets	5,644	6,413
Right of use operating lease assets	21,519	25,669
Intangible assets, net	39,216	41,592
Goodwill	81,734	81,734
Total assets	$ 198,367	$ 209,996
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 3,337	$ 6,256
Accrued payroll and benefits	2,652	2,531
Current portion of long-term debt	4,550	4,250
Deferred revenue and patient deposits	1,121	1,169
Accrued and other current liabilities	8,114	8,304
Current operating lease liabilities	6,055	6,099
Total current liabilities	25,829	28,609
Long-term debt, net	53,188	65,456
Deferred tax liability, net	6,576	6,576
Long-term operating lease liabilities	21,511	24,248
Revolving credit funds payable	—	5,000
Other long-term liabilities	106	817
Total liabilities	107,210	130,706
Commitments and contingent liabilities (Note 9)		
Stockholders' equity		
Common stock, $0.001 par value; shares authorized - 450,000,000; shares issued and outstanding - 62,436,670 and 58,369,138, respectively	62	58
Additional paid-in capital	123,885	107,721
Accumulated other comprehensive loss	(1,550)	(687)
Accumulated deficit	(31,240)	(27,802)
Total stockholders' equity	91,157	79,290
Total liabilities and stockholders' equity	$ 198,367	$ 209,996

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 June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Revenue	$ 44,012	$ 51,004	$ 83,383	$ 98,624
Operating expenses:				
Cost of service (exclusive of depreciation and amortization)	17,201	18,827	33,151	36,869
Selling, general and administrative[(1)]	22,671	34,274	44,439	50,030
Depreciation and amortization	3,246	2,885	6,488	5,690
Loss/(gain) on disposal of long-lived assets	108	(1)	108	4
Total operating expenses	43,226	55,985	84,186	92,593
Income/(loss) from operations	786	(4,981)	(803)	6,031
Interest expense, net	1,562	1,515	3,187	3,047
Pre-tax net (loss)/income	(776)	(6,496)	(3,990)	2,984
Income tax (benefit)/expense	(185)	(3,290)	(552)	161
Net (loss)/income	$ (591)	$ (3,206)	$ (3,438)	$ 2,823
(Loss)/income per share of common stock				
Basic	$ (0.01)	$ (0.06)	$ (0.06)	$ 0.05
Diluted	$ (0.01)	$ (0.06)	$ (0.06)	$ 0.05
Weighted average shares outstanding				
Basic	59,590,033	57,557,178	59,066,400	57,489,466
Diluted	59,590,033	57,557,178	59,066,400	58,066,133

(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)/Income (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
($000s)	**2025**	**2024**	**2025**	**2024**
Net (loss)/income	$ (591)	$ (3,206)	$ (3,438)	$ 2,823
Other comprehensive (loss)/income:				
Change in foreign currency translation adjustment	(958)	(142)	(873)	18
Total other comprehensive (loss)/income	(958)	(142)	(873)	18
Comprehensive (loss)/income	$ (1,549)	$ (3,348)	$ (4,311)	$ 2,841

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)

($000s, except shares and per share figures)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
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
Balance at December 31, 2024	58,369,138	$ 58	$ 107,721	$ (687)	$ (27,802)	$ 79,290
Issuance of common stock through unit vesting	292,130	1	—	—	—	1
Equity-based compensation	—	—	1,239	—	—	1,239
Payment of taxes withheld through vested equity-based compensation	—	—	(56)	—	—	(56)
Net loss	—	—	—	—	(2,847)	(2,847)
Other comprehensive loss	—	—	—	85	—	85
Other	—	—	(379)	—	—	(379)
Balance at March 31, 2025	58,661,268	59	108,525	(602)	(30,649)	77,333
Issuance of common stock through unit vesting	22,820	—	—	—	—	—
Issuance of common stock through public offerings, net	3,752,582	3	14,008	—	—	14,011
Equity-based compensation	—	—	1,352	—	—	1,352
Net loss	—	—	—	—	(591)	(591)
Other comprehensive loss	—	—	—	(958)	—	(958)
Other	—	—	—	10	—	10
Balance at June 30, 2025	62,436,670	$ 62	$ 123,885	$ (1,550)	$ (31,240)	$ 91,157

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)	Six Months Ended June 30, 2025	2024
Cash flows from operating activities		
Net (loss)/income	$ (3,438)	$ 2,823
Adjustments to reconcile net (loss)/income to net cash provided by operating activities:		
Depreciation and amortization	6,488	5,690
Equity-based compensation	2,591	(1,908)
Non-cash interest expense; amortization of debt costs	242	163
Loss on disposal of long-lived assets	108	4
Changes in assets and liabilities		
Taxes receivable	1,251	(1,507)
Prepaid expense and other current assets	(591)	(4,617)
Other assets	4,918	173
Accounts payable	(1,461)	(3)
Deferred revenue and patient deposits	(48)	(520)
Accrued and other liabilities	(4,208)	6,509
Net cash provided by operating activities	5,852	6,807
Cash flows from investing activities		
Purchases of property and equipment, net	(2,166)	(5,580)
Net cash used in investing activities	(2,166)	(5,580)
Cash flows from financing activities		
Payment on term loan	(11,973)	(1,063)
Payments for debt modification	(237)	—
Payments on revolving credit facility	(5,000)	—
Proceeds from public offerings, net	14,008	—
Dividends paid to shareholders	—	(14)
Payment of taxes withheld through vested equity-based compensation	(56)	(391)
Other financing activity	(474)	(155)
Net cash provided used in financing activities	(3,732)	(1,623)
Effect of exchange rate changes on cash and cash equivalents	—	—
Net decrease in cash and cash equivalents	(46)	(396)
Cash and cash equivalents		
Beginning of period	8,235	10,262
End of period	$ 8,189	$ 9,866
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 2,948	$ 2,947
Cash paid for income taxes, net of refunds	$ (1,777)	$ 1,752
Supplemental disclosure of non-cash investing information:		
Property and equipment included in accounts payable and accrued expenses	$ 137	$ 644

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. The Company's revenues are concentrated in the specialty, minimally invasive liposuction market. 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

The accompanying condensed consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

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.

