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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2021

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 001-34785

XpreSpa Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**20-4988129**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
254 West 31st Street, 11th Floor **New York, NY**	**10001**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 309-7549

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	XSPA	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant (without admitting that any person whose shares are not included in such calculation is an affiliate), as of June 30, 2021, the last business day of the registrant's most recently completed second quarter, was $162,522,363 computed by reference to the closing sale price of $1.54 per share on the Nasdaq Stock Market LLC on June 30, 2021.

As of March 28, 2022, 95,071,210 shares of the registrant's common stock are outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required by Part III will be included in an amendment to this Annual Report on Form 10-K.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate, among other matters, to our anticipated financial performance, future revenues or earnings, business prospects, projected ventures, new products and services, anticipated market performance and similar matters.

These risks and uncertainties, many of which are beyond our control, include, but are not limited to, the following:

- the adverse effects of public health epidemics, including the recent coronavirus outbreak, on our business, results of operations and financial condition;
- the continued closure of many US spa locations;
- our previously identified material weakness related to our internal control over financial reporting, which remains unremediated as of the date of this report;
- our ability to develop and offer new products and services, including Treat, our new travel, health and wellness brand, and our XpresCheck® Wellness Centers launched in 2020;
- our ability to effectively deploy our available cash resources, as well as our ability raise additional capital to fund our operations and business plan, to the extent necessary;
- general economic conditions and level of consumer and corporate spending on health, wellness and travel;
- our ability to secure new locations, maintain or converting existing ones to XpresCheck or Treat locations, and ensure continued customer traffic at those locations;
- our ability to hire a skilled labor force and the costs associated with that labor;
- our ability to accurately forecast the costs associated with opening new retail locations and maintaining or converting existing ones, and the revenue derived from our retail locations;
- performance by our Airport Concession Disadvantaged Business Enterprise partners on obligations set forth in our joint venture agreements;
- our ability to protect our confidential information and customers' financial data and other personal information;
- failure or disruption to our information technology systems;
- our ability to retain key members of our management team;
- the loss of, or an adverse change with regard to, one or more of our significant suppliers, distributors, vendors or other business relationships;
- unexpected events and trends in the health, wellness and travel industries;
- market acceptance, quality, pricing, availability and useful life of our products and/or services, as well as the mix of our products and services sold;
- competitive conditions within our industries;

- our compliance with laws and regulations in the jurisdictions in which we do business and any new laws and regulations or changes in existing laws and regulations;
- further regulatory actions in the healthcare sector that could impact our ability to continue operations;
- the discontinuance of EUA policies that could impact our business
- lawsuits, claims, and investigations that may be filed against us and other events that may adversely affect our reputation; and
- our ability to protect and maintain our intellectual property.

Forward-looking statements may appear throughout this Annual Report on Form 10-K, including, without limitation, the following sections: Item 1 "Business," Item 1A "Risk Factors," and Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations." The statements contained herein that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are often identified by the use of words such as, but not limited to, "anticipates," "believes," "can," "continues," "could," "estimates," "expects," "intends," "may," "will," "will be," "will continue," "will likely result," "plans," "predicts," "projects," "seeks," "should," "future," "targets," "continue," "would," or the negative of such terms, and similar or comparable terminology or expressions or variations intended to identify forward-looking statements. These statements are based on current expectations and assumptions based on information currently available to us. Such forward-looking statements are subject to risks, uncertainties, assumptions (that may never materialize or may prove incorrect) and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. These forward-looking statements are not guarantees of future performance, and actual results may vary materially from the results and expectations discussed. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and in this Annual Report on Form 10-K, and in particular, the risks discussed under the caption "Risk Factors" in Item 1A of this report and those discussed in other documents we file with the Securities and Exchange Commission ("SEC"). The forward-looking statements set forth herein speak only as of the date of this report. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements to reflect events or circumstances that may arise after the date of such forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

All references in this Annual Report on Form 10-K to "we," "us" and "our" refer to *XpresSpa Group, Inc. (prior to January 5, 2018, known as "FORM Holdings Corp.")*, a Delaware corporation, and its consolidated subsidiaries unless the context requires otherwise.

PART I

ITEM 1. BUSINESS

Overview

XpresSpa Group, Inc. (“XpresSpa Group”) is one of the leading global travel health and wellness services holding companies. XpresSpa Group currently has three reportable operating segments: XpresSpa®, XpresTest, and Treat™.

XpresSpa Group’s subsidiary, XpresSpa Holdings, LLC (“XpresSpa”) has been a global airport retailer of spa services through its XpresSpa spa locations, offering travelers premium spa services, including massage, nail and skin care, as well as spa and travel products.

In March 2020, we temporarily closed all global XpresSpa locations due to the categorization by local jurisdictions of the spa locations as “non-essential services.” XpresSpa reopened 22 locations as of December 31, 2021 as described under "Recent Developments - XpresSpa Premium Spa Services" below. We will evaluate reopening the remaining XpresSpa spa locations on a location-by-location basis as travel returns and resume normal operations at such selected locations once airport traffic returns to sufficient levels to support operations at a unit level, and achieve adequate unit-level economics, including acceptable profit levels as well as serves our longer-term strategy of offering fully integrated health and wellness services.

Since the beginning of the temporary closure of our XpresSpa locations, we successfully launched our XpresCheck® Wellness Centers, through XpresSpa Group’s subsidiary XpresTest, Inc. (“XpresCheck” or “XpresTest”), offering COVID-19 and other medical diagnostic testing services to the traveling public, as well as airline, airport and concessionaire employees, and TSA and U.S. Customs and Border Protection agents. XpresCheck has entered into managed services agreements (“MSAs”) with professional medical services companies that provide health care services to patients. The medical services companies pay XpresCheck a monthly fee to operate in the XpresCheck Wellness Centers. Under the terms of the MSAs, we provide office space, equipment, supplies, non-licensed staff, and management services in return for the management fee. Also, we continue to evaluate alternative testing protocols and work in partnership with airlines and others for safe travels.

The third segment is Treat, which is operating through XpresSpa Group’s subsidiary Treat, Inc. (“Treat”) launched in 2021 as our new travel, health and wellness brand transforming the way we provide care to our customers through a suite of health and wellness services supported by an integrated digital platform and a relevant retail offering to the traveling public.

Treat’s on-site centers (currently located in JFK International Airport and opening in April 2022 in Phoenix Sky Harbor International Airport and later this year in Salt Lake City International Airport) provide access to health and wellness services for travelers. Our teams provide travel-related diagnostic testing for virus, cold, flu and other illnesses as well as hydration therapy, IV drips, and vitamin injections. Travelers can purchase time blocks to use our wellness rooms to engage in interactive services like self-guided yoga, meditation and low impact weight exercises or to relax and unplug from the hectic pace of the airport and renew themselves before or after their trip.

Treat offers a website (www.treat.com) and mobile app to complement the offering with relevant health and wellness content designed to help people on the go with information that could impact their travel. The platform provides travelers access to a comprehensive online marketplace of services including global illness tracker tools such as the COVID-19 Requirements Map, on-demand chat care by licensed providers, a health wallet to store personal and family health records (including COVID-19 testing results), and a scheduler to arrange for direct care at one of our on-site locations.

Although we recognize three segments of business, our strategy for the future is to create and leverage a fully integrated set of products and services that are both profitable and scalable across our portfolio of brands. Additionally, we will expand our retail strategy, not only adding more products for sale but aligning those products more efficiently to our service offerings. This product strategy may include, for example, adding fortified water and hydration packets to the delivery of

an onsite hydration IV or adding muscle relaxation patches to a neck or back massage to continue treatment after the delivery of the service.

We also plan to build our capability for delivering health and wellness services outside the airport. We believe operating outside of the airport complements our offering and allows us to scale growth faster.

We will be looking to further expand internationally. While international travel has not picked back up to pre-pandemic levels, we want to be opportunistic in our approach, taking advantage of the current market to grow in preparation for a full return of travel. We believe a strategy for international expansion further advances our overall biosurveillance efforts.

These strategic imperatives will be accomplished through development of an infrastructure specifically focused on enabling scalable and efficient growth.

While management has used all currently available information in assessing our business prospects, the ultimate impact of the COVID-19 pandemic on our XpresCheck Wellness Centers and on our results of operations, financial condition and cash flows remains uncertain and could have a material effect on our business.

Recent Developments

XpresCheck Wellness Centers

XpresCheck's business has MSAs with state licensed physicians and nurse practitioners, under which we administer COVID-19 testing options, including a Polymerase Chain Reaction (PCR) test and a rapid PCR test. As of the date of this report, there are 15 operating XpresCheck locations operating in 12 airports, including following locations opened since December 31, 2020:

- On January 12, 2021, we opened our second XpresCheck Wellness Center at Boston's Logan International Airport. It contains seven separate testing rooms to provide diagnostic COVID-19 testing.

- On January 20, 2021, we announced the opening of an XpresCheck Wellness Center at Salt Lake City International Airport. It contains four separate testing rooms to provide diagnostic COVID-19 testing.

- On February 16, 2021, we announced the opening of our second XpresCheck Wellness Center at Newark Liberty International Airport. It contains four separate testing rooms to provide diagnostic COVID-19 testing.

- On March 8, 2021, we announced the opening of an XpresCheck Wellness Center at Houston George Bush Intercontinental Airport. It contains four separate testing rooms to provide diagnostic COVID-19 testing.

- On March 15, 2021, we announced the opening of XpresCheck Wellness Centers at Dulles International and Reagan National Airports in Virginia, containing nine and four separate testing rooms, respectively, to provide diagnostic COVID-19 testing.

- On April 8, 2021, we announced the opening of an XpresCheck Wellness Center at Seattle-Tacoma International Airport. It contains eight separate testing rooms to provide diagnostic COVID-19 testing.

- On April 21, 2021, we announced the opening of an XpresCheck Wellness Center at San Francisco International Airport. It contains nine separate testing rooms to provide diagnostic COVID-19 testing.

- On October 13, 2021, we opened an XpresCheck Wellness Center at Hartsfield-Jackson Atlanta International Airport (ATL) Concourse E, converting a legacy XpresSpa located in Concourse E. It contains six separate testing rooms to provide diagnostic COVID-19 testing.

- In February 2022, a second XpresCheck Wellness Center opened at Denver International Airport, pre-security in the Great Hall. It contains six separate testing rooms to provide diagnostic COVID-19 testing.

- In March 2022, we opened an XpresCheck Wellness Center in Orlando International Airport, pre-security, in the South Walk area of the Main Terminal. It contains five separate testing rooms to provide diagnostic COVID-19 testing.

During the fourth quarter of 2021, XpresCheck initiated a $2 million, eight-week pilot program with the Centers for Disease Control and Prevention (CDC) in collaboration with Concentric by Ginkgo. Under this program, XpresCheck is conducting biosurveillance monitoring at four major U.S. airports (JFK International Airport, Newark Liberty International Airport, San Francisco International Airport, and Hartsfield-Jackson Atlanta International Airport) aimed at identifying existing and new SARS-CoV-2 variants. On January 31, 2022, we announced the extension of the program, bringing the total contract to $5.6 million. Approximately $1.6 million of the original $2 million in revenue was recognized during the fourth quarter of 2021. We anticipate the remaining $4.0 million of the full $5.6 million amount will be realized during the first and second quarters of 2022.

XpresSpa Premium Spa Services

There are currently sixteen operating XpresSpa domestic locations (including one franchise location in Austin-Bergstrom International Airport) and we expect to re-open four additional domestic locations in the near-term. A significant number of the domestic XpresSpa locations are operating approximately eight hours per day during the busiest hours (compared to up to sixteen hours per day pre-pandemic) improving labor productivity. Additionally, XpresSpa implemented a price increase in mid-October 2021 which further improved profitability. As airport volumes improve, we will continue to review our operating hours to optimize revenue opportunity.

During the fourth quarter of 2021, we began testing several new services to take advantage of a growing interest in non-traditional spa services and expansion of our retail offering to align more closely with the services we provide. We are evaluating the success of these new initiatives at each airport on an on-going basis and will incorporate changes to our approach as more of the portfolio is reactivated.

There are also six international locations operating, including three XpresSpa locations in Dubai International Airport in the United Arab Emirates and three XpresSpa locations in Schiphol Amsterdam Airport in the Netherlands. We have also signed for an additional five locations at Istanbul Airport and expect to open the first store during the summer of 2022.

Treat

Treat is our new travel, health and wellness brand transforming the way we access care through a suite of health and wellness services supported by an integrated digital platform and a relevant retail offering to the traveling public.

Treat’s on-site centers (currently located in JFK International Airport and opening in April 2022 in Phoenix Sky Harbor International Airport and later this year in Salt Lake City International Airport) provide access to health and wellness services for travelers. Our teams provide travel-related diagnostic testing for virus, cold, flu and other illnesses as well as hydration therapy, IV drips, and vitamin injections. Travelers can purchase time blocks to use our wellness rooms to engage in interactive services like self-guided yoga, meditation and low impact weight exercises or to relax and unplug from the hectic pace of the airport and renew themselves before or after their trip.

Treat offers a website (www.treat.com) and mobile app to complement the offering with relevant health and wellness content designed to help people on the go with information that could impact their travel. The platform provides travelers access to a comprehensive online marketplace of services including global illness tracker tools such as the COVID-19 Requirements Map, on-demand chat care by licensed providers, a health wallet to store personal and family health records (including COVID-19 testing results), and a scheduler to arrange for direct care at one of our on-site locations.

Share Repurchase Program

During 2021, the Company executed on its share repurchase program, repurchasing and redeeming 4,702,072 shares at average cost of $1.66 per share, for a total of $7.8 million.

During March 2022, the Company continuing to execute on its share repurchase program, repurchased 7,142,446 shares at average cost of $1.55 per share, for a total of $11.1 million.

HyperPointe Acquisition

In January 2022, we announced and closed on the acquisition of GCG Connect, LLC d/b/a HyperPointe. HyperPointe is a leading digital healthcare and data analytics relationship marketing agency servicing the global healthcare and pharmaceutical industry. HyperPointe has significant experience in patient and healthcare professional marketing and deep technological experience with CXM (customer experience management) and data analytics. Since June 2020, HyperPointe's management team and suite of services and technology have been used to develop and deploy the technological infrastructure needed to scale the growth of our XpresCheck business HyperPointe's experience in this space continues to serve the XpresCheck business and should play a critical role in the expansion of on-going biosurveillance efforts.

Terms of the transaction were $5.6 million in cash, and $1 million in common stock, as well as potential additional earn-out payments of up to $7.5 million over a three-year timeframe based upon future performance; these earn-out payments may be satisfied in cash or common stock or a combination thereof subject to various terms and conditions.

HyperPointe currently operates as a stand-alone entity within XpresSpa Group. Ezra Ernst, the current Chief Executive Officer ("CEO") of HyperPointe, also serves as CEO of XpresCheck, reporting to Scott Milford, XpresSpa Group's CEO. Mr. Ernst is spearheading efforts to further integrate XpresCheck's biosurveillance screening and testing business with HyperPointe's customer experience management technology and data management know how in the healthcare and pharmaceutical verticals to further drive new revenue opportunities.

Reverse Stock Split

On June 11, 2020, we effected a 1-for-3 reverse stock split, whereby every three shares of our common stock was reduced to one share of our common stock and the price per share of our common stock was multiplied by 3**.** All references to shares and per share amounts have been adjusted to reflect the reverse stock split.

Our Strategy and Outlook

We believe that our company is well positioned to benefit from consumers' growing interest and pent-up demand in travel health and wellness and increasing demand for health and wellness related services and products. Our go-forward plan includes the expansion and integration of products and services across our three brands; the execution of an 'off-airport' strategy to deliver more products and services; the implementation of an international expansion plan; and ensuring we can scale our growth in a responsible way that drives shareholder value.

XpresSpa was created for travelers to address the stress and idle time spent at the airport, allowing travelers to spend this time relaxing and focusing on personal care and wellness. It is a well-recognized and popular airport spa brand with a dominant market share in the United States, with nearly three times the number of domestic locations as its closest competitor.

As travel needs changed based on new health and passenger safety concerns resulting from the COVID-19 pandemic, in 2020, we created a companion company, XpresCheck, which is also in airports and which offers COVID-19 testing and other medical diagnostic testing services to airport employees and the traveling public.

Further, the Company continues developing Treat, a travel health and wellness brand that is positioned for a post-pandemic world and that leverages our historic travel wellness experience and newly acquired healthcare expertise. The Company sees this concept evolution as a significant opportunity to be a category innovator in a new niche industry where it can leverage technology in addition to its existing real estate and airport experience in providing travelers with peace of mind and access to integrated care.

While COVID-19 testing will be available under this new brand, the broader suite of services may include: pre-travel health and wellness planning. Treat's on-site centers (currently located in JFK International Airport and in April 2022 in Phoenix Sky Harbor International Airport and later this year in Salt Lake City International Airport) intend to provide access to health and wellness services for travelers. Our teams provide travel-related diagnostic testing for virus, cold, flu and other illnesses as well as hydration therapy, IV Drips, and vitamin injections. Travelers can purchase time blocks to use our wellness rooms to engage in interactive services like self-guided yoga, meditation and low impact weight exercises or to relax and unplug from the hectic pace of the airport and renew themselves before or after their trip.

Although we recognize three segments of business, our strategy for the future, is to create and leverage a fully integrated set of products and services that are both profitable and scalable across our portfolio of brands. Additionally, we will expand our retail strategy, not only adding more products for sale but aligning those products more efficiently to our service offerings. For example, adding fortified water and hydration packets to the delivery of an onsite hydration IV or adding muscle relaxation patches to a neck or back massage to continue treatment after the delivery of the service.

We also plan to build our capability for delivering health and wellness services outside the airport. We believe operating outside of the airport complements our offering and allows us to scale growth faster.

We will be looking to further expand internationally. While international travel has not picked back up to pre-pandemic levels, we want to be opportunistic in our approach, taking advantage of the current market to grow in preparation for a full return of travel. We believe a strategy for international expansion further advances our overall biosurveillance efforts.

These strategic imperatives will be accomplished through development of an infrastructure specifically focused on enabling scalable and efficient growth.

Impairment

We completed an assessment of our property and equipment and operating lease right of use assets for impairment as of December 31, 2021. Based upon the results of the impairment test, we recorded an impairment expense related to property and equipment and operating lease right of use assets of $90,130 and $747,497 respectively, during the year ended December 31, 2021, which is included in *Impairment/disposal of assets* in our consolidated statements of operations and comprehensive income (loss). The expense was primarily related to the impairment of leasehold improvements made to certain XpresSpa spa locations and operating lease right of use assets where management determined that the locations discounted future cash flows were not sufficient to recover the carrying value of these assets over the remaining lease term.

We completed an assessment of our intangible assets for impairment as of December 31, 2021 and determined that these assets were not impaired as the majority of the assets are related to our new business brand Treat which opened its first location in December 2021. It is still too early to determine impairment for Treat due to its early business stage.

In 2020 we recorded an impairment expense of approximately $5.0 million, $3.9 million, and $6.3 million related to property and equipment, intangible assets, and operating lease right of use assets, respectively, which is included in *Impairment/disposal of assets* in our consolidated statements of operations and comprehensive loss as of December 31, 2020. This expense was related to the impairment of the XpresSpa trademarks, where management determined that in light of the effect of the COVID-19 pandemic, the XpresSpa brand's discounted future cash flows were not sufficient to recover the carrying value of these assets.

The full extent to which COVID-19 will impact our results will depend on future developments, which are highly uncertain and cannot be predicted with accuracy, including new information which may emerge concerning the severity of the virus, the actions to contain or treat its impact and vaccinations.

The impact of the COVID-19 pandemic could continue to have a material adverse effect on our XpresSpa business, results of operations, financial condition, liquidity and prospects in the near-term and beyond 2022. While we have used all currently available information in our forecasts, the ultimate impact of the COVID-19 pandemic on our results of operations, financial condition and cash flows is highly uncertain. Our results of operations, financial condition and cash flows are dependent on future developments, including the duration of the pandemic and the related length of its impact on the global economy, which at the present time are highly uncertain and cannot be predicted with accuracy.

Chief Executive Officer Transition

Mr. Scott R. Milford, previously our Chief Operating Officer was promoted to the CEO effective January 19, 2022. Mr. Milford, 57, has served as the Company's Chief People Officer since July 2019 until his promotion to the Chief Operating Officer in December 2020. Before joining the Company, he served as VP, People Operations of SoulCycle from January to July 2019. Prior to that, he served as Chief People Officer for Bayada Home Health during 2018. Previously, he was Senior Vice President – Human Resources for Le Pain Quotidien from 2016 to 2018, and Senior Vice President – Human Resources for Town Sports from 2009 to 2015. His other relevant experience includes senior Human Resources leadership positions at Starbucks Coffee Company (2003-2008), Universal Music Group (1999-2003), and Blockbuster Entertainment and its parent Viacom International (1991-1999).

Competition

Our domestic units operate within many of the largest and most heavily trafficked airports in the United States. The balance of the domestic market is highly fragmented and is represented largely by small, privately-owned entities. The largest domestic competitor operated 21 locations in11 airports in the United States.

There are no other multi-city multi-airport operators. Competition, where present, is typically a locally based health system urgent care center, or heath provider, or a contracted vendor of the airport.

Our Market

Airport retailers differ significantly from traditional retailers. Unlike traditional retailers, airport retailers benefit from a steady and largely predictable flow of traffic from a constantly changing customer base. Airport retailers also benefit from "dwell time," the period after travelers have passed through airport security and before they board an aircraft. For over 15 years, increased security requirements have led travelers to spend more time at the airport. In addition, in anticipation of the long and often stressful security lines, travelers allow for more time to get through security and, as a result, often experience increased downtime prior to boarding. XpresSpa was developed to address the stressful and idle time spent at the airport, allowing travelers to spend this time productively, by relaxing and focusing on personal care and wellness.

We believe that XpresSpa Group is well positioned to benefit from consumers' growing interest in health and wellness and increasing demand for products and services designed to improve overall health and well-being.

In addition, a confluence of microeconomic events has created favorable conditions for the expansion of retail concepts at airports, in particular, retail concepts that attract higher spending from air travelers. The competition for airplane landings has forced airports to lower landing fees, which in turn has necessitated augmenting their retail offerings to offset budget shortfalls. Infrastructure projects at airports across the country, again intended to make an airport more desirable to airlines, require funding from bond issuances that in turn rely upon, in part, the expected minimum rent guarantees and expected income from concessionaires.

Equally as important to the industry growth is XpresSpa Group's flexible, valuable and desirable retail format and footprint within the airport retail segment. Before the pandemic, XpresSpa Group historically opened multiple locations annually, which have ranged in size from 200 square feet to 2,600 square feet, with a typical size of approximately 800 square feet.

XpresSpa Group has been able to adapt its operating model to almost any size location available in space constrained airports. This increased flexibility compared to other retail concepts has allowed, and will continue to allow XpresSpa Group to operate multiple stores within an airport, including in some cases for different concepts.

XpresSpa Group believes that its operating metrics represent an attractive return on invested capital and, as a result, is pursuing new locations at airports and terminals around the country. Historically, XpresSpa has won the majority of all requests for proposal ("RFP") in which it has participated.

Due to the COVID-19 outbreak, effective March 24, 2020, we temporarily closed all global spa locations, largely due to the categorization of our spa locations by local jurisdictions as "non-essential services". Normal market conditions and travel behavior were negatively impacted by the COVID-19 outbreak. Similar to many businesses in the travel sector, our business has been materially and adversely impacted by the COVID-19 outbreak. Most of the domestic travel restrictions have been lifted as of December 31, 2021 and we believe that travel conditions are slowly returning to pre pandemic level. We have reopened sixteen locations out of our total domestic portfolio of thirty one Spas. As travel slowly returns, our intention is to continue to review our portfolio and reopen spas once airport traffic returns to sufficient levels to support our operations and achieve adequate unit-level economics, including acceptable profit levels as well as serves our longer-term strategy of offering fully integrated health and wellness services.

The market for XpresCheck is predominantly airline passengers requiring a negative COVID test at their destinations to avoid quarantine, with much smaller components of airline employees and general public electing testing at the airport. We believe this market will continue to exist into and potentially beyond 2023, albeit with some changes in the size and test types.

Our new concept envisions delivering integrated health and wellness care, through technology and services, accessed at on-site airport wellness centers as well as outside of airports. We expect this travel health and wellness brand to expand our relevant market well beyond the flying passengers of the airports, in which we have a physical presence, and into a digital experience before, during and after travel. We also believe these offerings will be more relevant products and services and hence consumed by a greater portion of our target population.

Regulation

Our operations are subject to a range of laws and regulations adopted by national, regional and local authorities from the various jurisdictions in which we operate, including those relating to, among others, licensing (e.g., massage, nail, and cosmetology), public health and safety and fire codes. Failure to obtain or retain required licenses and approvals, including those related to licensing, public health and safety and fire codes, would adversely affect our operations. Although we have not experienced, and do not anticipate, significant problems obtaining required licenses, permits or approvals, any difficulties, delays or failures in obtaining such licenses, permits or approvals could delay or prevent the opening, or adversely impact the viability, of our operations.

Airport authorities in the United States frequently require that our airport concessions meet minimum Airport Concession Disadvantaged Business Enterprise ("ACDBE") participation requirements. The Department of Transportation's ("DOT") ACDBE program is implemented by recipients of DOT Federal Financial Assistance, including airport agencies that receive federal funding. The ACDBE program is administered by the Federal Aviation Administration ("FAA"), state and local ACDBE certifying agencies and individual airports. The ACDBE program is designed to help ensure that small firms owned and controlled by socially and economically disadvantaged individuals can compete for airport contracting and concession opportunities in domestic passenger service airports. The ACDBE regulations require that airport recipients establish annual ACDBE participation goals, review the scope of anticipated large prime contracts throughout the year, and establish contract specific ACDBE participation goals. We generally meet the contract specific goals through an agreement providing for co-ownership of the retail location with a disadvantaged business enterprise. Frequently, and within the guidelines issued by the FAA, we may lend money to ACDBEs in connection with concession agreements in order to help the ACDBE fund the capital investment required under a concession agreement. The rules and regulations governing the certification of ACDBE participation in airport concession agreements are complex, and ensuring ongoing compliance is costly and time consuming. Further, if we fail to comply with the minimum ACDBE participation requirements in our concession agreements, we may be held responsible for breach of contract, which could result in the

termination of a concession agreement and monetary damages. See “Item 1A. Risk Factors – Risks Related to our Business Operations – Failure to comply with minimum airport concession disadvantaged business enterprise participation goals and requirements could lead to lost business opportunities or the loss of existing business.”

We are subject to the Fair Labor Standards Act, the Immigration Reform and Control Act of 1986, the Occupational Safety and Health Act, the Family and Medical Leave Act, the Affordable Care Act, the Healthcare Insurance Portability and Accountability Act and various federal and state laws governing matters such as minimum wages, overtime, unemployment tax rates, workers’ compensation rates, citizenship requirements and other working conditions. We are also subject to the Americans with Disabilities Act, which prohibits discrimination on the basis of disability in public accommodations and employment, which may require us to design or modify our concession locations to make reasonable accommodations for disabled persons.

We are also subject to certain truth-in-advertising, general customs, consumer and data protection, product safety, workers’ health and safety and public health rules that govern retailers in general, as well as the merchandise sold within the various jurisdictions in which we operate.

We are also subject to HIPAA and the HITECH Act as they relate to patients’ Protected Health Information (PHI), patient rights, breach notification and other actions.

Employees

As of March 15, 2022, we had approximately 363 full-time and 66 part-time employees of XpresSpa Group. We consider our relationships with our employees to be good.

Corporate Information

Our common stock, par value $0.01 per share, which was previously listed under the trading symbol “FH” on the Nasdaq Capital Market, has been listed under the trading symbol “XSPA” since January 8, 2018. Our principal executive offices are located at 254 West 31st Street, 11th Floor, New York, New York 10001. Our telephone number is (212) 309-7549 and our website address is *www.xpresspagroup.com*. We also operate the websites *www.xpresspa.com* and *www.xprescheck.com*.

References in this Annual Report on Form 10-K to our website address does not constitute incorporation by reference of the information contained on the website. We make our filings with the Securities and Exchange Commission, or the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, other reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, and amendments to the foregoing reports, available free of charge on or through our website as soon as reasonably practicable after we file these reports with, or furnish such reports to, the SEC. In addition, we post the following information on our website:

- our corporate code of conduct and our insider trading compliance manual; and
- charters for our audit committee, compensation committee, and nominating and corporate governance committee.

The SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers, including us, that file electronically with the SEC. The public can obtain any documents that we file with the SEC at *http://www.sec.gov*.

ITEM 1A. RISK FACTORS

Our business, financial condition, results of operations and the trading price of our common stock could be materially adversely affected by any of the following risks as well as the other risks highlighted elsewhere in this Annual Report on

Form 10-K. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may materially affect our business, financial condition and results of operations.

Risk Factor Summary

Risks Related to our Financial Condition and Capital Requirements

- The ongoing outbreak and continued spread of COVID-19 throughout the United States and worldwide may continue to adversely affect our business operations, employee availability, financial condition, liquidity and cash flow for an extended period of time.
- We may be unable to remediate the material weakness in our internal control over financial reporting that we identified, or otherwise to maintain effective internal control over financial reporting.
- Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.
- Global economic and market conditions may adversely affect our business, financial condition and operating results.
- Increasing inflation could adversely affect our business, financial condition, results of operations or cash flows.
- Our business requires substantial capital expenditures and we may not have access to the capital required to maintain and grow our operations.
- We may in the future be required to consolidate/unconsolidate the assets, liabilities, and results of operations of certain of our XpresCheck business, which could have an adverse impact on our results of operations, financial position, and gross margin.

Risks Related to our Business Operations

- We have comparatively limited operating history in the diagnostic testing and vaccination industry.
- We have risks associated with long-term formal contracts and relationships with professional practices for operation of the COVID-19 and other medical testing and vaccination services in our Treat and XpresCheck Wellness Centers.
- We may be unable to successfully secure new locations for, or transition our existing spa facilities or XpresCheck Wellness Centers into, facilities related to our new travel health and wellness concept.
- Any delays or difficulties securing laboratory substances, equipment and other materials used for COVID-19 tests could disrupt our operations and materially harm our business.
- The COVID-19 testing technology we have chosen may not perform as expected, as a result of human error or otherwise, may be replaced in the future by different or cheaper technology, and may not aid in the testing of future variants of the virus.
- Any disputes relating to improper handling, storage or disposal of the potentially hazardous materials, chemicals and patient samples in our XpresCheck diagnostic testing and vaccination business could be time consuming and costly.
- Changes in laws and regulations to which our business is subject, or failure to comply with existing or future laws and regulations, could result in increased costs and the imposition of fines or penalties.
- Changes in the way that the FDA regulates COVID-19 tests could result in the additional expense in offering tests and would affect the profitability of our Treat and XpresCheck businesses.
- Our professional practice partner’s failure to accurately bill for testing services, or to comply with applicable laws relating to government healthcare programs, could adversely affect our business.
- We depend on third parties to provide services critical to our XpresCheck diagnostic testing and vaccination business, and we would by adversely impacted by their failure to comply with applicable laws and regulations or breaches of their information technology systems.
- Our business operations may be materially impaired if we do not comply with privacy laws or information security policies, including laws protecting health information and personal data.
- Hardware and software failures or delays in our information technology systems or payment systems could disrupt our operations and cause the loss of confidential information, customers and business opportunities.

- Delays in the processing of special permits, applications and licenses by state and federal departments may result in contractual delays.
- Our capital expenditures for Treat may not generate a positive return and we will incur significant additional costs.
- We rely on international and domestic airplane travel, and the time that airline passengers spend in United States airports post-security.
- We rely on a limited number of distributors and suppliers for certain of our products, and events outside our control may disrupt our supply chain and ultimately cause us to lose our concessions.
- Our operating results may fluctuate significantly due to factors beyond our control.
- Our expansion into new airports or off-airport locations may present increased risks due to our unfamiliarity with those areas.
- We may not be able to execute our growth strategy to expand and integrate new concessions or future acquisitions into our business or remodel existing concessions.
- If the estimates and assumptions we use to determine the size of our market are inaccurate, our future growth rate may be impacted.
- We currently rely on a skilled, licensed labor force to provide services, and the supply of this labor force is finite.
- Unionization of our labor force or continued minimum wage increases could increase our cost of labor.
- We compete for new locations in airports and may not be able to secure new locations.
- We may not be able to predict accurately or fulfill customer preferences or demands.
- Our leases may be terminated, either for convenience by the landlord or as a result of an XpresSpa default.
- Our ability to operate depends on the traffic patterns of the terminals in which we operate.
- We are dependent on our local partners.
- Failure to comply with minimum airport concession disadvantaged business enterprise participation goals and requirements could lead to lost business opportunities or the loss of existing business.
- If we are unable to protect our customers' credit card data and other personal information, we could be exposed to data loss, litigation and liability, and our reputation could be significantly harmed.
- Negative social media regarding XpresSpa, XpresCheck, and Treat could result in decreased revenues and impact our ability to recruit workers.
- We source, develop and sell products that may result in product liability defense costs and product liability payments.
- We have commenced legal proceedings and/or licensing discussions with security, content distribution and/or telecommunications companies, which may be time consuming, may fail to lead to a license, or may result in litigation.
- We may fail or be unable to protect our patents, trademarks or other proprietary rights we use.
- We and our subsidiaries have been, are, and may become involved in litigation that could divert management's attention and harm our businesses.
- Our recent acquisition of HyperPointe, and any future acquisitions or business opportunities, could involve unknown risks that could harm our business and adversely affect our financial condition and results of operations.
- Laws regulating the corporate practice of medicine could restrict the manner in which we are permitted to conduct our XpresCheck and Treat businesses, and the failure to comply with such laws could subject us to penalties or require a restructuring of our business.

Risks Related to Capital Stock

- The market price of our common stock historically has been and likely will continue to be highly volatile, and our common stock has historically traded in low volumes.

- Future sales of our shares of common stock or the exercise of a substantial number of warrants or options could cause the market price of our common stock to drop significantly, even if our business is otherwise performing well.
- We have no current plans to pay dividends on our common stock, and our investors may not receive funds without selling their stock.
- Our failure to meet the continued listing requirements of The Nasdaq Capital Market could result in a delisting of our common stock.

Risks Related to our Financial Condition and Capital Requirements

The ongoing outbreak and continued spread of COVID-19 throughout the United States and worldwide, may continue to adversely affect our business operations, employee availability, financial condition, liquidity and cash flow for an extended period of time.

The COVID-19 outbreak continues to have an impact on the global economy, resulting in rapidly changing market and economic conditions. Similar to many businesses in the travel sector, our business has been materially adversely impacted by the recent COVID-19 outbreak due to the restrictions on travel that have been implemented from time to time. Effective March 24, 2020, we temporarily closed all global spa locations, largely due to the categorization of our spa locations by local jurisdictions as "non-essential services" in connection with the outbreak of COVID-19. This initially created a materially adverse impact on our cash flows from operations and caused a liquidity crisis, and continues to adversely affect our spa business even as we have gradually re-opened many of our spa locations. Ongoing significant reductions in business related to our spa business could cause further loss of sales and profits and other material adverse effects. The continuing impact of COVID-19 on our spa business, and as our result financial results, liquidity and cash flows, depends on future developments, including new information that may emerge concerning future variants, the severity of those variants and action taken to contain or prevent further spread within the U.S. and the related impact on consumer confidence and spending, all of which are highly uncertain and cannot be predicted. Government and private sector responsive actions to the current outbreak, and fluctuations in severity due to changes in the coronavirus causing COVID-19 and impacts in various geographies, may continue to adversely affect our business operations. It is impossible to predict the effect and ultimate impact of the future spread of COVID-19 as the situation continues to rapidly evolve. Even as travel and other activities return to normalized, pre-pandemic levels, the ongoing development and evolution of the COVID-19 outbreak continues, and we expect there will continue to be significant and material disruptions to our operations, which will have a material adverse effect on our business, financial condition and results of operations.

In connection with the preparation of our annual financial statements for the year ended December 31, 2020, we identified a material weakness in our internal control over financial reporting, and that weakness has not been fully remediated as of December 31, 2021. Any continuing failure to maintain effective internal control over financial reporting could have a material adverse effect on our results of operations and financial position.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. generally accepted accounting principles. In connection with our audit of the year ended December 31, 2020, we identified a material weakness in our internal controls over our financial close and reporting process. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected and corrected on a timely basis. Our management has concluded that additional formal procedures need to be put in place in the financial close and reporting process to ensure that appropriate reviews occur on all financial reporting analysis in a timely manner. We also concluded that we did not maintain a sufficient complement of corporate employee personnel with appropriate levels of accounting and controls knowledge and experience commensurate with our financial reporting requirements to appropriately analyze, record and disclose accounting matters completely and accurately. As this deficiency created a reasonable possibility that a material misstatement would not have been prevented or detected in a timely basis, management concluded that the control

deficiency represented a material weakness and accordingly our internal control over financial reporting was not effective as of December 31, 2020.