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 $0.1 million for the three months ended June 30, 2025 and 2024, respectively. Total amortization of deferred financing costs was approximately $0.2 million and $0.2 million for the six months ended June 30, 2025 and 2024, 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 six months ended June 30, 2025 and 2024.

Fair Value

ASC Topic 820, *Fair Value Measurements and Disclosure*s, 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 six months ended June 30, 2025 and 2024 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 net (loss)/income for the three and six months ended June 30, 2025 and 2024 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 $7.3 million and $11.0 million for the three months ended June 30, 2025 and 2024, respectively, and approximately $14.5 million and $19.4 million for the six months ended June 30, 2025 and 2024, 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 June 30, 2025 or December 31, 2024. 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 23.8% and 50.6% for the three months ended June 30, 2025 and 2024, respectively, and approximately 13.8% and 5.4% for the six months ended June 30, 2025 and 2024, respectively, inclusive of all applicable U.S. federal and state income taxes.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was signed into law, which includes significant changes to federal tax law and other regulatory provisions that may impact the Company. The Company is currently evaluating the provisions of the new law and the potential effects on its financial position, results of operations, and cash flows. Additional disclosures will be provided in future periods as the impact of the legislation is determined.

Recent Accounting Pronouncements

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.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires public business entities to disclose disaggregated information on certain expenses in the notes to the financial statements. The ASU is effective for annual periods beginning after December 15, 2026 and interim periods beginning after December 15, 2027. 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 2025. There were no triggering events during the three and six months ended June 30, 2025 and 2024.

The Company had goodwill of $81.7 million at June 30, 2025 and December 31, 2024.

Intangible assets consisted of the following at June 30, 2025 and December 31, 2024 (in 000's):

	June 30, 2025	December 31, 2024	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	(24,119)	(22,333)	
Accumulated amortization of tradenames and trademarks	(7,965)	(7,375)	
Total intangible assets	$ 39,216	$ 41,592	

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 June 30, 2025 and 2024 and $2.4 million for both of the six months ended June 30, 2025 and 2024.

NOTE 3 – PROPERTY AND EQUIPMENT, NET

As of June 30, 2025 and December 31, 2024 property and equipment consists of the following (in 000's):

	June 30, 2025	December 31, 2024
Medical equipment	$ 13,781	$ 13,568
Office and computer equipment	970	965
Furniture and fixtures	4,903	5,049
Leasehold improvements	34,679	34,270
Construction in progress	2,271	2,251
Less: Accumulated depreciation	(22,755)	(18,632)
Property and equipment, net	$ 33,849	$ 37,471

Depreciation expense was approximately $2.1 million and $1.7 million for the three months ended June 30, 2025 and 2024, respectively, and $4.1 million and $3.3 million for the six months ended June 30, 2025 and 2024, respectively.

NOTE 4 – DEBT

On November 7, 2022, the Company entered into a credit agreement with a syndicate of lenders (the "Credit Agreement") originally maturing November 7, 2027. Pursuant to the Credit Agreement, there is (i) an $85.0 million original 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.

On March 12, 2025, the Company amended the Credit Agreement to modify certain financial covenants made by the Company in the Credit Agreement, such that (i) the Consolidated Fixed Charge Coverage Ratio (as defined in the Credit Agreement) of the Company and its subsidiaries as of the last day of the fiscal quarters ending March 31, 2025 and June 30, 2025 must be no less than 0.50x and 1.10x, respectively, and no less than 1.25x on the last day of the fiscal quarters ending September 30, 2025 and thereafter, instead of 1.10x as of March 31, 2025 and 1.25x as of June 30, 2025 and thereafter, as previously set forth in the Credit Agreement; (ii) the Consolidated Leverage Ratio (as defined in the Credit Agreement) of the Company and its subsidiaries as of the last day of the fiscal quarters ending March 31, 2025, June 30, 2025, September 30, 2025, December 31, 2025 and March 31, 2026, must not exceed 4.25x, 3.50x, 3.25x, 3.25x, and 2.75x, respectively, and the Consolidated Leverage Ratio as of the last day of each fiscal quarter thereafter must not exceed 2.25x, instead of 3.25x as of March 31, 2025, 2.75x as of June 30, 2025, and 2.25x thereafter, as previously set forth in the Credit Agreement; (iii) the Company and its subsidiaries will be required to maintain minimum Liquidity (as defined in the Credit Agreement) of not less than (A) $3.0 million as of the last day of the month ending March 31, 2025, (B) $5.0 million as of the last day of the month ending April 30, 2025, and (C) $7.5 million as of the last day of the months ending May 31, 2025 and thereafter (or the last day of each fiscal quarter thereafter upon the satisfaction of certain financial tests described therein); and (iv) new liquidity and financial reporting requirements have been added.