We are currently still considering the full extent of, and implementing, procedures to implement in order to remediate the material weakness described above. Our preliminary remediation plan, complemented by our existing outsourced internal audit procedures, includes implementing a more robust review process, an increase in the supervision and monitoring of the financial reporting processes and our accounting personnel, and implementing better controls over calculations, analysis and conclusions associated with non-routine transactions at a more precise level. Moreover, we hired a new chief financial officer in December 2020 and a new corporate controller in March 2021, and such individuals are critical to the implementation of such procedures. However, notwithstanding this remediation plan, and the steps taken in fiscal year 2021, management concluded that the control deficiency continued to represent a material weakness and accordingly our internal control over financial reporting was not effective as of December 31, 2021,

We cannot assure you that any of our remedial measures will be effective in resolving this material weakness. If our management is unable to conclude that we have effective internal control over financial reporting, or to certify the effectiveness of such controls, or if additional material weaknesses in our internal controls are identified in the future, we could be subject to regulatory scrutiny and a loss of public confidence, which could have a material adverse effect on our business and our stock price. In addition, if we do not maintain adequate, qualified financial and management personnel, processes and controls, we may not be able to manage our business effectively or accurately report our financial performance on a timely basis, which could adversely affect our results of operations and financial condition.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2021, our estimated aggregate total net operating loss carryforwards ("NOLs") were $150.9 million for U.S. federal purposes, expiring 20 years from the respective tax years to which they relate, and $56.3 million for U.S. federal purposes with an indefinite life due to new regulations in the Tax Cuts and Jobs Act of 2017. Our ability to utilize our NOLs may be limited under Section 382 of the Internal Revenue Code. The limitations apply if an ownership change, as defined by Section 382, occurs. Generally, an ownership change occurs when certain stockholders increase their aggregate ownership by more than 50 percentage points over their lowest ownership percentage in a testing period (typically three years). Additionally, the Tax Reform Act of 1986 imposed substantial restrictions on the utilization of NOL and tax credits in the event of an ownership change of a corporation. Thus, our ability to utilize all such NOL and credit carryforwards may be limited. Future changes in stock ownership may also trigger an ownership change and, consequently, a Section 382 limitation.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted on March 27, 2020 and includes favorable changes to tax law and incentives for businesses impacted by COVID-19. However, we do not anticipate the income tax law changes and incentives will have a material impact on our results of operations or financial position.

Global economic and market conditions may adversely affect our business, financial condition and operating results.

Our business plan depends significantly on worldwide economic conditions and our success is dependent on consumer spending, which is sensitive to economic downturns; inflation and any associated rise in unemployment; declines in consumer confidence; adverse changes in exchange rates; increases in interest rates; the impact of high energy, fuel, food and healthcare costs; , deflation, direct or indirect taxes, increases in consumer debt levels; fears of war or actual conflicts, such as the Russian invasion of Ukraine, civil unrest, terrorism or violence; and increased stock market volatility. As a result, economic downturns may have a material adverse impact on our business, financial condition and results of operations. Moreover, uncertainty about global economic conditions poses a risk as businesses and individuals may postpone spending in response to tighter credit, negative financial news and declines in income or asset values. This could have a negative effect on corporate and individual spending on health and wellness and travel. These factors, taken together or individually, could cause material harm to our business, financial condition and results of operations.

Increasing inflation could adversely affect our business, financial condition, results of operations or cash flows.

Inflation and some of the measures taken by or that may be taken by the governments in countries where we operate in an attempt to curb inflation may have negative effects on the economies of those countries generally. If the United States or other countries where we operate experience substantial inflation in the future, our business may be adversely affected. In addition, we may not be able to adjust the prices we charge for our products and services to offset the impact of inflation on our expenses, leading to an increase in our operating expenses and a reduction in our margins. This could have a material adverse impact on our business, financial condition, results of operations or cash flows.

Our business requires substantial capital expenditures and we may not have access to the capital required to maintain and grow our operations.

The development of our new branding concept in the travel health and wellness space, as well as maintaining and expanding our operations in our existing and new locations and expanding our testing operations, are all capital intensive activities. Specifically, the construction, redesign and maintenance of our locations in airport terminals where we operate, technology costs, and compliance with applicable laws and regulations require substantial capital expenditures. Moreover, the creation of a digital platform in the travel health and wellness space will take substantial capital resources. In connection with all of the foregoing, we will require significant capital to fund our operations and respond to potential strategic opportunities, such as investments, acquisitions and expansions.

Since mid-2020, we have been able to obtain additional capital through access to the equity markets, selling our common stock and warrants. While we have mitigated the cash crisis we faced in the first half of 2020 and are cash flow positive in our XpresCheck business, throughout our operating history prior to the successful launch of our XpresCheck business, we did not generate sufficient cash from operations to fund new store development. Accordingly, we will be dependent upon managing and effectively deploying our existing cash resources and may require additional funding to fully realize the design and implementation of our travel health and wellness concept. If and to the extent we determine it is necessary or desirable, we may not be able to obtain such additional financing, through equity capital when needed, on acceptable terms, or at all. In addition, the terms of our financings may be dilutive to, or otherwise adversely affect, holders of our common stock. Moreover, our ability to raise additional equity capital will be constrained because we have relatively few authorized shares of common stock that are not issued and outstanding or reserved for future issuance, and we may need to increase our authorized shares or undertake a reverse stock split in the near future to maintain our flexibility in access the equity capital markets. If we are unable to obtain additional funding on a timely basis, we may be required to curtail or terminate some or all of our business plans. Any such financing that we undertake will likely be dilutive to our current stockholders.

We must continue to invest capital to maintain or to improve the success of our concessions and to meet refurbishment requirements in our concessions. Decisions to expand into new terminals could also affect our capital needs. Our actual capital expenditures in any year will vary depending on, among other things, the extent to which we are successful in renewing existing concessions and winning additional concession agreements.

We may in the future be required to consolidate/unconsolidated the assets, liabilities, and results of operations of certain of our XpresCheck business, which could have an adverse impact on our results of operations, financial position, and gross margin.

The Financial Accounting Standards Board has issued accounting guidance regarding variable interest entities (“VIEs”) that affects our accounting treatment of our XpresCheck business. To ascertain whether we are required to consolidate an entity, we determine whether it is a VIE and if we are the primary beneficiary in accordance with the accounting guidance. Factors we consider in determining whether we are the VIE’s primary beneficiary include the decision-making authority of each partner, which partner manages the day-to-day operations of the joint venture and each partner’s obligation to absorb losses or right to receive benefits from the joint venture in relation to that of the other partner. Changes in the financial accounting guidance, or changes in circumstances within our XpresCheck business, could lead us to determine that we have to consolidate/unconsolidate the assets, liabilities, and results of operations of those businesses. The consolidation/unconsolidation of our VIEs could have a material adverse impact on our results of operations, financial

position, and gross margin. In addition, we may enter into future joint ventures or make other equity investments, which could have an adverse impact on us because of the financial accounting guidance regarding VIEs.

Risks Related to our Business Operations

We have comparatively limited operating history in the diagnostic testing and vaccination industry.

Despite our management's extensive experience in health and wellness services and commencing XpresCheck's diagnostic testing and vaccination services in 2020, we still have relatively limited operating history in the that business, including providing management services to a professional practice offering diagnostic testing or vaccination services. We face substantial risks and uncertainties to which our new diagnostic testing and vaccination line of business is subject. To address these risks and uncertainties, we must, among other things, successfully execute our business strategy, respond to competitive developments and attract and retain qualified personnel. We cannot assure you that we will operate profitably or that our business strategy will be successful. As a result, our diagnostic testing and vaccination line of business may not succeed.

We have risks associated with long-term formal contracts and relationships with professional practices for the ordering of and collection of samples for, or with laboratories for the performance of, COVID-19 and other medical testing and vaccination services in our Treat and XpresCheck® Wellness Centers.

We began offering COVID-19 and other medical testing services, as well as and certain seasonal vaccines in XpresCheck™ Wellness Centers. Beginning in June 2020, we began establishing formal contractual relationship with professional practices for the ordering of and collection of samples for, and with clinical laboratories for the performance, of COVID-19 testing. These contractual relationships generally provide for an initial one-year periods, with automatic one-year renewals, unless otherwise terminated by either party. We may never formalize longer-term arrangements with a professional practice or clinical laboratory for these purposes and may never conduct diagnostic testing and vaccination operations on a widescale basis. Conversely, our current arrangements may restrict our flexibility if the contractual arrangements are not on favorable terms. In either case, there can be no assurances that we will be able to execute our current plans or generate substantial revenue associated with our current XpresCheck COVID-19 testing and other medical testing and vaccines plans, including any COVID-19 vaccine that might become available in the future.

We may be unable to successfully secure new locations for, or transition our existing spa facilities or XpresCheck Wellness Centers into, facilities related to our new travel health and wellness concept.

As we transition our business to our new travel health and wellness concept, there can be no assurances that we will be able to open locations or renovate our other existing spa or XpresCheck facilities for the purpose of delivering the services planned in our new concept. In addition, to the extent we determine to open new XpresCheck Wellness Centers or further expand our initial sites, there can be no assurance that such locations will be available or that we will be able to renovate our other existing spa facilities for the purpose of operating such additional XpresCheck locations. In addition, we have expanded our testing capabilities to include rapid testing services for other communicable diseases, including influenza, COVID-19, RSV, Flu A&B, as well as seasonal flu vaccination services which may require additional renovations and costs. If we are unable to successfully transition our existing facilities to locations at which we will deliver our new health and wellness concept or deliver COVID-19 testing or other medical testing and vaccination services due to issues with lease agreements, permits, licenses or other delays, we will not be able to move forward with our planned business transition.

We rely on a limited number of professional practices and suppliers and, in some cases, a single professional practice or supplier, for the COVID-19 test and certain of the laboratory substances, equipment and other materials used for COVID-19 tests, and any delays or difficulties securing these materials could disrupt our operations and materially harm our business.

We contract with a limited number of professional practices for the ordering of and collection of samples for COVID-19 testing. We currently rely on a limited number of suppliers for test kits, seasonal flu vaccines, collection supplies, reagents,

and various other equipment and materials we currently use in performing COVID-19 or other medical testing or for administering seasonal flu vaccines, and we may not be able to increase our number of suppliers significantly for these items. In addition, our competitors may have more substantial resources and may have access to these materials, which may reduce their availability to us, increase our costs or both. Although we currently have long-term agreements with a relatively limited number of professional practices and suppliers, these professional practice partners or suppliers could cease supplying these services or tests, materials and equipment to us due to disruptions in the professional practice's or supplier's operations, a determination to pursue other activities or lines of business, or for other reasons, or the professional practice or supplier could fail to provide us with sufficient quantities of services or materials that meet our specifications. Transitioning to a new professional practice or supplier or locating a temporary substitute, even if available, would be time-consuming and expensive, could result in interruptions in or otherwise affect the performance specifications of our intended operations, or could require that we revalidate the tests we use. In addition, the use of services, equipment or materials provided by a replacement professional practice or supplier could require us to alter our future operations and procedures. Moreover, we believe there are currently only a limited number of manufacturers that are capable of supplying and servicing some of the equipment and other materials necessary for our intended operations. As a result, replacement equipment and materials that meet our quality control and performance requirements may not be available on reasonable terms, in a timely manner or at all. If we encounter delays or difficulties securing, reconfiguring or revalidating the equipment, reagents and other materials required for administering tests, our operations could be materially disrupted and our business, financial condition, results of operations, and reputation could be adversely affected. We also may experience services or supply issues as we increase the volume or scope of our testing and vaccination services.

The COVID-19 testing technology we have chosen may not perform as expected, as a result of human error or otherwise, may be replaced in the future by different or cheaper technology, and may not aid in the testing of future variants of the virus.

In June 2020, our professional practice partner began performing point of care COVID-19 testing at our JFK Airport XpresCheck location, and our testing service has since expanded to 15 locations in 12 airports across the US. Our success will depend on the COVID-19 and other communicable diseases testing technology we have chosen to use to continue provide a reliable, high-quality diagnostic result. Diagnostic testing for COVID-19 still remains relatively new, and there is no guarantee that the COVID-19 test technology we are currently using, or that we may choose to use in the future, will be accurate. Moreover, if testing technology becomes significantly cheaper in the future, our business could be harmed because the amount we can charge for testing services, and our margins on our testing business, may be reduced.

In addition, we believe that customers will be particularly sensitive to COVID-19 test defects and errors. As a result, the failure of the chosen tests to perform as expected could significantly impair our reputation and the public image of the tests we use. There can be no assurance that the COVID-19 test technology will be broadly adopted for use. Moreover, while we believe the COVID-19 test technology we are currently using is effective for the current variants of COVID-19, a new variant could emerge that requires a different testing methodology or technology, and we may not have access to that technology, or it may not exist at the time of the emergency of any such new variants. As a result, the failure or perceived failure of the chosen tests to perform as expected could have a material adverse effect on our business, financial condition, results of operation and cash flows. If there is little or no demand for the COVID-19 test, because of these quality concerns or because of other, less expensive testing options, our business could be materially harmed. Moreover, as testing technology evolves, develops and improves over time, we may not be able to identify and gain access to the latest and best COVID-19 testing methodologies and equipment.

There can be no assurance that demand for our COVID-19 testing services will continue in the future at the levels we have experienced recently or that we expect going forward, because of the success of containment efforts and vaccines, widespread availability of testing at other locations or at a greatly reduced cost, or due to other events. If there is no demand for our COVID-19 testing services or demand is significantly lower than we expect, our business will be materially harmed.

Our COVID-19 testing and other medical testing and vaccination capabilities are subject to risks around test pricing, availability and acceptance in the market or by countries or states that are imposing travel or quarantine restrictions.

Our ability to successfully offer COVID-19 tests will depend significantly on the continued perception that the tests used by our professional practice partner can reduce transmission risk and are reliable. In addition, COVID-19 testing materials

may become substantially cheaper and more widely available, either of which would have an adverse effect on the necessity of our services and the profitability of our XpresCheck business. Moreover, we cannot assure you regarding the availability of, or our access to, various COVID-19 vaccinations. These apps would directly link into COVID-19 test results from there partnered labs, so that passengers would be able to show their test results through these apps to airlines and destinations in order to facilitate a hassle-free entry and avoid quarantines, where applicable. However, there can be no assurance as to the degree to which our public testing model assists passengers meet testing requirements for entry into, or avoidance of quarantine in various countries, and we may not be able to execute our COVID-19 testing strategy and our business results may be harmed.

In addition, our testing capabilities currently include rapid testing services for other communicable diseases, including influenza, COVID-19, RSV, Flu A&B, as well as seasonal flu vaccines. This requires us to expend additional funds and efforts to obtain medical testing supplies for these additional communicable diseases and to market our capabilities in these additional areas. Demand for these additional testing and vaccination services may never meet anticipated levels, which would have a material adverse effect on our business, financial condition and results of operations.

We use potentially hazardous materials, chemicals and patient samples in our XpresCheck diagnostic testing and vaccination business and any disputes relating to improper handling, storage or disposal of these materials could be time consuming and costly.

Our professional practice partner's diagnostic testing activities involve the controlled use of hazardous laboratory materials and chemicals, including small quantities of acid and alcohol, and patient samples. They are subject to U.S. laws and regulations related to the protection of the environment, the health and safety of employees and the handling, transportation and disposal of medical specimens, infectious and hazardous waste. They could be liable for accidental contamination or discharge or any resultant injury from hazardous materials, and conveyance, processing, and storage of and data on patient samples. If they fail to comply with applicable laws or regulations, they could be required to pay penalties or be held liable for any damages that result and this liability could exceed their financial resources. Further, future changes to environmental health and safety laws could cause them to incur additional expense or restrict operations.

In the event of a lawsuit or investigation concerning such hazardous materials, we could be held responsible for any injury caused to persons or property by exposure to, or release of, these hazardous materials or patient samples that may contain infectious materials. The cost of this liability could exceed our resources. While we expect to maintain broad form liability insurance coverage for these risks, and we expect our professional practice partner to maintain appropriate malpractice insurance, the level or breadth of our or their coverage may not be adequate to fully cover potential liability claims to which we might be exposed.

Our XpresCheck diagnostic testing and vaccination business could be harmed from the loss or suspension of a license or imposition of a fine or penalties under, or future changes in, or interpretations of, the law or regulations of the Clinical Laboratory Improvement Act of 1967, and the Clinical Laboratory Improvement Amendments of 1988 (CLIA), or those of Medicare, Medicaid or other national, state or local agencies in the U.S. and other countries where we operate laboratories.

The performance of laboratory testing is subject to extensive U.S. regulation, and many of these statutes and regulations have not been interpreted by the courts. CLIA extends federal oversight to virtually all physician practices performing clinical laboratory testing and to clinical laboratories operating in the U.S. by requiring that they be certified by the federal government or, in the case of clinical laboratories, by a federally approved accreditation agency. The sanction for failure to comply with CLIA requirements may be suspension, revocation or limitation of a laboratory's CLIA certificate, which is necessary to conduct business, as well as significant fines and/or criminal penalties. In addition, we expect to be subject to regulation under state law. State laws may require that laboratories and/or laboratory personnel meet certain licensing or other qualifications, specify certain quality controls or require maintenance of certain records. Applicable statutes and regulations could be interpreted or applied by a prosecutorial, regulatory or judicial authority in a manner that would adversely affect our business. Potential sanctions for violation of these statutes and regulations include significant fines and the suspension or loss of various licenses, certificates and authorizations, which could have a material adverse effect on our business. In addition, compliance with future legislation could impose additional requirements on us, which may be costly.

U.S. Food and Drug Administration (FDA) regulation of diagnostic products could result in increased costs and the imposition of fines or penalties, and could have a material adverse effect upon our business.

The FDA has regulatory responsibility for instruments, test kits, reagents and other devices used by clinical laboratories. The FDA enforces laws and regulations that govern the development, testing, manufacturing, performance, labeling, advertising, marketing, distribution and surveillance of diagnostic products, and it regularly inspects and reviews the manufacturing processes and product performance of diagnostic products.

FDA regulation of the diagnostic products we use could result in increased costs and administrative and legal actions for noncompliance, including warning letters, fines, penalties, product suspensions, product recalls, injunctions and other civil and criminal sanctions, which could have a material adverse effect on our business, financial condition, results of operation and cash flows.

If we fail to comply with the complex federal, state, local and foreign laws and regulations that apply to our XpresCheck business, we could suffer severe consequences that could materially and adversely affect our operating results and financial condition.

We expect our planned operations to be subject to extensive federal, state, local and foreign laws and regulations, all of which are subject to change. These laws and regulations currently include, among other things:

- CLIA, which requires that laboratories obtain certification from the federal government, and state licensure laws;
- FDA laws and regulations;
- The Health Insurance Portability and Accountability Act (HIPAA), which imposes comprehensive federal standards with respect to the privacy and security of protected health information and requirements for the use of certain standardized electronic transactions, and amendments to HIPAA under the Health Information Technology for Economic and Clinical Health Act (HITECH), which strengthen and expand HIPAA privacy and security compliance requirements, increase penalties for violators, extend enforcement authority to state attorneys general and impose requirements for breach notification;
- state laws regulating genetic testing and protecting the privacy of genetic test results, as well as state laws protecting the privacy and security of health information and personal data and mandating reporting of breaches to affected individuals and state regulators;
- the federal anti-kickback law, or the Anti-Kickback Statute, which prohibits knowingly and willfully offering, paying, soliciting, receiving, or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual, or the furnishing, arranging for, or recommending of an item or service that is reimbursable, in whole or in part, by a federal healthcare program;
- other federal and state fraud and abuse laws, such as anti-kickback laws, prohibitions on self-referral, and false claims acts, which may extend to services reimbursable by any third-party payor, including private insurers;
- the federal Physician Payments Sunshine Act, which requires medical device manufactures to track and report to the federal government certain payments and other transfers of value made to physicians and teaching hospitals and ownership or investment interests held by physicians and their immediate family members;
- Section 216 of the federal Protecting Access to Medicare Act of 2014, which requires applicable laboratories to report private payor data in a timely and accurate manner beginning in 2017 and every three years thereafter (and in some cases annually);
- state laws that impose reporting and other compliance-related requirements;
- state billing laws, including regulations on “pass through billing” which may limit our ability to submit claims for payment and/or mark up the cost of services in excess of the price paid for such

services, and "direct-bill" laws which may limit our ability to purchase services from a laboratory and bill for the services ordered; and
- similar foreign laws and regulations that apply to us in the countries in which we operate.

These laws and regulations are complex and are subject to interpretation by the courts and by government agencies. Our failure to comply could lead to civil or criminal penalties, exclusion from participation in state and federal healthcare programs, or prohibitions or restrictions on our laboratory's ability to provide or receive payment for our services. We believe that we are in material compliance with all statutory and regulatory requirements, but there is a risk that one or more government agencies could take a contrary position, or that a private party could file suit under the qui tam provisions of the federal False Claims Act or a similar state law. Such occurrences, regardless of their outcome, could damage our reputation and adversely affect important business relationships with third parties, including managed care organizations, and other private third-party payors.

Changes in the way that the FDA regulates COVID-19 tests could result in the additional expense in XpresCheck offering tests and would affect the profitability of our XpresCheck business.

Historically, the U.S. Food and Drug Administration ("FDA") has exercised enforcement discretion with respect to most laboratory-developed tests ("LDTs") and has not required laboratories that furnish LDTs to comply with the agency's requirements for medical devices (e.g., establishment registration, device listing, quality systems regulations, premarket clearance or premarket approval, and post-market controls). In recent years, however, the FDA publicly announced its intention to regulate certain LDTs and issued two draft guidance documents that set forth a proposed phased-in risk-based regulatory framework that would apply varying levels of FDA oversight to LDTs. However, these guidance documents were withdrawn at the end of the Obama administration and replaced by an informal discussion paper reflecting some of the feedback that FDA had received on LDT regulation. The FDA acknowledged that the discussion paper in January 2017 does not represent the formal position of the FDA and is not enforceable. Nevertheless, the FDA wanted to share its synthesis of the feedback that it had received in the hope that it might advance public discussion on future LDT oversight. Notwithstanding the discussion paper, the FDA continues to exercise enforcement discretion and may decide to regulate certain LDTs on a case-by-case basis at any time, which could result in additional expense in offering tests. Until the FDA finalizes its regulatory position regarding LDTs, or other legislation is passed reforming the federal government's regulation of LDTs, it is unknown how the FDA may regulate tests we use in the future and what testing and data may be required to support any required clearance or approval.

Our professional practice partner's failure to accurately bill for testing services, or to comply with applicable laws relating to government healthcare programs, could have a material adverse effect on our business.

Billing for diagnostic testing and vaccination services is complex and subject to extensive and non-uniform rules and administrative requirements. We expect that the majority of our billing and related operations will be provided by a third party. Failure to accurately bill for our services could have a material adverse effect on our business. In addition, failure to comply with applicable laws relating to billing government healthcare programs may result in various consequences, including the return of overpayments, civil and criminal fines and penalties, exclusion from participation in government healthcare programs and the loss of various licenses, certificates and authorizations necessary to operate our business, as well as incur additional liabilities from third-party claims, all of which could have a material adverse effect on our business. Certain violations of these laws may also provide the basis for a civil remedy under the federal False Claims Act, including fines and damages of up to three times the amount claimed. The *qui tam* provisions of the federal False Claims Act and similar provisions in certain state false claims acts allow private individuals to bring lawsuits against healthcare companies on behalf of the government.

Although we expect to be in compliance, in all material respects, with applicable laws and regulations, there can be no assurance that a regulatory agency or tribunal would not reach a different conclusion. The federal and state governments have substantial leverage in negotiating settlements since the amount of potential damages and fines far exceeds the rates at which services will be reimbursed, and the government has the remedy of excluding a non-compliant provider from participation in the Medicare and Medicaid programs. We expect that federal and state governments continue aggressive enforcement efforts against perceived healthcare fraud. Legislative provisions relating to healthcare fraud and abuse

provide government enforcement personnel with substantial funding, powers, penalties and remedies to pursue suspected cases of fraud and abuse.

We depend on third parties to provide services critical to our XpresCheck diagnostic testing and vaccination business, and we depend on them to comply with applicable laws and regulations. Additionally, any breaches of the information technology systems of third parties could have a material adverse effect on our operations.

We depend on third parties to provide services critical to our XpresCheck diagnostic testing and vaccination business, including supplies, ground and air transport of clinical and diagnostic testing supplies and specimens, vaccinations, research products, and people, among other services. Third parties that provide services to us are subject to similar risks related to security of customer-related information and compliance with U.S., state, local, or international environmental, health and safety, and privacy and security laws and regulations as those faced by us. Any failure by third parties to comply with applicable laws, or any failure of third parties to provide services more generally, could have a material impact on us, whether because of the loss of the ability to receive services from the third parties, our legal liability for the actions or inactions of third parties, or otherwise. In addition, third parties to whom we outsource certain services or functions may process personal data, or other confidential information belonging to us. A breach or attack affecting these third parties could also harm our business, results of operations and reputation.

Our business operations and reputation may be materially impaired if we do not comply with privacy laws or information security policies.

We collect, generate, process or maintain sensitive information, such as patient data and other personal information. If we do not use or adequately safeguard that information in compliance with applicable requirements under federal, state and international laws, or if it were disclosed to persons or entities that should not have access to it, our business could be materially impaired, our reputation could suffer and we could be subject to fines, penalties and litigation. In the event of a data security breach, we may be subject to notification obligations, litigation and governmental investigation or sanctions, and may suffer reputational damage, which could have an adverse impact on our business. For example, in 2021, there were two HIPAA breaches that were reported to Health and Human Services, concerning our JFK and SLC XpresCheck locations, after which the team reinforced HIPAA training and counseled the responsible individuals.

We are subject to laws and regulations regarding protecting the security and privacy of certain healthcare and personal information, including: (a) at the federal level, HIPAA and the regulations thereunder, which establish (i) a complex regulatory framework including requirements for safeguarding protected health information and (ii) comprehensive federal standards regarding the uses and disclosures of protected health information; and (b) state laws, including the California Consumer Privacy Act.

Hardware and software failures or delays in our information technology systems, including failures resulting from our systems conversions or otherwise, could disrupt our operations and cause the loss of confidential information, customers and business opportunities or otherwise adversely impact our business.

IT systems will be used extensively in virtually all aspects of our business, including clinical testing, test reporting, billing, customer service, logistics and management of medical data. Our success depends, in part, on the continued and uninterrupted performance of our IT systems. A failure or delay in our IT systems could impede our ability to serve our customers and patients and protect their confidential personal data. Despite redundancy and backup measures and precautions that we have implemented, our IT systems may be vulnerable to damage, disruptions and shutdown from a variety of sources, including telecommunications or network failures, system conversion or standardization initiatives, human acts and natural disasters. These issues can also arise as a result from failures by third parties with whom we do business and for which we have limited control. Any disruption or failure of our IT systems could have a material impact on our ability to serve our customers and patients, including negatively affecting our reputation in the marketplace.

We must comply with complex and overlapping laws protecting the privacy and security of health information and personal data.

There are a number of state, federal and international laws protecting the privacy and security of health information and personal data. Under the administrative simplification provisions of HIPAA, the U.S. Department of Health and Human Services has issued regulations which establish uniform standards governing the conduct of certain electronic healthcare transactions and protecting the privacy and security of personal health information (PHI) used or disclosed by healthcare providers and other covered entities.

The privacy regulations regulate the use and disclosure of PHI by healthcare providers engaging in certain electronic transactions or "standard transactions." They also set forth certain rights that an individual has with respect to his or her PHI maintained by a covered healthcare provider, including the right to access or amend certain records containing PHI or to request restrictions on the use or disclosure of PHI. The HIPAA security regulations establish administrative, physical, and technical standards for maintaining the integrity and availability of PHI in electronic form. These standards apply to covered healthcare providers and also to "business associates" or third parties providing services involving the use or disclosure of PHI. The HIPAA privacy and security regulations establish a uniform federal "floor" and do not supersede state laws that are more stringent or provide individuals with greater rights with respect to the privacy or security of, and access to, their records containing PHI. As a result, we may be required to comply with both HIPAA privacy regulations and varying state privacy and data security laws.

Moreover, HITECH, among other things, established certain health information security breach notification requirements. In the event of a breach of unsecured PHI, a covered entity must notify each individual whose PHI is breached, federal regulators and in some cases, must publicize the breach in local or national media. Breaches affecting 500 individuals or more are publicized by federal regulators who publicly identify the breaching entity, the circumstances of the breach and the number of individuals affected.

These laws contain significant fines and other penalties for wrongful use or disclosure of PHI. Given the complexity of HIPAA and HITECH and their overlap with state privacy and security laws, and the fact that these laws are rapidly evolving and are subject to changing and potentially conflicting interpretation, our ability to comply with the HIPAA, HITECH and state privacy requirements is uncertain and the costs of compliance are significant. Adding to the complexity is that our planned operations are currently evolving and the requirements of these laws will apply differently depending on such things as whether or not we bill electronically for our services, or provide services involving the use or disclosure of PHI and incur compliance obligations as a business associate. The costs of complying with any changes to HIPAA, HITECH and state privacy restrictions may have a negative impact on our operations. Noncompliance could subject us to criminal penalties, civil sanctions and significant monetary penalties as well as reputational damage.

We also will be required to collect and maintain personal information about our employees as well as receive and transfer certain payment information, to accept payments from our customers, including credit card information. Most states have adopted laws requiring notification of affected individuals and state regulators in the event of a breach of personal information, which is a broader class of information than the health information protected by HIPAA. Many state laws impose significant data security requirements, such as encryption or mandatory contractual terms to ensure ongoing protection of personal information. Activities outside of the United States implicate local and national data protection standards, impose additional compliance requirements, and generate additional risks of enforcement for non-compliance. The collection and use of such information may be subject to contractual obligations as well. If the security and information systems that we or our outsourced third-party providers use to store or process such information are compromised or if we, or such third parties, otherwise fail to comply with these laws, regulations, and contractual obligations, we could face litigation and the imposition of penalties that could adversely affect our financial performance.

We must comply with all applicable privacy and data security laws in order to operate our business and may be required to expend significant capital and other resources to ensure ongoing compliance, to protect against security breaches and hackers or to alleviate problems caused by such breaches. Breaches of health information and/or personal data may be extremely expensive to remediate, may prompt federal or state investigation, fines, civil and/or criminal sanctions and significant reputational damage.

Our capital expenditures in XpresCheck Wellness Centers may not generate a positive return and we will incur significant additional costs.

Our capital expenditures may not generate a positive return. Significant capital expenditures will be required to construct new XpresCheck Wellness Centers or renovate our existing spa facilities to accommodate our proposed new business model. No assurance can be given that our future capital expenditures will generate a positive return or that we will have adequate capital available to finance such construction or renovations. If we are unable to, or elect not to, pay for costs associated with such construction or renovations, the ability of our professional practice partner to order or perform COVID-19 or other medical testing could be limited, and our competitive position could be harmed.

Additionally, we expect to incur significant additional costs as we expand the ability of our professional practice partner to perform on-site COVID-19 and other medical testing in XpresCheck Wellness Centers. The COVID-19 outbreak could disrupt our future supply chain, including by impacting our ability to secure COVID-19 or other testing supplies and to provide personal protective equipment for our employees in our testing locations. For similar reasons, the COVID-19 pandemic has also adversely impacted, and may continue to adversely impact, third parties that will be critical to our business, including vendors, suppliers, and business partners. These developments, and others that are difficult or impossible to predict, could materially impact our business, financial results, cash flows, and financial position.

We rely on international and domestic airplane travel, and the time that airline passengers spend in United States airports post-security. Continued lower demand for airline travel, a decrease in the desire of customers to buy spa services and products, or decreased time spent in airports would negatively impact XpresSpa's operations.

XpresSpa depends upon a large number of airplane travelers with the propensity for health and wellness, and in particular spa treatments and products, spending significant time post-security clearance check points.

The number of airline travelers has been extremely volatile since the onset of COVID-19 in March 2020. If the number of airline travelers remains at lower levels (or decreases further), the time that these travelers spend post-security decreases, and/or if travelers' ability or willingness to pay for XpresSpa's products and services diminishes, this could have an adverse effect on XpresSpa's growth, business activities, cash flow, financial condition and results of operations. Some reasons for these events could include:

- the impact of a public health epidemic, including COVID-19, which has interfered and may continue to interfere with our ability, or the ability of our employees, workers, contractors, suppliers and other business partners to perform our and their respective responsibilities and obligations relative to the conduct of our business. A public health epidemic, including COVID-19, poses the risk of disruptions from the temporary closure of third-party suppliers and manufacturers, restrictions on the shipment of our products, restrictions on our employees' and other service providers' ability to travel, the decreased willingness or ability of our customers to travel or to utilize our services and shutdowns that may be requested or mandated by governmental authorities. The extent to which COVID-19 will continue to impact our results will depend on future developments related to the virus and its spread, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others;

- the ongoing closure of a significant number of our spa locations, and the reduced operating hours at those spa locations that have re-opened;

- terrorist activities (including cyber-attacks) impacting either domestic or international travel through airports where XpresSpa operates, causing fear of flying, flight cancellations, or an economic downturn, fears of war or actual conflicts, such as the Russian invasion of Ukraine, civil unrest, terrorism or violence or any other events of a similar nature, even if not directly affecting the airline industry, may lead to a significant reduction in the number of airline passengers;

- a decrease in business spending that impacts business travel, such as a recession;

- a decrease in consumer spending that impacts leisure travel, such as a recession or a stock market downturn or a change in consumer lending regulations impacting available credit for leisure travel;

- an increase in airfare prices that impacts the willingness of air travelers to fly, such as an increase in oil prices or heightened taxation from federal or other aviation authorities;

- severe weather, ash clouds, airport closures, natural disasters, strikes or accidents (airplane or otherwise), causing travelers to decrease the amount that they fly and any of these events, or any other event of a similar nature, even if not directly affecting the airline industry, may lead to a significant reduction in the number of airline passengers;

- as to our spa business, scientific studies that malign the use of spa services or the products used in spa services, such as the impact of certain chemicals and procedures on health and wellness; or

- streamlined security screening checkpoints, which could decrease the wait time at checkpoints and therefore the time air travelers budget for spending time at the airport.

Further, any disruption to, or suspension of services provided by airlines and the travel industry as a result of financial difficulties, labor disputes, construction work, increased security, changes to regulations governing airlines, mergers and acquisitions in the airline industry and challenging economic conditions causing airlines to reduce flight schedules or increase the price of airline tickets could negatively affect the number of airline passengers.

Additionally, the threat of terrorism and governmental measures in response thereto, such as increased security measures, recent executive orders in the United States impacting entry into the United States and changing attitudes towards the environmental impacts of air travel may in each case reduce demand for air travel and, as a result, decrease airline passenger traffic at airports.

The number of airline passengers that visit the terminals in which we have concessions is dependent in part on decisions made by airlines and airport authorities relating to flight arrivals and departures. A decrease in the number of flights and resulting decrease in airline passengers could result in fewer sales, which could lower our profitability and negatively impact our business, financial condition and results of operations. Concession agreements generally provide for a minimum annual guaranteed payment (“MAG”) payable to the airport authority or landlord regardless of the amount of sales at the concession. Currently, the majority of our concession agreements provide for a MAG that is either a fixed dollar amount or an amount that is variable based upon the number of travelers using the airport or other location, retail space used, estimated sales, past results or other metrics. If there are fewer airline passengers than expected or if there is a decline in the sales per airline passenger at these facilities, we will nonetheless be required to pay the MAG or fixed rent and our business, financial condition and results of operations may be materially adversely affected.

Furthermore, the exit of an airline from a market or the bankruptcy of an airline could reduce the number of airline passengers in a terminal or airport where we operate and have a material adverse impact on our business, financial condition and results of operations.

The effect that these factors would have on our business depends on their magnitude and duration, and a reduction in airline passenger numbers will result in a decrease in our sales and may have a materially adverse impact on our business, financial condition and results of operations.

We rely on a limited number of distributors and suppliers for certain of our products, and events outside our control may disrupt our supply chain, which could result in an inability to perform our obligations under our concession agreements and ultimately cause us to lose our concessions.

We rely on a small number of suppliers for our products. As a result, these distributors may have increased bargaining power and we may be required to accept less favorable purchasing terms. In the event of a dispute with a supplier or distributor, the delivery of a significant amount of merchandise may be delayed or cancelled, or we may be forced to purchase merchandise from other suppliers on less favorable terms. Such events could cause turnover to fall or costs to

increase, adversely affecting our business, financial condition and results of operations. In particular, we have publicized our sale of certain brands of products in our stores – our failure to sell these brands may adversely affect our business.

Further, damage or disruption to our supply chain due to any of the following could impair our ability to sell our products: adverse weather conditions or natural disaster, government action, fire, terrorism, cyber-attacks, the outbreak or escalation of armed hostilities (such as the Russian invasion of Ukraine), pandemics, industrial accidents or other occupational health and safety issues, strikes and other labor disputes, customs or import restrictions or other reasons beyond our control or the control of our suppliers and business partners. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, could adversely affect our business, financial condition and results of operations, as well as require additional resources to restore our supply chain.