In addition to revising the covenants listed above, the Third Amendment revised or added new terms such that (i) for outstanding loans, beginning on or about July 1, 2025, the applicable per annum margin will be increased to 3.75% or 4.75% for base rate or SOFR, respectively, if the Company's total leverage ratio is equal to or greater than 3.00x, 3.50% or 4.50% for base rate or SOFR, respectively, if the Company's total leverage ratio is equal to or greater than 2.00x and less than 3.00x, and 3.25% or 4.25% for base rate or SOFR, respectively, if the Company's total leverage ratio is below 2.00x, (ii) the term loan and revolving credit facility will mature on May 11, 2027 (instead of November 7, 2027); (iii) Liquidity in excess of $3.0 million will be used to repay the outstanding funds drawn on the revolving credit facility on a monthly basis beginning April 30, 2025; (iv) revolver draws will be subject to compliance with the minimum Liquidity covenant; (v) the Company will be required to reimburse SVB for certain fees and expenses relating to the engagement of a financial advisor, and (vi) 100% of first $10.0 million of any equity proceeds will be used to repay the term loan and revolving credit facility, subject to a carve-out of the first $3.0 million of equity proceeds; and any equity proceeds received from Vesey Street Capital Partners, L.L.C., our private equity sponsor (“Sponsor”). In consideration of the Third Amendment, the Company paid a fee equal to 0.15% of the outstanding loans to consenting Lenders, and a $0.1 million arrangement fee to SVB. On March 12, 2025 in connection with the Third Amendment, the Company, SVB and our Sponsor (through certain affiliated entities) entered into that certain Limited Guarantee by and among Vesey Street Capital Partners Healthcare Fund, L.P., Vesey Street Capital Partners Healthcare Fund-A, L.P., SVB, and the Company (the "Limited Guarantee") pursuant to which our Sponsor agreed to provide a $10.0 million limited guaranty of the Company’s obligations under the Credit Agreement. The Limited Guarantee was callable on June 15, 2025 (or upon the earlier occurrence of certain defaults described therein) if the Company had not prepaid the term loan (excluding regularly scheduled amortization) by $10.0 million as of such date. Under the terms of the Limited Guarantee, if our Sponsor was required to make any payment under the Limited Guarantee (other than as a result of a bankruptcy event), then our Sponsor would be deemed to have purchased shares of common stock of the Company having an aggregate value equal to the amount of such payment. The Company has agreed to issue a subordinated note to our Sponsor if a payment occurred under the Limited Guarantee, to the extent such payment did not result from the issuance of shares of common stock by the Company to our Sponsor. As of June 30, 2025, the interest rate was 7.83%.

On June 13, 2025, the Company made a $10.0 million principal payment on the term loan in accordance with the Third Amendment using proceeds from its underwritten public offering completed on June 11, 2025.

Total borrowings as of June 30, 2025 and December 31, 2024 were as follows (in 000’s):

	June 30, 2025	December 31, 2024
Term loan	$ 58,777	$ 70,750
Unamortized debt discounts and issuance costs	(1,039)	(1,044)
Total debt, net	57,738	69,706
Less: Current portion	(4,550)	(4,250)
Long-term debt, net	$ 53,188	$ 65,456

As of June 30, 2025 and December 31, 2024, the Company had $5.0 million and $0.0 million available on the revolving credit facility.

The scheduled future maturities of long-term debt as of June 30, 2025 is as follows (in 000’s):

Year ending December 31,	
2025 (excluding the six months ended June 30, 2025)	$ 1,820
2026	5,460
2027	51,497
Total maturities	$ 58,777

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 discussed above. The Company is in compliance with all covenants and has no letter of credit outstanding as of June 30, 2025 and December 31, 2024.

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 June 30, 2025 and 2024, the Company incurred rent expense of $1.7 million and $1.6 million, respectively, for its medical office suites. For the six months ended June 30, 2025 and 2024, the Company incurred rent expense of $3.5 million and $3.1 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 $64,000 and $91,000 for the three months ended June 30, 2025 and 2024, respectively, and $155,000 and $182,000 for the six months ended June 30, 2025 and 2024, 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 six months ended June 30, 2025 and 2024 (in 000's):

	June 30, 2025	June 30, 2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	$ 3,497	$ 3,126
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ —	$ 4,360

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,	
2025 (excluding the six months ended June 30, 2025)	$ 3,803
2026	7,348
2027	6,776
2028	5,959
2029	4,554
Thereafter	12,205
Total lease payments	40,645
Less: imputed interest	(13,075)
Total lease obligations	$ 27,570

NOTE 6 – STOCKHOLDERS' EQUITY AND EQUITY-BASED COMPENSATION

During the three and six months ended June 30, 2025, the Company granted 175,782 and 1,064,083 restricted stock units ("RSUs"), respectively, to executive officers and employees under the 2021 Equity Incentive Plan. During the three and six months ended June 30, 2024, the Company granted 104,348 and 515,804 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 six months ended June 30, 2025, the Company granted 0 and 899,919 performance-based stock units ("PSUs"), respectively, which have market-based vesting conditions. In the three and six months ended June 30, 2024, the Company granted 0 and 407,688 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 $1.4 million and $4.9 million for the three months ended June 30, 2025 and 2024, respectively, and $2.6 million and $(1.9) million for the six months ended June 30, 2025 and 2024, 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 $0 for the three and six months ended June 30, 2025, and $14,000 for the three and six months ended June 30, 2024, respectively.

2025 Underwritten Follow-On Equity Offering

On June 9, 2025, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Leerink Partners LLC ("Leerink Partners"), to issue and sell 3,160,000 shares (the "Firm Shares") of the Company's common stock to Leerink Partners, in an underwritten registered public offering (the "Offering"), at a price of $3.80 per share. Pursuant to the Underwriting Agreement, the Company also granted Leerink Partners a 30-day option to purchase up to an additional 474,000 shares of the Company's common stock (the "Additional Shares," and together with the Firm Shares, the "Shares"), at the same price per share as the Firm Shares. Leerink Partners exercised in full its option to purchase the Additional Shares on June 10, 2025. Vesey Street Capital Partners, L.L.C., which is affiliated with two directors and is the largest stockholder of the Company, purchased an aggregate of 1,000,000 Shares in the Offering on the same terms and conditions as purchases by the public in the Offering.

The Offering closed on June 11, 2025, and the Company received net proceeds of approximately $13.8 million from the sale of 3,634,000 Shares, which included the 474,000 Additional Shares, after deducting estimated offering expenses.

The Offering was pursuant to a prospectus supplement dated June 9, 2025, filed with the SEC in connection with the Company's shelf registration statement on Form S-3 (File 333-285825), filed with the SEC on March 14, 2025 and declared effective on March 24, 2025 and the related prospectus dated March 14, 2025.