Our operating results may fluctuate significantly due to certain factors, some of which are beyond our control.

XpresSpa's operating results may fluctuate from period to period significantly because of several factors, including:

- the timing and size of new unit openings, particularly the launch of new terminals;
- passenger traffic and seasonality of air travel;
- changes in the price and availability of supplies;
- macroeconomic conditions, nationally locally and internationally;
- changes in consumer preferences and competitive conditions;
- expansion to new markets and new locations; and
- increases in infrastructure costs, including those costs associated with the build-out of new concession locations and renovating existing concession locations.

XpresSpa's operating results may fluctuate significantly as a result of the factors discussed above. Accordingly, results for any period are not necessarily indicative of results to be expected for any other period or for any year.

Our expansion into new airports or off-airport locations, and to the online marketplace, may present increased risks due to its unfamiliarity with those areas.

XpresSpa's growth strategy depends upon transitioning to our travel health and wellness concept, which will expanding into markets (including an online presence) where have little or no meaningful operating experience, as well as managing our XpresCheck Wellness Center growth. Those markets and locations may have demographic characteristics, consumer tastes and discretionary spending patterns that are different from those in the markets where our existing spa and testing operations are located. As a result, new airport terminal and/or off-airport operations may be less successful than existing concession locations in current airport terminals. XpresSpa may find it more difficult in new markets to hire, motivate and keep qualified employees who can project its vision, passion and culture. XpresSpa may also be unfamiliar with local laws, regulations and administrative procedures, including the procurement of spa services retail licenses, in new markets which could delay the build-out of new concession locations and prevent it from achieving its target revenues on a timely basis. Operations in new markets may also have lower average revenues or enplanements than in the markets where XpresSpa currently operates. Operations in new markets may also take longer to ramp up and reach expected sales and profit levels, and may never do so, thereby negatively affecting XpresSpa's results of operations.

Our growth strategy is dependent in part on our ability to successfully identify and open new locations.

Implementing the part of our strategy relating to our travel health and wellness concept depends on our ability to successfully identify new locations. We will also need to assess and mitigate the risk of any new locations, to open the

location on favorable terms and to successfully integrate their operations with ours. We may not be able to successfully identify opportunities that meet these criteria, or, if we do, we may not be able to successfully negotiate and open new locations on a timely basis. If we are unable to identify and open new locations in accordance with its operating plan, our revenue growth rate and financial performance may fall short of our expectations.

Our profitability relating to our operations depends on the number of airline passengers in the terminals in which we have concessions. Changes by airport authorities or airlines that lower the number of airline passengers in any of these terminals could affect our business, financial condition and results of operations.

The number of airline passengers that visit the terminals in which we have concessions is dependent in part on decisions made by airlines and airport authorities relating to flight arrivals and departures. A decrease in the number of flights and resulting decrease in airline passengers could result in fewer sales, which could lower our profitability and negatively impact our business, financial condition and results of operations. Concession agreements generally provide for a minimum annual guaranteed payment ("MAG") payable to the airport authority or landlord regardless of the amount of sales at the concession. Currently, the majority of our concession agreements provide for a MAG that is either a fixed dollar amount or an amount that is variable based upon the number of travelers using the airport or other location, retail space used, estimated sales, past results or other metrics. If there are fewer airline passengers than expected or if there is a decline in the sales per airline passenger at these facilities, we will nonetheless be required to pay the MAG or fixed rent and our business, financial condition and results of operations may be materially adversely affected.

Furthermore, the exit of an airline from a market or the bankruptcy of an airline could reduce the number of airline passengers in a terminal or airport where we operate and have a material adverse impact on our business, financial condition and results of operations.

We may not be able to execute our growth strategy to expand and integrate new concessions, our recently acquired entity or future acquisitions into our business or remodel existing concessions. Any new concessions, future acquisitions or remodeling of existing concessions may divert management resources, result in unanticipated costs, or dilute the ownership of our stockholders.

Part of our growth strategy is to expand and remodel our existing facilities and to seek new concessions through tenders, direct negotiations or other acquisition opportunities. In this regard, our future growth will depend upon a number of factors, such as our ability to identify any such opportunities, structure a competitive proposal and obtain required financing and consummate an offer. Our growth strategy will also depend on factors that may not be within our control, such as the timing of any concession or acquisition opportunity.

We must also strategically identify which airport terminals and concession agreements to target based on numerous factors, such as airline passenger numbers, airport size, the type, location and quality of available concession space, level of anticipated competition within the terminal, potential future growth within the airport and terminal, rental structure, financial return and regulatory requirements. We cannot provide assurance that this strategy will be successful.

In addition, we may encounter difficulties integrating expanded or new concessions or any acquisitions, including our recent acquisition of HyperPointe. Such expanded or new concessions or acquisitions, including HyperPointe, may not achieve anticipated turnover and earnings growth or synergies and cost savings. Delays in the commencement of new projects and the refurbishment of concessions can also affect our business. In addition, we will expend resources to remodel our concessions and may not be able to recoup these investments. A failure to grow successfully may materially adversely affect our business, financial condition and results of operations.

In particular, new concessions and acquisitions, our recent acquisition of HyperPointe, and in some cases future expansions and remodeling of existing concessions, could pose numerous risks to our operations, including that we may:

- have difficulty integrating operations or personnel; for example, HyperPointe has a number of contractual arrangements with pharmaceutical companies; however, we historically do not have experience in that business line.;

- incur substantial unanticipated integration costs;
- experience unexpected construction and development costs and project delays;
- face difficulties associated with securing required governmental approvals, permits and licenses (including construction permits) in a timely manner and responding effectively to any changes in federal, state or local laws and regulations that adversely affect our costs or ability to open new concessions;
- have challenges identifying and engaging local business partners to meet Airport Concession Disadvantaged Business Enterprise ("ACDBE") requirements in concession agreements;
- not be able to obtain construction materials or labor at acceptable costs;
- face engineering or environmental problems associated with our new and existing facilities;
- experience significant diversion of management attention and financial resources from our existing operations in order to integrate expanded, new or acquired businesses, which could disrupt our ongoing business;
- lose key employees, particularly with respect to acquired or new operations;
- have difficulty retaining or developing acquired or new business customers;
- impair our existing business relationships with suppliers or other third parties as a result of acquisitions;
- fail to realize the potential cost savings or other financial benefits and/or the strategic benefits of acquisitions, new concessions or remodeling; and
- incur liabilities from the acquired businesses and we may not be successful in seeking indemnification for such liabilities.

In connection with acquisitions or other similar investments, we could incur debt or amortization expenses related to intangible assets, suffer asset impairments, assume liabilities or issue stock that would dilute the percentage of ownership of our then-current stockholders. We may not be able to complete acquisitions or integrate the operations, products, technologies or personnel gained through any such acquisition, which may have a materially adverse impact on our business, financial condition and results of operations.

If the estimates and assumptions we use to determine the size of our market are inaccurate, our future growth rate may be impacted.

Market opportunity estimates and growth forecasts are subject to uncertainty and are based on assumptions and estimates that may not prove to be accurate. The estimates and forecasts in this Annual Report on Form 10-K relating to the size and expected reemergence of the travel retail market may prove to be inaccurate. Even if the market in which we compete meets our size estimates and rate of return to normalized travel activity, our business could fail to reemerge or grow at similar rates, if at all. The principal assumptions relating to our market opportunity include projected reemergence and growth in the travel retail market and our share of the market. If these assumptions prove inaccurate, our business, financial condition and results of operations could be adversely affected.

We currently rely on a skilled, licensed labor force to provide our services, and the supply of this labor force is finite. If we cannot hire adequate staff for our locations, we will not be able to operate.

As of March 15, 2022, XpresSpa had approximately 363 full-time and 66 part-time employees in its locations. Excluding some dedicated retail staff, the majority of these employees are licensed to perform spa services, and hold such licenses as masseuses, nail technicians, aestheticians, barbers and master barbers. The demand for these licensed technicians has been

increasing as more consumers gravitate to health and wellness treatments such as spa services. XpresSpa competes not only with other airport-based spa companies but with spa companies outside of the airport for this skilled labor force. In addition, all staff hired by XpresSpa must pass the background checks and security clearances necessary to work in airport locations. If XpresSpa is unable to attract and retain qualified staff to work in its airport locations, its ability to operate will be impacted negatively. In addition, our XpresCheck business and new health and wellness concept may also require licensed professionals, and we may not have access to those professionals on a cost-effective basis, or at all.

Effective March 24, 2020, we temporarily closed all global locations and furloughed the majority of our XpresSpa employees in connection with the outbreak of COVID-19. As restrictions are lifted, we will continue to evaluate reinstating the furloughed employees, but there can be no assurances that such employees will return to our locations in a timely manner or at all.

Our business is subject to various laws and regulations, and changes in such laws and regulations, or failure to comply with existing or future laws and regulations, could adversely affect us.

We are subject to various laws and regulations in the United States, Netherlands, Turkiye, and United Arab Emirates that affect the operation of our concessions. The impact of current laws and regulations, the effect of changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations, or our inability to respond effectively to significant regulatory or public policy issues, could increase our compliance and other costs of doing business and, therefore, have an adverse impact on our results of operations.

Failure to comply with the laws and regulatory requirements of governmental authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. In addition, certain laws may require us to expend significant funds to make modifications to our concessions in order to comply with applicable standards. Compliance with such laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings.

Our labor force could unionize, putting upward pressure on labor costs.

Currently, XpresSpa stores in two airports have a labor force which is unionized. Major players in labor organization, and in particular “Unite Here!” which represents approximately 45,000 employees in the airport concessions and airline catering industries, could target XpresSpa locations for its unionization efforts. In the event of the successful unionization of all of XpresSpa’s labor force, XpresSpa would likely incur additional costs in the form of higher wages, more benefits such as vacation and sick leave, and potentially also higher health care insurance costs.

We compete for new locations in airports and may not be able to secure new locations.

We participate in the highly competitive and lucrative airport concessions industry, and as a result compete for retail leases with a variety of larger, better capitalized concessions companies as well as smaller, mid-tier and single unit operators. Frequently, an airport includes only one similar travel health and wellness concept per terminal within its retail offering and, in those instances, we compete primarily with these other concessionaires. Moreover, our contractual arrangement with the CDC involves a long request for proposal process, which could further delay or harm our ability to obtain leases on a timely basis or at all.

We may not be able to predict accurately or fulfill customer preferences or demands.

We derive a significant amount of our revenue from the sale of massage, cosmetic and luxury products which are subject to rapidly changing customer tastes. The availability of new products and changes in customer preferences has made it more difficult to predict sales demand for these types of products accurately. Our success depends in part on our ability to predict and respond to quickly changing consumer demands and preferences, and to translate market trends into appropriate merchandise offerings. Additionally, due to our limited sales space relative to other retailers, the proper selection of salable merchandise is an important factor in revenue generation. We cannot provide assurance that our merchandise selection will correspond to actual sales demand. If we are unable to predict or rapidly respond to sales demand or to changing styles

or trends, or if we experience inventory shortfalls on popular merchandise, our revenue may be lower, which could have a materially adverse impact on our business, financial condition and results of operations.

Our leases may be terminated, either for convenience by the landlord or as a result of an XpresSpa default.

XpresSpa has store locations and kiosks in a number of airports in which the landlord, with prior written notice to XpresSpa, can terminate XpresSpa's lease, including for convenience or as necessary for airport purposes or operations. If a landlord elects to terminate a lease at an airport, XpresSpa may have to shut down one or more store locations at that airport. In addition, we have received rent concessions from landlords on a majority of our airport location leases relating to our temporary closures in response to the ongoing COVID-19 pandemic, allowing for the relief of minimum guaranteed payments in exchange for percentage-of-revenue rent or providing relief from rent through payment deferrals. These deferrals may lapse or expire with respect to any particular spa location before we believe it makes economic sense to reopen that location, in which case the landlord may decide to terminate the lease for that location if we do not agree to reopen it.

Additionally, XpresSpa leases have numerous provisions governing the operation of XpresSpa's stores. Violation of one or more of these provisions, even unintentionally, may result in the landlord finding that XpresSpa is in default of the lease. Violation of lease provisions may result in fines and, in some cases, termination of a lease.

Our ability to operate depends on the traffic patterns of the terminals in which we operate, and the cessation or disruption of air traveler traffic in these terminals would negatively impact XpresSpa's addressable market.

XpresSpa depends on a high volume of air travelers in its terminals. It is possible that a terminal in which XpresSpa operates could become subject to a lower volume of air travelers, which would significantly impact traffic near and around XpresSpa locations and therefore its total addressable market. Lower volume in a terminal could be caused by:

- terminal construction that results in the temporary or permanent closure of a unit, or adversely impacts the volume or pattern of traffic flows within an airport;
- an airline utilizing an airport in which XpresSpa operates could abandon that airport or an individual terminal in favor of other airports or terminals, or because it is contracting operations; or
- adverse weather conditions could cause damage to the terminal or airport in which XpresSpa operates, resulting in the temporary or permanent closure of a unit.

We are dependent on our local partners.

Our local partners, including our ACDBE partners, maintain ownership interests in certain of our locations. Our participation in these operating entities differs from market to market. While the precise terms of each relationship vary, our local partners may have control over certain portions of the operations of these concessions. The stores are operated pursuant to the applicable joint venture agreement governing the relationship between us and our local partner. Generally, these agreements also provide that strategic decisions are to be made by a committee comprised of us and our local partner. These concessions involve risks that are different from the risks involved in operating a concession independently, and include the possibility that our local partners:

- are in a position to take action contrary to our instructions, our requests, our policies, our objectives or applicable laws;
- take actions that reduce our return on investment;
- go bankrupt or are otherwise unable to meet their capital contribution obligations;

- have economic or business interests or goals that are or become inconsistent with our business interests or goals; or

- take actions that harm our reputation or restrict our ability to run our business.

Failure to comply with minimum airport concession disadvantaged business enterprise participation goals and requirements could lead to lost business opportunities or the loss of existing business.

Pursuant to ACDBE participation requirements, XpresSpa is often required to meet, or use good faith efforts to meet, certain minimum ACDBE participation requirements when bidding on or submitting proposals for new concession contracts. If XpresSpa is unable to find and/or partner with an appropriate ACDBE, XpresSpa may lose opportunities to open new locations. In addition, a number of XpresSpa's existing leases contain minimum ACDBE participation requirements which require the ACDBE to own a significant portion of the business being operated under those leases. The level of ACDBE participation requirements may affect XpresSpa's profitability and/or its ability to meet financial forecasts.

Further, if XpresSpa fails to comply with the minimum ACDBE participation requirements, XpresSpa may be held responsible for a breach of contract, which could result in the termination of a lease and impairment of XpresSpa's ability to bid on or obtain future concession contracts. To the extent that XpresSpa leases are terminated and XpresSpa is required to shut down one or more store locations, there could be a material adverse impact to its business and results of operations.

Continued minimum wage increases could negatively impact our cost of labor.

An increase in the minimum wage could increase XpresSpa's cost of labor and have an adverse impact on our business, financial condition and results of operations.

Information technology systems failure or disruption, or changes to information technology related to payment systems, could impact our day-to-day operations.

Our information technology systems are used to record and process transactions at our point-of-sale interfaces and to manage our operations. These systems provide information regarding most aspects of our financial and operational performance, statistical data about our customers, our sales transactions and our inventory management. Fire, natural disasters, power-loss, telecommunications failure, break-ins, terrorist attacks (including cyber-attacks), computer viruses, electronic intrusion attempts from both external and internal sources and similar events or disruptions may damage or impact our information technology systems at any time. These events could cause system interruption, delays or loss of critical data and could disrupt our acceptance and fulfillment of customer orders, as well as disrupt our operations and management. For example, although our point-of-sales systems are programmed to operate and process customer orders independently from the availability of our central data systems and even of the network, if a problem were to disable electronic payment systems in our stores, credit card payments would need to be processed manually, which could result in fewer transactions. Significant disruption to systems could have a material adverse impact on our business, financial condition and results of operations.

We also continually enhance or modify the technology used for our operations. We cannot be sure that any enhancements or other modifications we make to our operations will achieve the intended results or otherwise be of value to our customers. Future enhancements and modifications to our technology could consume considerable resources. We may be required to enhance our payment systems with new technology, which could require significant expenditures. If we are unable to maintain and enhance our technology to process transactions, we may experience a materially adverse impact on our business, financial condition and results of operations.

If we are unable to protect our customers' credit card data and other personal information, we could be exposed to data loss, litigation and liability, and our reputation could be significantly harmed.

Privacy protection is increasingly demanding, and the use of electronic payment methods and collection of other personal information, including order history, travel history and other preferences, exposes XpresSpa to increased risk of privacy

and/or security breaches as well as other risks. XpresSpa's sales are by credit or debit cards. Additionally, XpresSpa collects and stores personal information from individuals, including its customers and employees.

In the future, XpresSpa may experience security breaches in which credit and debit card information or other personal information is stolen. Although XpresSpa uses secure private networks to transmit confidential information, third parties may have the technology or know-how to breach the security of the customer information transmitted in connection with credit and debit card sales, and its security measures and those of technology vendors may not effectively prohibit others from obtaining improper access to this information. The techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and are often difficult to detect for long periods of time, which may cause a breach to go undetected for an extensive period of time. Advances in computer and software capabilities, new tools, and other developments may increase the risk of such a breach. Further, the systems currently used for transmission and approval of electronic payment transactions, and the technology utilized in electronic payments themselves, all of which can put electronic payment at risk, are determined and controlled by the payment card industry, not by XpresSpa. In addition, contractors, or third parties with whom XpresSpa does business or to whom XpresSpa outsources business operations may attempt to circumvent its security measures in order to misappropriate such information and may purposefully or inadvertently cause a breach involving such information. If a person is able to circumvent XpresSpa's security measures or those of third parties, he or she could destroy or steal valuable information or disrupt XpresSpa's operations. XpresSpa may become subject to claims for purportedly fraudulent transactions arising out of the actual or alleged theft of credit or debit card information, and XpresSpa may also be subject to lawsuits or other proceedings relating to these types of incidents. Any such claim or proceeding could cause XpresSpa to incur significant unplanned expenses, which could have an adverse effect on its business or results of operations. Further, adverse publicity resulting from these allegations could significantly harm its reputation and may have a material adverse effect on it. Although XpresSpa carries cyber liability insurance to protect against these risks, there can be no assurance that such insurance will provide adequate levels of coverage against all potential claims.

Negative social media regarding XpresSpa could result in decreased revenues and impact XpresSpa's ability to recruit workers.