At-the-Market Common Offering Program

On March 14, 2025, the Company entered into a sales agreement (the "ATM Agreement") with Leerink, as sales agent, in connection with an at-the-market offering program under which the Company may offer and sell, from time to time in our sole discretion, shares of our common stock having an aggregate offering price of up to $50.0 million at prices and on terms to be determined by market conditions at the time of offering. The $50.0 million of common stock that may be offered, issued and sold under the ATM Agreement is included in the $100.0 million of securities that may be offered, issued and sold by us under our Registration Statement on Form S-3 (File 333-285825). The Company and Leerink each have the right to suspend or terminate the ATM Agreement in each party's sole discretion at any time.

In the three and six months ended June 30, 2025, the Company sold the following quantities of our common stock pursuant to the ATM Agreement for total net proceeds of approximately $251 thousand and $264 thousand:

Date	Shares
3/26/2025	4,486
3/27/2025	1,132
Q1 Total	5,618
4/1/2025	51,513
4/2/2025	67,069
Q2 Total	118,582

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Numerator:				
Net (loss)/income	$ (591)	$ (3,206)	$ (3,438)	$ 2,823
Denominator:				
Weighted average shares of common stock outstanding - basic	59,590,033	57,557,178	59,066,400	57,489,466
Add: Effect of dilutive securities	—	—	—	576,667
Weighted average shares of common stock outstanding - diluted	59,590,033	57,557,178	59,066,400	58,066,133
(Loss)/income per share of common stock outstanding - basic and diluted	$ (0.01)	$ (0.06)	$ (0.06)	$ 0.05

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Restricted stock units	1,363,449	1,544,923	1,363,449	1,341,790
Performance and market-based stock units	1,702,042	2,680,748	1,702,042	2,201,151

NOTE 8 – INCOME TAXES

The Company's income tax benefit for the three months ended June 30, 2025 and 2024 was $(0.2) million and $(0.6) million, respectively, and the income tax (benefit)/expense for the six months ended June 30, 2025 and 2024 was $(3.3) million and $0.2 million, respectively. The effective tax rate for the three months ended June 30, 2025 and 2024 was 23.8% and 50.6%, respectively. The effective tax rate for the six months ended June 30, 2025 and 2024 was 13.8% and 5.4%, 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 June 30, 2025 or December 31, 2024.

On July 4, 2025, the United States Congress passed budget reconciliation bill H.R. 1 referred to as the One Big Beautiful Bill Act ("OBBBA"). OBBBA contains several changes to corporate taxation including modifications to capitalization of research and development expenses, limitations on deductions for interest expense and accelerated fixed asset depreciation. The Company will evaluate the OBBBA and its future impact on the financial statements and related disclosures.

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.

NOTE 10 – SEGMENT INFORMATION

The Company has one operating and 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. The accounting policies of the direct medical procedure services segment are the same as those presented in Note 1 - Organization and Summary of Key Accounting Policies. The Company's chief operating decision maker ("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, Adjusted EBITDA and net income/(loss). The CODM uses Adjusted EBITDA as the primary profit metric to evaluate income generated from operations in deciding where to spend additional marketing dollars or allocate additional resources. 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 (benefit)/expense, restructuring and related severance costs, loss/(gain) on disposal of long-lived assets, and equity-based compensation. Segment information is presented below showing revenue, significant expenses and net (loss)/income (the closest GAAP measure to Adjusted EBITDA), in the same manner that the CODM reviews the operating results in assessing performance and allocating resources.

($ in thousands)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Revenue	$ 44,012	$ 51,004	$ 83,383	$ 98,624
Operating expenses:				
Cost of service (exclusive of depreciation and amortization) [(1)]	17,201	18,827	33,151	36,869
Advertising Cost	7,347	11,045	14,499	19,411
Facility selling, general, and administrative expense	5,263	5,797	10,079	11,944
Corporate selling, general, and administrative expense [(2)]	10,061	17,432	19,861	18,675
Depreciation and amortization	3,246	2,885	6,488	5,690
Loss/(gain) on disposal of long-lived assets	108	(1)	108	4
Total operating expenses	43,226	55,985	84,186	92,593
Income/(loss) from operations	786	(4,981)	(803)	6,031
Interest expense, net	1,562	1,515	3,187	3,047
Pre-tax net (loss)/income	(776)	(6,496)	(3,990)	2,984
Income tax (benefit)/expense	(185)	(3,290)	(552)	161
Net loss	$ (591)	$ (3,206)	$ (3,438)	$ 2,823
Segment assets	$ 198,367	$ 210,110	$ 198,367	$ 210,110

(1) Cost of services includes the costs of physicians, nursing, supplies and rent directly related to the performance of procedures at the facility level.

(2) 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.

NOTE 11 – ACCRUED AND OTHER CURRENT LIABILITIES

As of June 30, 2025 and December 31, 2024 accrued and other current liabilities consists of the following (in 000’s):

	June 30, 2025	December 31, 2024
Accrued advertising costs	$ 3,032	$ 3,209
Credit card payable	1,742	1,576
Accrued severance	1,400	1,400
Other	1,940	2,119
Accrued and other current liabilities	$ 8,114	$ 8,304

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 March 14, 2025 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 risks, uncertainties and assumptions. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons, including those risks. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Quarterly Report. You should read this Quarterly Report completely, including Part II, Item 1A (Risk Factors) of this Quarterly Report and the section titled “Cautionary Note Regarding Forward-Looking Statements” in this Quarterly Report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by our forward-looking statements contained in the following discussion and analysis. Except as required by law, we assume no obligation to update these forward-looking *statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.*

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 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 deliver our AirSculpt® procedures through a nationwide footprint of 32 centers across 20 states, Canada and the United Kingdom as of August 1, 2025.

For the three and six months ended June 30, 2025, we performed 3,392 and 6,468 cases, respectively, compared to 3,949 and 7,695 for the three and six months ended June 30, 2024, respectively. For the three and six months ended June 30, 2025, we generated approximately $44.0 million and $83.4 million of revenue, respectively, compared to $51.0 million and $98.6 million for the three and six months ended June 30, 2024, respectively. This represents approximately 14% decline in revenue for the three months ended June 30, 2025 over the same period in the prior year and approximately 15% decline in revenue for the six months ended June 30, 2025 over the same period in the prior year.

In light of the decline in our revenue, we announced on March 14, 2025 an initiative to stabilize revenue growth through a number of strategic priorities, including:

- optimizing our marketing investment by spending on techniques that have proven successful for us in the past using a returns-based approach and testing new areas such as online video, and other social marketing channels under the direction of our new Chief Digital Officer;
- improving our go-to-market and sales strategies under our new Chief Sales Officer who is dedicated to strengthening our consultative sales model with enhanced training, improving our sales processes, and providing a greater focus on increasing lead generation, consultations, and case conversion;
- enhancing our customer experience to ensure we consistently provide premium results, with initiatives that are in development and expected to roll out in the second half of fiscal year 2025 and into fiscal year 2026;
- launching expanded consumer financing offerings across all of our centers in the first half of fiscal year 2025; and
- focusing on new product innovation and introducing new services to expand our customer reach, leverage existing infrastructure and surgical expertise, and generate incremental revenues, including by expanding our pilot program of our skin tightening procedure as a standalone offering.

We have also implemented a cost reduction program that is estimated to eliminate approximately $3.0 million in annual overhead costs and contracted expenses, and have paused de novo center and new procedure room openings.

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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cases	3,392	3,949	6,468	7,695
Case growth	(14.1)%	N/A	(15.9)%	N/A
Revenue per case	$ 12,975	$ 12,916	$ 12,892	$ 12,817
Revenue per case growth	0.5 %	N/A	0.6 %	N/A
Number of facilities	32	27	32	27
Number of total procedure rooms	67	57	67	57

Same-Center Case and Revenue Metrics

Same-Center Information

For the three months ended June 30, 2025 and 2024, 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 June 30, 2025 and 2024, 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 June 30, 2025 in which such facilities were owned and operated during the three months ended June 30, 2024. We define same-center facilities and procedure rooms based on if a facility was owned or operated as of June 30, 2024.

For the six months ended June 30, 2025 and 2024, 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 six months ended June 30, 2025 and 2024, 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 six months ended June 30, 2025 in which such facilities were owned and operated during the six months ended June 30, 2024. We define same-center facilities and procedure rooms based on if a facility was owned or operated as of June 30, 2024.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cases	3,079	3,949	5,916	7,695
Case growth	(22.0)%	N/A	(23.1)%	N/A
Revenue per case	$ 12,911	$ 12,916	$ 12,846	$ 12,817
Revenue per case growth	— %	N/A	0.2 %	N/A
Number of facilities	27	27	27	27
Number of total procedure rooms	57	57	57	57

Our same-center case decline is primarily attributed to weaker than expected performance across the broader aesthetics industry.

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 (benefit)/expense, restructuring and related severance costs, loss/(gain) on disposal of long-lived assets, 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, 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	2025	2024	2025	2024
Net (loss)/income	$ (591)	$ (3,206)	$ (3,438)	$ 2,823
Plus				
Equity-based compensation(1)	1,352	4,873	2,591	(1,908)
Restructuring and related severance costs	343	4,092	1,206	4,388
Depreciation and amortization	3,246	2,885	6,488	5,690
Loss/(gain) on disposal of long-lived assets	108	(1)	108	4
Interest expense, net	1,562	1,515	3,187	3,047
Income tax (benefit)/expense	(185)	(3,290)	(552)	161
Adjusted EBITDA	**$ 5,835**	**$ 6,868**	**$ 9,590**	**$ 14,205**
Adjusted EBITDA Margin	**13.3 %**	**13.5 %**	**11.5 %**	**14.4 %**

(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 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 June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Net (loss)/income	$ (591)	$ (3,206)	$ (3,438)	$ 2,823
Plus				
Equity-based compensation(1)	1,352	4,873	2,591	(1,908)
Restructuring and related severance costs	343	4,092	1,206	4,388
Loss/(gain) on disposal of long-lived assets	108	(1)	108	4
Tax effect of adjustments	(25)	(618)	(388)	1,713
Adjusted net income	**$ 1,187**	**$ 5,140**	**$ 79**	**$ 7,020**
Adjusted net income per share of common stock (2)				
Basic	$ 0.02	$ 0.09	$ 0.00	$ 0.12
Diluted	$ 0.02	$ 0.09	$ 0.00	$ 0.12
Weighted average shares outstanding				
Basic	59,590,033	57,557,178	59,066,400	57,489,466
Diluted	60,379,884	57,990,621	59,802,603	58,066,133

(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) 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 evaluate our selling expense as compared to growth in our sales volume and will invest accordingly to the extent we believe we can position ourselves for future 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.

Interest Expense

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

Results of Operations

Three Months Ended June 30, 2025 Compared to Three Months Ended June 30, 2024

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 June 30,			
	2025		2024	
($ in 000s)	Amount	% of Revenue	Amount	% of Revenue
Revenue	$ 44,012	100.0 %	$ 51,004	100.0 %
Operating expenses:				
Cost of service	17,201	39.1 %	18,827	36.9 %
Selling, general and administrative	22,671	51.5 %	34,274	67.2 %
Depreciation and amortization	3,246	7.4 %	2,885	5.7 %
Gain on disposal of long-lived assets	108	0.2 %	(1)	— %
Total operating expenses	43,226	98.2 %	55,985	109.8 %
Income/(loss) from operations	786	1.8 %	(4,981)	(9.8)%
Interest expense, net	1,562	3.5 %	1,515	3.0 %
Pre-tax net loss	(776)	(1.8)%	(6,496)	(12.7)%
Income tax benefit	(185)	(0.4)%	(3,290)	(6.5)%
Net loss	$ (591)	(1.3)%	$ (3,206)	(6.3)%

Revenue—Our revenue decreased $7.0 million, or 13.7%, compared to the same period in 2024. The decrease is primarily attributed to weaker than expected performance across the broader aesthetics industry.