XpresSpa's affinity among consumers is highly dependent on their positive feelings about the brand, its customer service and the range and quality of services and products that it offers. A negative customer experience that is posted to social media outlets and is distributed virally could tarnish XpresSpa's brand and its customers may opt to no longer engage with the brand.

We employ people in multiple different jurisdictions, and the employment laws of those jurisdictions are subject to change. In addition, our services are regulated through government-issued operating licenses. Noncompliance with applicable laws could result in employee lawsuits or legal action taken by government authorities.

XpresSpa must comply with a variety of employment and business practices laws across the United States, Netherlands and United Arab Emirates. XpresSpa monitors the laws governing its activities, but in the event it does not become aware of a new regulation or fails to comply with a regulation, it could be subject to disciplinary action by governing bodies and potentially employee lawsuits.

We source, develop and sell products that may result in product liability defense costs and product liability payments.

XpresSpa's products contain ingredients that are deemed to be safe by the United States Federal Drug Administration and the Federal Food, Drug and Cosmetics Act. However, there is no guarantee that these ingredients will not cause adverse health effects to some consumers given the wide range of ingredients and allergies amongst the general population. XpresSpa may face substantial product liability exposure for products it sells to the general public or that is uses in its services. Product liability claims, regardless of their merits, could be costly and divert management's attention, and adversely affect XpresSpa's reputation and the demand for its products and services. XpresSpa to date has not been named as a defendant in any product liability action.

We have commenced legal proceedings and/or licensing discussions with security, content distribution and/or telecommunications companies. We expect that licensing discussions may be time consuming and may either, absent any litigation we initiate, fail to lead to a license, or may result in litigations commenced by the potential licensee.

To license or otherwise monetize the patent assets that we own, we have commenced legal proceedings and/or attempted to commence licensing discussions with a number of companies, during the course of which we allege that such companies infringe one or more of our patents. The future viability of our licensing program is highly dependent on the outcome of these discussions, and there is a risk that we may be unable to achieve the results we desire from such negotiations and be forced either to accept minimal royalties or commence litigations against the alleged infringer. In addition, the recipients of our licensing overtures have substantially more resources than we do, which could make our licensing efforts more difficult. Furthermore, due to changes in the approach to patent laws around the world it has become much easier for potential licensees to commence proceedings to revoke or otherwise nullify our patents in lieu of engaging in bona fide licensing discussions. There is a real risk that any potential licensee we approach would rather commence proceedings to revoke our patents than engage in any licensing discussions whatsoever.

We anticipate that any legal proceedings could continue for several years. While we endeavor, where possible, to engage counsel on a full or partial contingency basis, proceedings may commence that fall outside of contingency arrangements with counsel and may require significant expenditures for legal fees and other expenses. Disputes regarding the assertion of patents and other intellectual property rights are highly complex and technical. Once initiated, we may be forced to litigate against other parties in addition to the originally named defendants. Our adversaries may allege defenses and/or file counterclaims for, among other things, revocation of our patents or file collateral litigations in an effort to avoid or limit liability and damages for patent infringement. If such actions by our adversaries are successful, they may preclude our ability to derive licensing revenue from the patents being asserted.

There is a risk that we may be unable to achieve the results we desire from such litigation, which may harm our business. In addition, the defendants in these litigations have substantially more resources than we do, which could make our litigation efforts more difficult.

A court may find our patents invalid, not infringed or unenforceable and/or the USPTO or other relevant patent offices in various countries may either invalidate the patents or materially narrow the scope of their claims during the course of a reexamination, opposition or other such proceeding. In addition, even with a positive trial court verdict, the patents may be invalidated, found not infringed or rendered unenforceable on appeal. This risk may occur either presently or from time to time in connection with future litigations we may bring.

Patent litigation is inherently risky, and the outcome is uncertain. Some of the parties that we believe infringe on our patents are large and well-financed by companies with substantially greater resources than ours. We believe that these parties may devote a substantial amount of resources in an attempt to avoid or limit a finding that they are liable for infringing on our patents or, in the event liability is found, to avoid or limit the amount of associated damages. In addition, there is a risk that these parties may file reexaminations or other proceedings with the USPTO or other government agencies in the United States or abroad in an attempt to invalidate, narrow the scope or render unenforceable the patents we own. In addition, as part of our ongoing legal proceedings, the validity and/or enforceability of our patents-in-suit is often challenged in a court or an administrative proceeding.

We and our subsidiaries have been, are, and may become involved in litigation that could divert management's attention and harm our businesses.

Litigation often is expensive and diverts management's attention and resources, which could adversely affect our businesses. We may be exposed to claims against us even if no wrongdoing has occurred. Responding to such claims, regardless of their merit, can be time consuming, costly to defend, disruptive to our management's attention and to our resources, damaging to our reputation and brand, and may cause us to incur significant expenses. Even if we are indemnified against such costs, the indemnifying party may be unable to uphold its contractual obligations.

New legislation, regulations or court rulings related to enforcing patents could harm our business and operating results.

Intellectual property is the subject of intense scrutiny by the courts, legislatures and executive branches of governments around the world. Various patent offices, governments or intergovernmental bodies may implement new legislation, regulations or rulings that impact the patent enforcement process, or the rights of patent holders and such changes could negatively affect licensing efforts and/or litigations. For example, limitations on the ability to bring patent enforcement claims, limitations on potential liability for patent infringement, lower evidentiary standards for invalidating patents, increases in the cost to resolve patent disputes and other similar developments could negatively affect our ability to assert our patent or other intellectual property rights.

It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become enacted as laws. Compliance with any new or existing laws or regulations could be difficult and expensive, affect the manner in which we conduct our business and negatively impact our business, prospects, financial condition and results of operations.

Our failure or inability to protect the trademarks or other proprietary rights we use or claims of infringement by us of rights of third parties, could adversely affect our competitive position or the value of our brands.

We believe that our trademarks and other proprietary rights are important to our success and our competitive position. However, any actions that we take to protect the intellectual property we use may not prevent unauthorized use or imitation by others, which could have an adverse impact on our image, brand or competitive position. If we commence litigation to protect our interests or enforce our rights, we could incur significant legal fees. We also cannot provide assurance that third parties will not claim infringement by us of their proprietary rights. Any such claim, whether or not it has merit, could be time consuming and distracting for our management, result in costly litigation, cause changes to existing retail concepts or delays in introducing retail concepts, or require us to enter into royalty or licensing agreements. As a result, any such claim could have a material adverse impact on our business, financial condition and results of operations.

Our recent acquisition of HyperPointe, and any future acquisitions or business opportunities, could involve unknown risks that could harm our business and adversely affect our financial condition and results of operations.

In January 2022, we acquired HyperPointe. In addition, we have in the past, and may in the future, acquire businesses or make investments, directly or indirectly through our subsidiaries, that involve unknown risks, some of which will be particular to the industry in which the investment or acquisition targets operate, including risks in industries with which we are not familiar or experienced. Although we intend to conduct appropriate business, financial and legal due diligence in connection with the evaluation of future investment or acquisition opportunities, there can be no assurance that our due diligence investigations will identify every matter that could have a material adverse effect on us. We may be unable to adequately address the financial, legal and operational risks raised by such investments or acquisitions, especially if we are unfamiliar with the relevant industry. The realization of any unknown risks could expose us to unanticipated costs and liabilities and prevent or limit us from realizing the projected benefits of the investments or acquisitions, which could adversely affect our financial condition, liquidity, results of operations, and trading price.

Laws regulating the corporate practice of medicine could restrict the manner in which we are permitted to conduct our XpresCheck and Treat businesses, and the failure to comply with such laws could subject us to penalties or require a restructuring of our business.

In operating our XpresCheck business, we have MSAs with state licensed physicians and nurse practitioners, under which we administer COVID-19 testing options, in 15 locations operating in 12 airports. We also have MSAs for operating our Treat business. Some of the states in which we currently operate this business have laws that prohibit business entities from directly owning physician practices, practicing medicine, employing physicians to practice medicine, exercising control over medical decisions by physicians or engaging in certain arrangements, such as fee-splitting, with physicians (such activities are generally referred to as the “corporate practice of medicine”). In some states these prohibitions are expressly stated in a statute or regulation, while in other states the prohibition is a matter of judicial or regulatory interpretation. Other states in which we may operate in the future may also generally prohibit the corporate practice of medicine. While we endeavor to comply with state corporate practice of medicine laws and regulations as we interpret

them in the operation of our XpresCheck and Treat businesses, the laws and regulations in these areas are complex, changing, and often subject to varying interpretations. The interpretation and enforcement of these laws vary significantly from state to state. Penalties for violations of the corporate practice of medicine vary by state and may result in physicians being subject to disciplinary action, as well as to forfeiture of revenue from payors for services rendered. For business entities such as us, violations may also bring both civil and, in more extreme cases, criminal liability for engaging in medical practice without a license.

Some of the relevant laws, regulations and agency interpretations in states with corporate practice of medicine restrictions have been subject to limited judicial and regulatory interpretation, and state laws and regulations are subject to change. Regulatory authorities and other parties in some states may assert that our MSAs mean that, through our XpresCheck and Treat businesses, we are engaged in the prohibited corporate practice of medicine. If this were to occur, we could be subject to civil and/or criminal penalties, our MSAs with physicians could be found legally invalid and unenforceable (in whole or in part) or we could be required to restructure our arrangements with physicians, in each case in one or more of the jurisdictions in which we operate. Any of these outcomes may have a material adverse effect on our business, results of operations, financial condition, cash flows in our XpresCheck and Treat businesses and our reputation overall.

Risks Related to our Capital Stock

Stock prices can be volatile, and this volatility may depress the price of our common stock.

The stock market has experienced significant price and volume fluctuations, which have affected the market price of many companies in ways that may have been unrelated to those companies' operating performance. Furthermore, we believe that our stock price may reflect certain future growth and profitability expectations. If we fail to meet these expectations, then our stock price may significantly decline, which could have an adverse impact on investor confidence. We believe that various factors may cause the market price of our common stock to fluctuate, perhaps substantially, including, among others, the following:

- the effects that COVID-19 might have on our results of operations and financial position;
- additions to or departures of our key personnel;
- announcements of innovations by us or our competitors;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, capital commitments, or new technologies;
- new regulatory pronouncements and changes in regulatory guidelines;
- developments or disputes concerning our patents and efforts in licensing and/or enforcing our patents;
- lawsuits, claims, and investigations that may be filed against us, and other events that may adversely affect our reputation;
- changes in financial estimates or recommendations by securities analysts; and
- general and industry-specific economic conditions.

Our ability to raise additional capital through equity offerings is constrained due to relatively few authorized shares available for future issuance.

Our ability to raise additional equity capital is currently constrained because we have relatively few authorized shares of common stock that are not issued and outstanding or reserved for future issuance, and we may need to increase our authorized shares or undertake a reverse stock split in the near future to maintain our flexibility in access the equity capital markets. If we are unable to obtain additional funding on a timely basis, we may be required to curtail or terminate some or all of our business plans. Any such financing that we undertake will likely be dilutive to our current stockholders.

The exercise of a substantial number of warrants or options by our security holders may have an adverse effect on the market price of our common stock.

Should our warrants and options outstanding as of March 28, 2022 be exercised, there would be an additional 28,292,472 shares of common stock eligible for trading in the public market. The incentive equity instruments granted to our management, employees, directors and consultants are subject to acceleration of vesting of 75% and 100% (according to the agreement signed with each grantee) upon a subsequent change of control. Such securities, if exercised, will increase the number of issued and outstanding shares of our common stock. Therefore, the sale of the shares of common stock underlying the warrants and options could have an adverse effect on the market price for our securities and/or on our ability to obtain future financing.

We have no current plans to pay dividends on our common stock, and our investors may not receive funds without selling their stock.

We have not declared or paid any cash dividends on our common stock, nor do we expect to pay any cash dividends on our common stock for the foreseeable future. Investors seeking cash dividends should not invest in our common stock for that purpose. We currently intend to retain any additional future earnings to finance our operations and growth and, therefore, we have no plans to pay cash dividends on our common stock at this time. Any future determination to pay cash dividends on our common stock will be at the discretion of our Board of Directors and will be dependent on our earnings, financial condition, operating results, capital requirements, any contractual restrictions, and other factors that our Board of Directors deems relevant.

Accordingly, our investors may have to sell some or all of their common stock in order to generate cash from their investment. You may not receive a gain on your investment when you sell our common stock and may lose the entire amount of your investment.

The market price of our common stock historically has been and likely will continue to be highly volatile.

The market price for our shares of common stock historically has been highly volatile, and the market for our shares has from time-to-time experienced significant price and volume fluctuations, based both on our operating performance and for reasons that appear to be unrelated to our operating performance. The market price of our shares of common stock may fluctuate significantly in response to a number of factors, including:

- the continuing impact of COVID-19 on our business, financial condition, results of operations and cash flows;
- the level of our financial resources;
- our ability to develop and introduce new products and services;
- developments concerning our intellectual property rights generally or those of us or our competitors;
- our ability to raise additional capital to fund our operations and business plan and the effects that such financing may have on the value of the equity instruments held by our stockholders;

- our ability to retain key personnel;
- general economic conditions and level of consumer and corporate spending on health and wellness, and travel;
- our ability to hire a skilled labor force and the costs associated;
- our ability to secure new retail locations, maintain existing ones, and ensure continued customer traffic at those locations;
- changes in securities analysts' estimates of our financial performance or deviations in our business and the trading price of our common stock from the estimates of securities analysts;
- our ability to protect our customers' financial data and other personal information;
- the loss of one or more of our significant suppliers;
- unexpected trends in the health and wellness and travel industries and potential technology and service obsolescence;
- market acceptance, quality, pricing, availability and useful life of our products and/or services, as well as the mix of our products and services sold; and
- lawsuits, claims, and investigations that may be filed against us and other events that may adversely affect our reputation.

Our failure to meet the continued listing requirements of The Nasdaq Capital Market could result in a delisting of our common stock.

The continued listing standards of Nasdaq provide, among other things, that a company may be delisted if the bid price of its stock drops below $1.00 for a period of 30 consecutive business days or if stockholders' equity is less than $2,500,000. On January 2, 2020, we received a deficiency letter from The Nasdaq Stock Market which indicated that we were not in compliance with the minimum bid price requirement. Although we were able to regain compliance by the applicable deadline, our stock price may fall below the minimum bid price in the future and we may be unable to regain compliance. Additionally, if we fail to comply with any other continued listing standards of Nasdaq, our common stock would also be subject to delisting. If that were to occur, our common stock would be subject to rules that impose additional sales practice requirements on broker-dealers who sell our securities. The additional burdens imposed upon broker-dealers by these requirements could discourage broker-dealers from effecting transactions in our common stock. This would significantly and negatively affect the ability of investors to trade our securities and would significantly and negatively affect the value and liquidity of our common stock. These factors could contribute to lower prices and larger spreads in the bid and ask prices for our common stock. Delisting of our common stock also would likely have a negative effect on the price of our common stock and would impair your ability to sell or purchase our common stock when you wish to do so. Further, if we were to be delisted from The Nasdaq Capital Market, our common stock would cease to be recognized as covered securities and we would be subject to regulation in each state in which we offer our securities. If we seek to implement a reverse stock split in order to remain listed on The Nasdaq Capital Market, the announcement and/or implementation of a reverse stock split could significantly negatively affect the price of our common stock.

Delisting from Nasdaq could adversely affect our ability to raise additional financing through the public or private sale of equity securities, would significantly affect the ability of investors to trade our securities and would negatively affect the value and liquidity of our common stock. Delisting could also have other negative results, including the potential loss of confidence by employees, the loss of institutional investor interest and fewer business development opportunities.

Our common stock has historically traded in low volumes. We cannot predict whether an active trading market for our common stock will ever develop. Even if an active trading market develops, the market price of our common stock may be significantly volatile.

Historically, our common stock has experienced a lack of consistent trading liquidity. In the absence of an active trading market you may have difficulty buying and selling our common stock at all or at the price you consider reasonable; and market visibility for shares of our common stock may be limited, which may have a depressive effect on the market price for shares of our common stock and on our ability to raise capital or make acquisitions by issuing our common stock.

Anti-takeover provisions of Delaware law, provisions in our charter and bylaws, and our stockholder rights plan could prevent or frustrate attempts by stockholders to change our Board of Directors or current management and could delay, discourage or make more difficult a third-party acquisition of control of us.

We are a Delaware corporation and, as such, certain provisions of Delaware law could prevent or frustrate attempts by stockholders to change the Board of Directors or current management, or could delay, discourage or make more difficult a third-party acquisition of control of us, even if the change in control would be beneficial to stockholders or the stockholders regard it as such. We are subject to the provisions of Section 203 of the Delaware General Corporation Law ("DGCL"), which prohibits certain "business combination" transactions (as defined in Section 203) with an "interested stockholder" (defined in Section 203 as a 15% or greater stockholder) for a period of three years after a stockholder becomes an "interested stockholder," unless the attaining of "interested stockholder" status or the transaction is pre-approved by our Board of Directors, the transaction results in the attainment of at least an 85% ownership level by an acquirer or the transaction is later approved by our Board of Directors and by our stockholders by at least a $66^2/_3$ percent vote of our stockholders other than the "interested stockholder," each as specifically provided in Section 203.

Our certificate of incorporation and our bylaws, each as currently in effect, also contain certain provisions that may delay, discourage or make more difficult a third-party acquisition of control of us. Such provisions include a provision that any vacancies on our Board of Directors may only be filled by a majority of the directors then serving, although not a quorum, and not by the stockholders and the ability of our Board of Directors to issue preferred stock, without stockholder approval, that could dilute the stock ownership of a potential unsolicited acquirer and hinder an acquisition of control of us that is not approved by our Board of Directors, including through the use of preferred stock in connection with a stockholder rights plan.

We have also adopted a stockholder rights plan in the form of a Section 382 Rights Plan, designed to help protect and preserve our substantial tax attributes primarily associated with our NOLs under Section 382 of the Internal Revenue Code and research tax credits under Sections 382 and 383 of the Internal Revenue Code and related United States Treasury regulations, which was approved by our stockholders in December 2016 and expires in March 2022. Although this is not the purpose of the Section 382 Rights Plan, it could have the effect of making it uneconomical for a third party to acquire us on a hostile basis.

These provisions of the DGCL, our certificate of incorporation and bylaws, and our Section 382 Rights Plan may delay, discourage or make more difficult certain types of transactions in which our stockholders might otherwise receive a premium for their shares over the current market price, and might limit the ability of our stockholders to approve transactions that they think may be in their best interest.