Cost of Service—Our cost of services decreased $1.6 million, or 8.6%, compared to the same period in 2024. The percentage decrease in cost of service is driven by the decrease in cases compared to the same period in 2024. Cost of service was 39.1% and 36.9% as a percentage of revenue for the three months ended June 30, 2025 and 2024, respectively. This is primarily due to 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 $11.6 million, or 33.9%, for the three months ended June 30, 2025 compared to the same period in 2024. This decrease relates to a $3.4

million reduction in advertising costs, $3.5 million decrease in stock compensation expense, as well as a $3.7 million reduction in severance costs. Selling, general and administrative expenses as a percent of revenue was at 51.5% and 67.2% for the three months ended June 30, 2025 and 2024, respectively.

Selling expenses consist of advertising costs for social, digital and traditional marketing and sales and marketing personnel. Total selling expenses were approximately $9.9 million and $13.1 million for the three months ended June 30, 2025 and 2024, respectively. This decrease is primarily related to a decrease in advertising spend associated with brand awareness initiatives. Our customer acquisition costs were approximately $2,905 and $3,325 per customer in the three months ended June 30, 2025 and 2024, respectively. 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. We have also paused de novo center and new procedure room openings, which is expected to have a favorable impact on selling expenses.

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 $12.8 million and $21.2 million for the three months ended June 30, 2025 and 2024, respectively. This decrease relates to a $3.5 million decrease in stock compensation expense. Additionally, the prior year period included $3.7 million in severance costs, with no comparable expense in the current period. We have also implemented a cost reduction program that is estimated to eliminate approximately $3.0 million in annual overhead costs and contracted expenses.

Depreciation and Amortization—Depreciation and amortization increased to approximately $3.2 million for the three months ended June 30, 2025 compared to $2.9 million for the same period in 2024. This increase is the result of having five additional de novo centers during the three months ended June 30, 2025 as compared to the 2024 period.

Interest Expense, net—Interest expense was $1.6 million and $1.5 million for the three months ended June 30, 2025 and 2024, respectively.

Income Tax Expense— Our effective tax rate is 23.8% and 50.6% for the three months ended June 30, 2025 and 2024, 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.

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:

	Six Months Ended June 30,			
	2025		2024	
($ in 000s)	**Amount**	**% of Revenue**	**Amount**	**% of Revenue**
Revenue	$ 83,383	100.0 %	$ 98,624	100.0 %
Operating expenses:				
Cost of service	33,151	39.8 %	36,869	37.4 %
Selling, general and administrative	44,439	53.3 %	50,030	50.7 %
Depreciation and amortization	6,488	7.8 %	5,690	5.8 %
Loss on disposal of long-lived assets	108	0.1 %	4	— %
Total operating expenses	84,186	101.0 %	92,593	93.9 %
(Loss)/income from operations	(803)	(1.0)%	6,031	6.1 %
Interest expense, net	3,187	3.8 %	3,047	3.1 %
Pre-tax net (loss)/income	(3,990)	(4.8)%	2,984	3.0 %
Income tax (benefit)/expense	(552)	(0.7)%	161	0.2 %
Net (loss)/income	$ (3,438)	(4.1)%	$ 2,823	2.9 %

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

Revenue—Our revenue decreased $15.2 million, or 15.5%, compared to the same period in 2024. 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 $3.7 million, or 10.1%, compared to the six months ended June 30, 2024. The percentage decrease in cost of service is driven by the decrease in cases compared to the same period in 2024. Cost of service was 39.8% and 37.4% as a percentage of revenue for the twelve months ended June 30, 2025 and 2024, respectively. The percentage increase is primarily due to the decline in revenue and not being able to leverage certain fixed costs within cost of service such as rent and certain nursing costs.

Selling, General and Administrative Expenses—Selling, general and administrative expenses decreased $5.6 million, or 11.2%, for the six months ended June 30, 2025 compared to the same period in 2024. This decrease is related to a $4.9 million decrease in advertising costs, $3.7 million decrease in severance expense, and $0.9 million decrease payroll costs, offset by a $4.5 million increase in our equity-based compensation expense due to the prior year expense reversal related to certain PSUs (see Note 6 to the 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. Selling, general and administrative expenses as a percent of revenue were 53.3% and 50.7% for the six months ended June 30, 2025 and 2024, respectively.

Selling expenses consist of advertising costs for social, digital and traditional marketing and sales and marketing personnel. Total selling expenses were approximately $19.5 million and $24.3 million for the six months ended June 30, 2025 and 2024, respectively. This decrease is primarily related to a decrease in advertising spend associated with brand awareness initiatives. Our customer acquisition costs were approximately $3,010 and $3,165 per customer in the six months ended June 30, 2025 and 2024, respectively. 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. We have also paused de novo center and new procedure room openings, which is expected to have a favorable impact on selling expenses.

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 $25.0 million and $25.7 million for the six months ended June 30, 2025 and 2024, respectively. We have also implemented a cost reduction program that is estimated to eliminate approximately $3.0 million in annual overhead costs and contracted expenses.

Depreciation and Amortization—Depreciation and amortization increased to approximately $6.5 million for the six months ended June 30, 2025 compared to $5.7 million for the same period in 2024. This increase is the result of having five additional de novo centers during the six months ended June 30, 2025 as compared to the 2024 period.

Interest Expense, net—Interest expense increased to $3.2 million from $3.0 million for the six months ended June 30, 2025 and 2024, respectively.