Having availed ourselves of scaled disclosure available to smaller reporting companies, we cannot be certain if such reduced disclosure will make our common stock less attractive to investors.

Under Section 12b-2 of the Exchange Act, a "smaller reporting company" is a company that is not an investment company, an asset-backed issuer, or a majority-owned subsidiary of a parent company that is not a smaller reporting company, and has a public float of less than $250 million and annual revenues of less than $100 million during the most recently completed fiscal year. Similar to emerging growth companies, smaller reporting companies are permitted to provide simplified executive compensation disclosure in their filings; they are exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that independent registered public accounting firms provide an attestation report on the effectiveness of internal controls over financial reporting; and they have certain other decreased disclosure obligations in

their SEC filings, including, among other things, only being required to provide two years of audited financial statements in annual reports. Decreased disclosure in our SEC filings as a result of our having availed ourselves of scaled disclosure may make it harder for investors to analyze our results of operations and financial prospects.

Other Risk Factors

Our confidential information may be disclosed by other parties.

We routinely enter into non-disclosure agreements with other parties, including but not limited to vendors, law firms, parties with whom we are engaged in negotiations, and employees. However, there exists a risk that those other parties will not honor their contractual obligations to not disclose our confidential information. This may include parties who breach such obligations in the context of confidential settlement offers and/or negotiations. In addition, there exists a risk that, upon such breach and subsequent dissemination of our confidential information, third parties and potential licensees may seek to use such confidential information to their advantage and/or to our disadvantage including in legal proceedings in which we are involved. Our ability to act against such third parties may be limited, as we may not be in privity of contract with such third parties.

We may fail to meet publicly announced financial guidance or other expectations about our business, which would cause our stock to decline in value.

From time to time, we provide preliminary financial results or forward-looking financial guidance, to our investors. Such statements are based on our current views, expectations and assumptions that may not prove to be accurate and may vary from actual results and involve known and unknown risks and uncertainties that may cause actual results, performance, achievements or share prices to be materially different from any future results, performance, achievements or share prices expressed or implied by such statements. Such risks and uncertainties include the risk factors contained herein. If we fail to meet our projections and/or other financial guidance for any reason, our stock price could decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

As of December 31, 2021, besides our Global Support Center to 254 West 31st Street in New York City, XpresSpa Group had 52 spa and clinic locations in 24 airports, in the United States, Netherlands and United Arab Emirates. All of the locations as of that date were leased, typically with one or two renewal options after the initial term. Economic terms vary by type and location of store and, on average, the lease terms are 5-8 years with several stores operating on a month-to-month basis. We believe that our facility is adequate to accommodate our business needs.

ITEM 3. LEGAL PROCEEDINGS

Litigation and legal proceedings

Certain of our outstanding legal matters include speculative claims for substantial or indeterminate amounts of damages. We regularly evaluate developments in our legal matters that could affect the amount of any potential liability and make adjustments as appropriate. Significant judgment is required to determine both the likelihood of there being any potential liability and the estimated amount of a loss related to our legal matters.

With respect to our outstanding legal matters, based on our current knowledge, our management believes that the amount or range of a potential loss will not, either individually or in the aggregate, have a material adverse effect on our business, consolidated financial position, results of operations or cash flows. However, the outcome of such legal matters is inherently unpredictable and subject to significant uncertainties. We evaluated the outstanding legal matters and assessed the probability and likelihood of the occurrence of liability. Based on management's estimates, we have recorded a liability of approximately $0.8 million for all outstanding legal matters as of December 31, 2021 which is included in *"Accounts payable, accrued expenses and other current liabilities"* in the consolidated balance sheet. Related legal fees are recorded in the period in which they are incurred.

In re Chen et al.

In March 2015, four former XpresSpa employees who worked at XpresSpa locations in John F. Kennedy International Airport and LaGuardia Airport filed a putative class and collective action wage-hour litigation in the United States District Court, Eastern District of New York. *In re Chen et al.*, CV 15-1347 (E.D.N.Y.) against the Company and the Company's founders Moreton and Marisol Binn (the "Binns"). Plaintiffs claimed that they and other spa technicians around the country were misclassified as exempt commissioned salespersons under Section 7(i) of the federal Fair Labor Standards Act ("FLSA"). Plaintiffs also asserted class claims for unpaid overtime on behalf of New York spa technicians under the New York Labor Law, and discriminatory employment practices under New York State and City laws. On July 1, 2015, the plaintiffs moved to have the court authorize notice of the FLSA misclassification claim sent to all employees in the spa technician job classification at XpresSpa locations around the country in the last three years. Defendants opposed the motion. On February 16, 2016, the Magistrate Judge assigned to the case issued a Report & Recommendation, recommending that the District Court Judge grant the plaintiffs' motion. On March 1, 2016, the defendants filed Opposition to the Magistrate Judge's Report & Recommendation, arguing that the District Court Judge should reject the Magistrate Judge's findings. On September 23, 2016, the court ruled in favor of the plaintiffs and conditionally certified the class. The parties held a mediation on February 28, 2017 and reached an agreement on a settlement in principle. On September 6, 2017, the parties entered into a settlement agreement. On September 15, 2017, the parties filed a motion for settlement approval with the Court. XpresSpa subsequently paid the agreed-upon settlement amount to the settlement claims administrator to be held in escrow pending a fairness hearing and final approval by the Court. On March 30, 2018, the Court entered a Memorandum and Order denying the motion without prejudice to renewal due to questions and concerns the Court had about certain settlement terms. On April 24, 2018, the parties jointly submitted a supplemental letter to the Court advocating for the fairness and adequacy of the settlement and appeared in Court on April 25, 2018 for a hearing to discuss the settlement terms in greater detail with the assigned Magistrate Judge. At the conclusion of the hearing, the Court still had questions about the adequacy and fairness of the settlement terms, and the Judge asked that the parties jointly submit additional information to the Court addressing the open issues. The parties submitted such information to the Court on May 18, 2018.

On August 21, 2019, the Court issued an Order denying the parties' motion for preliminary approval of the revised settlement, as the Court still had concerns about several of the settlement terms. At the December 6, 2019 Status Conference with the Court, the Court reiterated its denial of preliminary approval of the proposed settlement agreement. The Court instructed a notice of pendency to be disseminated to putative collective members, who will then have a 60-day window to decide whether to participate in the case. On or about August 10, 2020, the parties entered into settlement agreements.

On June 6, 2020, the Company participated in a status conference with the Court, and the parties discussed the possibility of entering into a new settlement agreement that addresses the Court's concerns. On or about August 5, 2020, the parties entered into settlement agreements and sought a preliminary approval order from the Court. On March 30, 2021, the Court issued an Order conditionally granting the motion for preliminary approval subject to resolution of certain issues pertaining to administration of the settlement. On April 6, 2021, Plaintiffs' counsel wrote to the Court regarding their proposed resolution on such issues and the Court ultimately granted preliminary approval on May 25, 2021. Notice of the settlement was sent out to the class members on June 22, 2021 and a fairness hearing with the Court was scheduled for September 23, 2021.

On October 1, 2021, the Court issued an Order granting the parties' motion for final approval of the settlement. There were no appeals and the settlement was effective as of November 2, 2021. The Settlement Administrator has confirmed

to the parties that settlement checks have been distributed to the Class on November 5, 2021. The Judge marked the case as closed on the docket on November 10, 2021.

Kyle Collins v. Spa Products Import & Distribution Co., LLC et al

This is a combined class action and California Private Attorney's General Act ("PAGA") action. Plaintiff seeks to recover wages, penalties and PAGA penalties for claims for (1) failure to provide meal periods, (2) failure to provide rest breaks, (3) failure to pay overtime, (4) inaccurate wage statements, (5) waiting time penalties, and (6) PAGA penalties of $100 per employee per pay period per violation. There are approximately 240 current and former employees in the litigation class. The parties agreed to mediation on May 26, 2020, however, due to COVID-19 the parties subsequently stayed all proceedings. The mediation session occurred on March 18, 2021 and the matter was settled. A revised motion for preliminary approval of the settlement was filed with the Court in February 2022 and this motion is pending.

In addition to those matters specifically set forth herein, the Company and its subsidiaries are involved in various other claims and legal actions that arise in the ordinary course of business. The Company does not believe that the ultimate resolution of these actions will have a material adverse effect on the Company's financial position, results of operations, liquidity, or capital resources. However, a significant increase in the number of these claims, or one or more successful claims under which the Company incurs greater liabilities than the Company currently anticipates, could materially adversely affect the Company's business, financial condition, results of operations and cash flows.

In the event that an action is brought against the Company or one of its subsidiaries, the Company will investigate the allegation and vigorously defend itself.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock, par value $0.01 per share, has been listed under the trading symbol "XSPA" since January 8, 2018.

On June 11, 2020, the Company effected a 1-for-3 reverse stock split, whereby every three shares of its common stock was reduced to one share of its common stock and the price per share of its common stock was multiplied by 3**.** All references to shares and per share amounts have been adjusted to reflect the reverse stock split.

Stockholders

As of March 28, 2022, we had 100 stockholders of record of the 95,071,210 outstanding shares of our common stock. This does not reflect persons or entities that hold their stock in nominee or "street" name through various brokerage firms.

Dividend Policy

We have never declared or paid any cash dividends on our capital stock, and do not anticipate paying any cash dividends on our capital stock in the foreseeable future. We currently intend to retain future earnings, if any, to finance our operations and to expand our business. Any future determination to pay cash dividends will be at the discretion of our Board of Directors and will be dependent upon our financial condition, operating results, capital requirements and other factors that our Board of Directors considers appropriate.

Issuer Purchases of Equity Securities

During 2021, we executed on our share repurchase program, repurchasing and redeeming 4.7 million shares at average cost of $1.66 per share, for a total of $7.8 million.

During March 2022, the Company continuing to execute on its share repurchase program, repurchased 7.1 million shares at average cost of $1.55 per share, for a total of $11.1 million.

Unregistered Sales of Equity Securities

None.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless otherwise stated, dollar amounts are provided in thousands, except share and per share data.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with, and is qualified in its entirety by, our consolidated financial statements (including notes to the consolidated financial statements) and the other consolidated financial information appearing elsewhere in this Annual Report on Form 10-K. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. Actual results and timing of events could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

XpresSpa Group, Inc. is one of the leading global travel health and wellness services holding companies. XpresSpa Group currently has three reportable operating segments: XpresSpa, XpresTest, and Treat.

XpresSpa has been a global airport retailer of spa services through its XpresSpa spa locations, offering travelers premium spa services, including massage, nail and skin care, as well as spa and travel products (“XpresSpa”).

Through XpresSpa Group’s subsidiary XpresTest, we launched XpresCheck Wellness Centers, also in airports. XpresCheck offers COVID-19 and other medical diagnostic testing services to the traveling public, as well as airline, airport and concessionaire employees, and TSA and U.S. Customs and Border Protection agents. XpresTest has entered into MSAs with professional medical services companies or professional limited liability companies (“PLLC”) that provide health care services to patients. The PLLCs pay XpresTest a monthly fee to operate in the XpresCheck Wellness Centers. Under the terms of MSAs, we provide office space, equipment, supplies, non-licensed staff, and management services in return for a management fee. Effective July 1, 2021, we determined that the PLLCs are VIEs due to their equity holders having insufficient capital at risk, and the Company having a variable interest and a primary beneficiary in these PLLCs.

Furthermore, XpresSpa Group continues to develop Treat, a travel health and wellness brand that is positioned for a post-pandemic world. Treat’s on-site centers (currently located in JFK International Airport and opening in April 2022 in Phoenix Sky Harbor International Airport and later this year in Salt Lake City International Airport) provide access to health and wellness services for travelers. Our teams provide travel-related diagnostic testing for virus, cold, flu and other illnesses as well as hydration therapy, IV Drips, and vitamin injections. Travelers can purchase time blocks to use our wellness rooms to engage in interactive services like self-guided yoga, meditation and low impact weight exercises or to relax and unplug from the hectic pace of the airport and renew themselves before or after their trip.

Although we recognize three segments of business, our strategy for the future, is to create and leverage a fully integrated set of products and services that are both profitable and scalable across our portfolio of brands. Additionally, we will expand our retail strategy, not only adding more products for sale but aligning those products more efficiently to our service offerings. For example, adding fortified water and hydration packets to the delivery of an onsite hydration IV or adding muscle relaxation patches to a neck or back massage to continue treatment after the delivery of the service.

We also plan to build our capability for delivering health and wellness services outside the airport. We believe operating outside of the airport complements our offering and allows us to scale growth faster.

We will be looking to further expand internationally. While international travel has not picked back up to pre-pandemic levels, we want to be opportunistic in our approach, taking advantage of the current market to grow in preparation for a full return of travel, We believe a strategy for international expansion further advances our overall biosurveillance efforts.

These strategic imperatives will be accomplished through development of an infrastructure specifically focused on enabling scalable and efficient growth.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Treat offers a website (www.treat.com) and mobile app to complement the offering with relevant health and wellness content designed to help people on the go with information that could impact their travel. The platform provides travelers access to a comprehensive online marketplace of services including global illness tracker tools such as the COVID-19 Requirements Map, on-demand chat care by licensed providers, a health wallet to store personal and family health records (including COVID-19 testing results), and a scheduler to arrange for direct care at one of our on-site locations.

In March 2020, we temporarily closed all global XpresSpa locations due to the categorization by local jurisdictions of the spa locations as “non-essential services.” A significant number of our XpresSpa locations remain closed, although several have reopened as described under "Recent Developments -XpresSpa Premium Spa Services" below. We intend to assess the reopening of remaining XpresSpa®™ spa locations on a location-by-location basis.

Since the beginning of the temporary closure of our XpresSpa locations, we successfully launched our XpresCheck Wellness Centers, offering such testing services, as described above. Also, we continue to evaluate alternative testing protocols and work in partnership with airlines and others for safe travels.

While management has used all currently available information in assessing our business prospects, the ultimate impact of the COVID-19 pandemic on our XpresCheck Wellness Centers and on our results of operations, financial condition and cash flows remains uncertain and could have a material effect on our business.

Recent Developments

XpresCheck Wellness Centers

XpresCheck’s business has management services agreements with state licensed physicians and nurse practitioners, under which we administer COVID-19 testing options, including a Polymerase Chain Reaction (PCR) test and a rapid PCR test. As of the date of this report, there are 15 operating XpresCheck locations operating in 12 airports, including the following locations opened since December 31, 2020:

- On January 12, 2021, we opened our second XpresCheck Wellness Center at Boston’s Logan International Airport. It contains seven separate testing rooms to provide diagnostic COVID-19 testing.

- On January 20, 2021, we announced the opening of an XpresCheck Wellness Center at Salt Lake City International Airport. It contains four separate testing rooms to provide diagnostic COVID-19 testing.

- On February 16, 2021, we announced the opening of our second XpresCheck testing facility at Newark Liberty International Airport. It contains four separate testing rooms to provide diagnostic COVID-19 testing.

- On March 8, 2021, we announced the opening of an XpresCheck Wellness Center at Houston George Bush Intercontinental Airport. It contains four separate testing rooms to provide diagnostic COVID-19 testing.

- On March 15, 2021, we announced the opening of XpresCheck Wellness Centers at Dulles International and Reagan National Airports in Virginia, containing nine and four separate testing rooms, respectively, to provide diagnostic COVID-19 testing.

- On April 8, 2021, we announced the opening of an XpresCheck Wellness Center at Seattle-Tacoma International Airport. It contains eight separate testing rooms to provide diagnostic COVID-19 testing.

- On April 21, 2021, we announced the opening of an XpresCheck Wellness Center at San Francisco International Airport. It contains nine separate testing rooms to provide diagnostic COVID-19 testing.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

- On October 13, 2021, we opened an XpresCheck Wellness Center at Hartsfield-Jackson Atlanta International Airport (ATL) Concourse E, converting a legacy XpresSpa located in Concourse E. It contains six separate testing rooms to provide diagnostic COVID-19 testing.

- In February 2022, a second XpresCheck opened at Denver International Airport, pre-security in the Great Hall. It contains six separate testing rooms to provide diagnostic COVID-19 testing.

- In March 2022, we opened an XpresCheck in Orlando International Airport, pre-security, in the South Walk area of the Main Terminal. It contains five separate testing rooms to provide diagnostic COVID-19 testing.

During 2021, XpresCheck initiated a $2,001, eight-week pilot program with the Centers for Disease Control and Prevention (CDC) in collaboration with Concentric by Ginkgo. Under this program, XpresCheck is conducting biosurveillance monitoring at four major U.S. airports (JFK International Airport, Newark Liberty International Airport, San Francisco International Airport, and Hartsfield-Jackson Atlanta International Airport) aimed at identifying existing and new SARS-CoV-2 variants. On January 31, 2022, we announced the extension of the program, bringing the total contract to $5,534. Approximately $1,557 of the original $2,001 in revenue was recognized during the fourth quarter of 2021. We anticipate the remaining $3,977 of the full $5,534 amount will be realized in the first and second quarters of 2022.

XpresSpa Premium Spa Services

There are currently sixteen operating XpresSpa domestic locations (including one franchise location in Austin-Bergstrom International Airport) and we expect to re-open four additional domestic locations in the near-term. A majority of the domestic XpresSpa locations are operating approximately eight hours per day during the busiest hours (compared to up to sixteen hours per day pre-pandemic) improving labor productivity. Additionally, XpresSpa implemented a price increase in mid-October 2021 which further improved profitability. And as airport volumes improve, we will continue to review our operating hours to optimize revenue opportunity.

During the fourth quarter, we began testing several new services to take advantage of a growing interest in non-traditional spa services and expansion of our retail offering to align more closely with the services we provide. We are evaluating the success of these new initiatives at each airport on an on-going basis and will incorporate changes to our approach as more of the portfolio is reactivated.

There are also six international locations operating, including three XpresSpa locations in Dubai International Airport in the United Arab Emirates and three XpresSpa locations in Schiphol Amsterdam Airport in the Netherlands. We have also signed for five locations at Istanbul Airport and expect to open the first store this summer.

Treat

Treat is our new travel, health and wellness brand transforming the way we access care through a suite of health and wellness services supported by an integrated digital platform and a relevant retail offering to the traveling public.

Treat’s on-site centers (currently located in JFK International Airport and opening soon in Phoenix Sky Harbor International Airport and later this year in Salt Lake City International Airport) provide access to health and wellness services for travelers. Our teams provide travel-related diagnostic testing for virus, cold, flu and other illnesses as well as hydration therapy, IV Drips, and vitamin injections. Travelers can purchase time blocks to use our wellness rooms to engage in interactive services like self-guided yoga, meditation and low impact weight exercises or to relax and unplug from the hectic pace of the airport and renew themselves before or after their trip.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Treat offers a website (www.treat.com) and mobile app to complement the offering with relevant health and wellness content designed to help people on the go with information that could impact their travel. The platform provides travelers access to a comprehensive online marketplace of services including global illness tracker tools such as the COVID-19 Requirements Map, on-demand chat care by licensed providers, a health wallet to store personal and family health records (including COVID-19 testing results), and a scheduler to arrange for direct care at one of our on-site locations.