Income Tax Expense— Our effective tax rate is 13.8% and 5.4% for the six months ended June 30, 2025 and 2024, 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. In March 2025, we filed a Registration Statement on Form S-3 (File No. 333-285825) which covers the offering, issuance and sale, for an aggregate initial offering price not to exceed $100.0 million, of shares of common stock and preferred stock; debt securities; warrants to purchase common stock, preferred stock and/or debt securities; and units. We also commenced an at-the-market offering program, with Leerink Partners LLC ("Leerink") acting as sales agent. This at-the-market offering program provides us with additional access to capital, as needed, subject to market conditions.

Our primary cash needs are for payroll, marketing and advertisements, rent, debt service, as well as information technology and infrastructure, including our corporate office. Our cash flows are closely tied to the receipt of patient payments, and we have experienced revenue declines in the most recent year due to a decline in overall cases performed. In response, we have implemented initiatives to improve revenue growth, engaged in a cost reduction program that is estimated to eliminate approximately $3.0 million in annual overhead costs and contracted expenses, and paused de novo center and new procedure room openings. These initiatives may not realize anticipated benefits or savings from one or more of the various strategies and cost-savings initiatives undertaken as part of these efforts in full or in part or within the time periods expected. We also may not realize the increase in sales related to these initiatives. Our ability to improve operating results depends upon a significant number of factors, some of which are beyond our control. If we are unable to realize the anticipated savings or benefits, or otherwise fail to implement the growth strategies, the business operating results and liquidity may be adversely affected.

We believe that the cash expected to be generated from operations will be sufficient for our working capital requirements, liquidity obligations, and payments due under our existing credit facilities for at least the next 12 months.

As of June 30, 2025, we had $8.2 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 June 30, 2025.

As of June 30, 2024, we had $9.9 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 June 30, 2024.

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

	Six Months Ended June 30,	
($ in 000s)	**2025**	**2024**
Cash Flows Provided By (Used For):		
Operating activities	$ 5,852	$ 6,807
Investing activities	(2,166)	(5,580)
Financing activities	(3,732)	(1,623)
Net decrease in cash and cash equivalents	(46)	(396)

Operating Activities

The primary source of our operating cash flow is the collection of patient payments received prior to performing surgical procedures. For the six months ended June 30, 2025, our operating cash flow decreased by $1.0 million compared to the same period in 2024. The decrease is primarily attributed to weaker than expected revenue performance during the six months ended June 30, 2025 as compared to the prior year period. At June 30, 2025, we had a working capital deficit of $(9.4) million compared to $(11.5) million at December 31, 2024.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2025 and 2024 was $2.2 million and $5.6 million, respectively. Investing activities in the six months ended June 30, 2025 relate primarily to final payments on our White Plains, NY location that opened in December 2024 and maintenance capital expenditure. Investing activities during the six months ended June 30, 2024 were attributable to the preparation for the opening of our 2024 de novo locations.

Financing Activities

Net cash used in financing activities during the six months ended June 30, 2025 was $3.7 million. During the six months ended June 30, 2025, we received net proceeds of $14.0 million from an underwritten public offering, made principal payments on our debt of $12.0 million, payments for debt modification of $0.2 million and made payments of taxes withheld through vested equity-based compensation of $0.1 million.

Net cash used in financing activities for the six months ended June 30, 2024 was $1.6 million. For the six months ended June 30, 2024, we made principal payments on our debt of $1.1 million and made payments of taxes withheld through vested equity-based compensation of $0.4 million.

At-the-Market Common Offering Program

On March 14, 2025, we entered into a sales agreement (the "ATM Agreement") with Leerink, as sales agent, in connection with an at-the-market offering program under which we may offer and sell, from time to time in our sole discretion, shares of our common stock having an aggregate offering price of up to $50.0 million at prices and on terms to be determined by market conditions at the time of offering. The $50.0 million of common stock that may be offered, issued and sold under the ATM Agreement is included in the $100.0 million of securities that may be offered, issued and sold by us under our Registration Statement on Form S-3 (File No. 333-285825). We and Leerink each have the right to suspend or terminate the ATM Agreement in each party's sole discretion at any time.

In the three and six months ended June 30, 2025, we sold the following quantities of our common stock pursuant to the ATM Agreement for total net proceeds of approximately $251 thousand and $264 thousand:

Date	Shares
3/26/2025	4,486
3/27/2025	1,132
Q1 Total	5,618
4/1/2025	51,513
4/2/2025	67,069
Q2 Total	118,582

2025 Underwritten Follow-On Equity Offering

On June 9, 2025, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Leerink Partners LLC ("Leerink Partners"), to issue and sell 3,160,000 shares (the "Firm Shares") of the Company's common stock to Leerink Partners, in an underwritten registered public offering (the "Offering"), at a price of $3.80 per share. Pursuant to the Underwriting Agreement, the Company also granted Leerink Partners a 30-day option to purchase up to an additional 474,000 shares of the Company's common stock (the "Additional Shares," and together with the Firm Shares, the "Shares"), at the same price per share as the Firm Shares. Leerink Partners exercised in full its option to purchase the Additional Shares on June 10, 2025. Vesey Street Capital Partners, L.L.C., which is affiliated with two directors and is the largest stockholder of the Company, purchased an aggregate of 1,000,000 Shares in the Offering on the same terms and conditions as purchases by the public in the Offering.

The Offering closed on June 11, 2025, and the Company received net proceeds of approximately $13.8 million from the sale of 3,634,000 Shares, which included the 474,000 Additional Shares, after deducting estimated offering expenses. The Company used the net proceeds from the Offering for the prepayment of a portion of the Company's outstanding indebtedness under its existing credit agreement and the remainder of the net proceeds from the Offering for general corporate purposes, including working capital and other business opportunities.

The Offering was pursuant to a prospectus supplement dated June 9, 2025, filed with the SEC in connection with the Company's shelf registration statement on Form S-3 (File 333-285825), filed with the SEC on March 14, 2025 and declared effective on March 24, 2025 and the related prospectus dated March 14, 2025.

Long-Term Debt

The carrying value of our total indebtedness was $57.7 million and $74.7 million, which includes unamortized deferred financing costs and issuance discount of $1.0 million and $1.0 million, and funds drawn on the revolving credit facility of $0.0 million and $5.0 million, as of June 30, 2025 and December 31, 2024, respectively.

On November 7, 2022, the Company entered into a credit agreement with a syndicate of lenders (the "Credit Agreement"), originally maturing November 7, 2027. Pursuant to the Credit Agreement, there is (i) an $85.0 million original 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 and the applicable margins. 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 June 30, 2025, the interest rate was 7.83%.

On March 12, 2025, the Company entered the Third Amendment. Under the terms of the Third Amendment, the parties thereto agreed to modify certain financial condition covenants made by the Company under the term loan and revolving credit facility, such that (i) the Consolidated Fixed Charge Coverage Ratio (as defined in the Credit Agreement) of the Company and its subsidiaries as of the last day of the fiscal quarters ending March 31, 2025 and June 30, 2025 must be no less than 0.50x and 1.10x, respectively, and no less than 1.25x on the last day of the fiscal quarters ending September 30, 2025 and thereafter, instead of 1.10x as of March 31, 2025 and 1.25x as of June 30, 2025 and thereafter, as previously set forth in the Credit Agreement; (ii) the Consolidated Leverage Ratio (as defined in the Credit Agreement) of the Company and its subsidiaries as of the last day of the fiscal quarters ending March 31, 2025, June 30, 2025, September 30, 2025, December 31, 2025 and March 31, 2026, must not exceed 4:25x, 3.50x 3.25x, 3.25x, and 2.75x, respectively, and the Consolidated Leverage Ratio as of the last day of each fiscal quarter thereafter must not exceed 2.25x, instead of 3.25x as of March 31, 2025, 2.75x as of June 30, 2025, and 2.25x thereafter, as previously set forth in the Credit Agreement; (iii) the Company and its subsidiaries will be required to maintain minimum Liquidity (as defined in the Credit Agreement) of not less than (A) $3.0 million as of the last day of the month ending March 31, 2025, (B) $5.0 million as of the last day of the month ending April 30, 2025, and (C) $7.5 million as of the last day of the months ending May 31, 2025 and thereafter (or the last day of each fiscal quarter thereafter upon the satisfaction of certain financial tests described therein); and (iv) new liquidity and financial reporting requirements have been added.

In addition to revising the covenants listed above, the amendment revised or added new terms such that (i) for outstanding loans, beginning on or about July 1, 2025, the applicable per annum margin will be increased to 3.75% or 4.75% for base rate or SOFR, respectively, if the Company's total leverage ratio is equal to or greater than 3.00x, 3.50% or 4.50% for base rate or SOFR, respectively, if the Company's total leverage ratio is equal to or greater than 2.00x and less than 3.00x, and 3.25% or 4.25% for base rate or SOFR, respectively, if the Company's total leverage ratio is below 2.00x, (ii) the term loan and revolving credit facility will mature on May 11, 2027 (instead of November 7, 2027); (iii) Liquidity in excess of $3.0 million will be used to repay the outstanding funds drawn on the revolving credit facility on a monthly basis beginning April 30, 2025; (iv) revolver draws will be subject to compliance with the minimum Liquidity covenant; and (v) the Company will be required to reimburse SVB for certain fees and expenses relating to the engagement of a financial advisor, and (vi) 100% of first $10.0 million of any equity proceeds will be used to repay the term loan and revolving credit facility, subject to a carve-out of the first $3.0 million of equity proceeds and any equity proceeds received from Vesey Street Capital Partners, L.L.C., our private equity sponsor (“Sponsor”). In consideration of the Third Amendment, the Company paid a fee equal to 0.15% of the outstanding loans to consenting Lenders, and a $125,000 arrangement fee to SVB. On March 12, 2025, in connection with the Third Amendment, the Company, SVB and our Sponsor (through certain affiliated entities) entered into that certain Limited Guarantee by and among Vesey Street Capital Partners Healthcare Fund, L.P., Vesey Street Capital Partners Healthcare Fund-A, L.P., SVB, and the Company (the "Limited Guarantee"), pursuant to which our Sponsor agreed to provide a $10.0 million limited guaranty of the Company’s obligations under the Credit Agreement. The Limited Guarantee was callable on June 15, 2025 (or upon the earlier occurrence of certain defaults described therein) if the Company had not prepaid the term loan (excluding regularly scheduled amortization) by $10.0 million as of such date. Under the terms of the Limited Guarantee, if our Sponsor was required to make any payment under the Limited Guarantee (other than as a result of a bankruptcy event), then our Sponsor would be deemed to have purchased shares of common stock of the Company having an aggregate value equal to the amount of such payment. The Company agreed to issue a subordinated note to our Sponsor if a payment occurred under the Limited Guarantee, to the extent such payment did not result from the issuance of shares of common stock by the Company to our Sponsor.

On June 13, 2025, the Company made a $10.0 million principal payment on the term loan in accordance with the Third Amendment using proceeds from its underwritten public offering completed on June 11, 2025.

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 March 14, 2025 filed with the SEC pursuant to Section 13 or 15d of 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 March 14, 2025.

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 June 30, 2025.

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 June 30, 2025.

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.

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, 2024 dated March 14, 2025 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 June 30, 2025, 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
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 being furnished herewith and 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
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Date: August 1, 2025

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, Yogi Jashnani, 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: August 1, 2025

By: /s/ Yogi Jashnani
Yogi Jashnani
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: August 1, 2025

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 June 30, 2025, 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: August 1, 2025

By: /s/ Yogi Jashnani

Yogi Jashnani
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 June 30, 2025, 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: August 1, 2025

By: /s/ Dennis Dean

Dennis Dean

Chief Financial Officer