HyperPointe Acquisition

In January 2022, we announced and closed on the acquisition of GCG Connect, LLC d/b/a HyperPointe. HyperPointe is a leading digital healthcare and data analytics relationship marketing agency servicing the global healthcare and pharmaceutical industry. HyperPointe has significant experience in patient and healthcare professional marketing and deep technological experience with CXM (customer experience management) and data analytics. Since June 2020, HyperPointe's management team and suite of services and technology have been used to develop and deploy the technological infrastructure needed to scale the growth of our XpresCheck® business HyperPointe's experience in this space continues to serve the XpresCheck business and will play a critical role in the expansion of on-going biosurveillance efforts.

Terms of the transaction were $5,612 in cash, and $1,000 in common stock, as well as potential additional earn-out payments of up to $7,500 over a three-year timeframe based upon future performance; these earn-out payments may be satisfied in cash or common stock or a combination thereof subject to various terms and conditions.

HyperPointe currently operates as a stand-alone entity within XpresSpa Group. Ezra Ernst, who is the current CEO of HyperPointe, also serves as CEO of XpresCheck, reporting to Scott Milford, XpresSpa Group CEO. Mr. Ernst is spearheading efforts to further integrate XpresCheck's biosurveillance screening and testing business with HyperPointe's customer experience management technology and data management know how in the healthcare and pharmaceutical verticals to further drive new revenue opportunities.

Liquidity

As of December 31, 2021, we had approximately $105,506 of cash and cash equivalents, total current assets of approximately $108,979. Our total current liabilities balance, which includes primarily accounts payable, accrued expenses, deferred revenue, the current portion or promissory note, and the current portion of operating lease liabilities was $19,827 as of December 31, 2021. The working capital was $89,152 as of December 31, 2021, compared to a working capital of $78,302 as of December 31, 2020.

During 2021, holders of the Company's December 2020 Investor Warrants, December 2020 Placement Agent Warrants and December 2020 Placement Agent Tail Fee Warrants exercised a total of 11,273,529 warrants for common shares. The Company received gross proceeds of approximately $19,245. In accordance with the placement agent agreements with H.C. Wainwright & Co., LLC and Palladium, the Company paid cash fees of $2,162 and issued 846,588 warrants to H.C. Wainwright & Co., LLC at an exercise price of $2.125 per share and 325,500 warrants to Palladium at an exercise price of $1.70 per share.

While we have aggressively reduced operating and overhead expenses, and we continue to focus on our overall profitability, we have been able to generate positive cash flows from operations, and Net Income. We expect to achieve future profitability, in the light of various growth initiatives that we have implemented.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

B3D Senior Secured Loan

On January 9, 2020, as compensation for the consent of B3D to the CC Agreement, we entered into the Fifth Credit Agreement Amendment with B3D in order to (i) increase the principal amount owed to B3D from $7,000 to $7,150, which additional $150 in principal and any interest accrued thereon will become convertible, at B3D's option, into shares of our common stock upon receipt of the approval of our stockholders, which was obtained on May 28, 2020 and (ii) provide for the advance payment of 97,223 shares of common stock in satisfaction of the interest payable pursuant to the B3D Note for the months of October, November and December 2020. The common stock was issued to B3D on January 14, 2020. We capitalized a $150 fee charged by the lender to consent to the CC Agreement.

The total of fees paid to the lender as consideration for entering into the Fourth and Fifth Credit Agreement Amendments of $650 was capitalized and was being amortized over the remaining term of the B3D Note. We recorded amortization expense of $62 related to these capitalized costs, which is included in Interest expense in our consolidated statements of operations and comprehensive loss.

On March 6, 2020, XpresSpa Holdings entered into the Sixth Credit Agreement Amendment with B3D in order to, among other provisions, (i) increase the principal amount owed to B3D from $7,150 to $7,900, which additional $750 in principal, comprised of $500 in new funding and $250 in debt issuance costs, and any interest accrued thereon will be convertible, at B3D's option, into shares of our common stock subject to receipt of the approval of our stockholders which was obtained on May 28, 2020 and (ii) decrease the conversion rate under the B3D Note from $6.00 per share to $1.68 per share. On March 19, 2020, the conversion rate was further reduced to $0.525 per share after giving effect to certain anti-dilution adjustments.

The Sixth Credit Agreement Amendment was accounted for as an extinguishment of debt in our consolidated financial statements. In March 2020, we extinguished debt with a carrying value of $4,829, net of unamortized debt discount of $1,845 and unamortized debt issuance costs of $476. In addition, we extinguished $2,048 of derivative liability, which represented the estimated fair value of the conversion option based upon provisions included in the Fifth Credit Agreement Amendment. We determined that the conversion option in the Sixth Credit Agreement Amendment should be bifurcated from the host instrument and engaged a third party to assess the fair value of the conversion option. As a result, we recorded debt with a carrying value of $3,994, net of a debt discount of $3,656 and debt issuance costs of $250, and a derivative liability of $3,656. We recognized a loss on the extinguishment of debt of $273 during the year ended December 31, 2020, which represents the difference between the carrying amount of the debt recorded under the Fourth and Fifth Credit Agreement Amendments and the debt recorded under the Sixth Credit Agreement Amendment and is included in Other non-operating income (expense), net in the consolidated statements of operations and comprehensive loss.

Subsequent to the Sixth Credit Agreement Amendment and during the year ended December 31, 2020, B3D elected to convert a total of $7,900 of principal into shares of common stock at conversion prices of $1.68 and $0.525. As a result, approximately $15,395 of derivative liability was settled and reclassified to equity, we wrote off $3,156 of unamortized debt discount and debt issuance costs, and 13,934,525 shares of common stock were issued. We recognized a revaluation loss related to the derivative liability of $11,990 during the year ended December 31, 2020, which is included in *"Loss on revaluation of warrants and conversion options"* in the consolidated statements of operations and comprehensive loss.

A total of $884 of accretion expense on the debt discount was recorded in the years ended December 31, 2020, which is included in *"Interest expense"* in the consolidated statements of operations and comprehensive loss and increased the carrying value of the B3D Note. Total amortization expense related to the B3D Note debt issuance costs was $98 for the year ended December 31, 2020, which is included in *"Interest expense"* in the consolidated statements of operations and comprehensive loss.

The B3D Note was guaranteed on a full, unconditional, joint, and several basis, by the parent Company, XpresSpa Group, Inc., and all wholly owned subsidiaries of Holdings (the "Guarantor Subsidiaries"). Under the terms of a security and guarantee agreement dated July 8, 2019, XpresSpa Group, Inc. (the parent company) and the Guarantor Subsidiaries each

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

fully and unconditionally, jointly and severally, guaranteed the payment of interest and principal on the B3D Note. Holdings pledged and granted to B3D a first priority security interest in, among other things, all of its equity interests in Holdings and all of its rights to receive distributions, cash or other property in connection with Holdings. We have not presented separate consolidating financial statements of XpresSpa Group, Inc., Holdings and Holdings' wholly owned subsidiaries, as each entity has guaranteed the B3D Note, so each entity is responsible for the payment.

Paycheck Protection Program

On May 1, 2020, the Company entered into a U.S. Small Business Administration ("SBA") Paycheck Protection Program ("the PPP") promissory note in the principal amount of $5,653 payable to Bank of America, NA ("Bank of America") evidencing a PPP loan (the "PPP Loan"). The PPP Loan bears interest at a rate of 1% per annum. No payments were due on the PPP Loan during a six-month deferral period commencing on May 2, 2020. Commencing one month after the expiration of the deferral period and continuing on the same day of each month thereafter until the maturity date of the PPP Loan, the Company is obligated to make monthly payments of principal and interest, each in such equal amount required to fully amortize the principal amount outstanding on the PPP Loan by the maturity date. The maturity date is May 2, 2022. The principal amount of the PPP Loan was subject to forgiveness under the PPP upon the Company's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the PPP. Bank of America may have forgiven interest accrued on any principal forgiven if the SBA pays the interest. Currently, the Company is paying its monthly principal and interest related to the PPP Loan when due. The PPP Loan contains customary borrower default provisions and lender remedies, including the right of Bank of America to require immediate repayment in full the outstanding principal balance of the PPP Loan with accrued interest. As of December 31, 2021 and 2020, $4 and $37 of interest has been accrued, respectively, and is included in Accounts payable, accrued expenses and other in the consolidated balance sheets.

Our Strategy and Outlook

We believe that our company is well positioned to benefit from consumers' growing interest in travel health and wellness and increasing demand for health and wellness related services and products.

XpresSpa was created for travelers to address the stress and idle time spent at the airport, allowing travelers to spend this time relaxing and focusing on personal care and wellness. It is a well-recognized and popular airport spa brand with a dominant market share in the United States, with nearly three times the number of domestic locations as its closest competitor.

Travel needs are changing based on new health and passenger safety concerns resulting from the COVID-19 pandemic. Therefore, in 2020 we created a companion company, XpresCheck, which is also in airports and which offers COVID-19 testing and other medical diagnostic testing services to airport employees and the traveling public.

Further, the Company continues developing Treat, a travel health and wellness brand that is positioned for a post-pandemic world and that leverages its historic travel wellness experience and newly acquired healthcare expertise. The Company sees this concept evolution as a significant opportunity to be a category innovator in a new niche industry where it can leverage technology in addition to its existing real estate and airport experience in providing travelers with peace of mind and access to integrated care.

While COVID-19 testing will be available under this new brand, the broader suite of services may include: pre-travel health and wellness planning. Treat's on-site centers (currently located in JFK International Airport and opening soon in Phoenix Sky Harbor International Airport and later this year in Salt Lake City International Airport) provide access to health and wellness services for travelers. Our teams provide travel-related diagnostic testing for virus, cold, flu and other illnesses as well as hydration therapy, IV Drips, and vitamin injections. Travelers can purchase time blocks to use our wellness rooms to engage in interactive services like self-guided yoga, meditation and low impact weight exercises or to relax and unplug from the hectic pace of the airport and renew themselves before or after their trip.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Airport Rent Concessions

We have received rent concessions from landlords on a majority of our leases, allowing for the relief of minimum guaranteed payments in exchange for percentage-of-revenue rent or providing relief from rent through payment deferrals. Currently, the period of relief from these payments range from three- to twenty eight-months and began in March 2020. We received minimum guaranteed payment concession of approximately $2,078 and $2,107, respectively, in years ended December 31, 2021 and 2020.

Reconciliation of Full-Year 2021 and 2020 Net Income (Loss) to Adjusted EBITDA or Loss (Non-GAAP Measure)

	Year ended December 31,	
Revenue:	**2021**	**2020**
Managed services fees	$ 16,843	$ —
Patient service revenue	50,689	—
Services	5,420	7,025
Products	763	1,004
Other	14	356
Total revenue	73,729	8,385
Cost of sales		
Labor	13,421	6,290
Occupancy	2,505	2,809
Product and other operating costs	25,459	2,884
Total cost of sales	41,385	11,983
Depreciation and amortization	3,201	5,210
Impairment/disposal of assets	837	15,356
General and administrative	24,199	15,940
Total operating expense	69,622	48,489
Earnings (loss) from operations	4,107	(40,104)
Interest expense, net	43	(1,832)
Gain (loss) on revaluation of warrants and conversion options	—	(51,147)
Other non-operating (expense)/income, net	(1,201)	858
Income (loss) before income taxes	2,949	(92,225)
Income tax expense	(56)	(7)
Net income (loss)	2,893	(92,232)
Net (income) loss attributable to noncontrolling interests	456	1,744
Net income (loss) attributable to common shareholders	$ 3,349	$ (90,488)
Income (loss) from operations	$ 4,107	$ (40,104)
Add back:		
Depreciation and amortization	3,201	5,210
Impairment/disposal of assets	837	15,356
Stock-based compensation expense	2,856	1,328
Adjusted EBITDA /(Loss)	$ 11,001	$ (18,210)

We use GAAP and non-GAAP measurements to assess the trends in our business. We review its Adjusted EBITDA, a non-GAAP measure, which we define as earnings before interest, tax, depreciation and amortization expense, excluding merger and acquisition, integration and one-time costs and stock-based compensation.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Adjusted EBITDA is a supplemental measure of financial performance that is not required by or presented in accordance with GAAP but is a measurement used by management to assess the trends in our business. In evaluating our performance as measured by Adjusted EBITDA, we recognize and consider the limitations of this measurement. Reconciliations of operating loss from continuing operations for the Company for the years ended December 31, 2021 and 2020 to Adjusted EBITDA loss are presented in the tables above.

We have included this non-GAAP financial measure because management utilizes this information for assessing our performance and liquidity, and as an indicator of our ability to make capital expenditures and finance working capital requirements. We believe that Adjusted EBITDA is a measurement that is commonly used by analysts and some investors in evaluating the performance and liquidity of growth companies such as ours.

In particular, we believe that it is useful for analysts and investors to understand that Adjusted EBITDA excludes certain transactions not related to our core cash operating activities, which are primarily related to our XpresCheck Wellness Centers. We believe that excluding these transactions allows investors to meaningfully analyze the performance of our core cash operations.

Adjusted EBITDA should not be considered in isolation or as an alternative to cash flow from operating activities or as an alternative to operating income or as an indicator of operating performance or any other measure of performance derived in accordance with GAAP. Adjusted EBITDA does not reflect our obligations for the payment of income taxes, interest expense, or other obligations such as capital expenditures.

Results of Operations

Revenue

We recognize revenue from the sale of XpresSpa services when they are rendered at our stores and from the sale of products at the time goods are purchased at our stores or online (usually by credit card), net of discounts and applicable sales taxes. Significant number of our spa locations remain closed and therefore generate little revenue. Other revenue primarily represents fees earned through strategic partnerships and product placement arrangement in our spas.

Through our XpresCheck Wellness Centers and under the terms of the Managed Services Agreement (“MSA”) with PLLCs that in turn contract with physicians and nurse practitioners, we offer testing services to airline employees, contractors, concessionaire employees, TSA officers and U.S. Customs and Border Protection agents, as well as the traveling public. We have entered into MSAs with PLLCs that provide healthcare services to patients. Under the terms of the MSAs which may be modified according for commercial reasonableness and fair market value, XpresTest provides office space, equipment, supplies, non-licensed staff, and management services to be used for the purpose of COVID-19 and other medical diagnostic testing in return for a management fee. However, as a result of uncertainties around the cash flows of the XpresCheck Wellness Centers, we concluded in 2020 that the collectability criteria to qualify as a contract under ASC 606 was not met, and therefore, revenue associated with the monthly management fee would not be recognized until a subsequent reassessment resulted in the MSAs meeting the collectability criteria. XpresTest recognized revenue of $16,843 (including catch-up revenue of $3,186 for 2020) during the six months ended June 30, 2021, under the MSAs, pursuant to reassessments in 2021, of the MSAs executed in 2020 and amended in 2021, and assessments and reassessments of MSAs executed and amended in 2021 until June 30, 2021 resulting in management’s conclusion that they met the collectability criteria. Any revenue collected not meeting the collectability criteria was recorded as deferred revenue. Effective, July 1, 2021 (see Note 4), we determined that the PLLCs are variable interest entities due to its equity holder having insufficient capital at risk, and we have a variable interest in the PLLCs. In pursuance, the total revenue of $50,689 for the PLLCs for the six months ended December 31, 2021 were designated as a revenue for us.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Cost of sales

Cost of sales consists of costs at the spa-level and wellness center-level. These costs include all costs that are directly attributable to the location's operations and include:

- payroll and related benefits for the location's operations and management;
- rent, percentage rent and occupancy costs;
- the cost of merchandise, including testing kits;
- freight, shipping and handling costs;
- production costs;
- inventory shortage and valuation adjustments, including purchase price allocation increase in fair values which was recorded as part of acquisition; and
- costs associated with sourcing operations.

Depreciation and amortization

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The useful lives of our property and equipment are based on estimates of the period over which we expect the assets to be of economic benefit to us. Our property and equipment assets primarily consist of leasehold improvements to our stores and are amortized over the shorter of the useful life of the asset or the term of the lease.

Amortization of our intangible assets is recognized on a straight-line basis over the remaining useful life of the intangible assets.

Impairment/disposal of assets

We test our long-lived assets (which primarily includes property and equipment and right of use lease asset) for impairment on at least an annual basis or whenever circumstances indicate that the carrying amount may not be recoverable. Long-lived assets are tested for impairment at the lowest level at which there are identifiable operating cash flows. An impairment loss is recognized if the carrying amount of a fixed asset (asset group) is not recoverable and exceeds its fair value.

Impairment charges related to our amortized, intangible assets are recorded when an impairment indicator exists and the carrying amount of the related asset exceeds its fair value.

General and administrative

General and administrative expenses include management and administrative personnel, public and investor relations, overhead/office costs, insurance legal fees, accounting fees and various other professional fees, as well as sales and marketing costs and stock-based compensation for management and administrative personnel.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Loss on revaluation of warrants and conversion option

(Loss) gain on revaluation of warrants and conversion options is primarily comprised of adjustments to the fair value of the derivative conversion option of the debt instruments and the fair value of the warrants.

Non-operating income (expense)

Non-operating income (expense) primarily includes gain on equity investments and bank charges.

Income taxes

As of December 31, 2021, deferred tax assets generated from our activities in the United States were offset by a valuation allowance because realization depends on generating future taxable income, which, in our estimation, is not more likely than not to be generated before such net operating loss carryforwards expire.

Year ended December 31, 2021 compared to the year ended December 31, 2020

Revenue

	Year ended December 31,		
	2021	2020	Inc/(Dec)
Total revenue	$ 73,729	$ 8,385	$ 65,344

During the year ended December 31, 2021, total revenues increased $65,344, or 779%. The increase in revenue was primarily due to patient service revenue of $50,689 during the second half of 2021 and MSA fees of $16,843 for the six months ended June 30, 2021, respectively through managed services agreements with professional medical services companies that provide healthcare services to patients in our XpresCheck Wellness Centers (while the majority of XpresSpa locations remain closed). In addition, the Company saw a slight increase in revenue associated with the XpresSpa locations that opened during 2021.

Cost of sales

	Year ended December 31,		
	2021	2020	Inc/(Dec)
Cost of sales	$ 41,385	$ 11,983	$ 29,402

The increase in cost of sales of $29,402, or 245%, was due to the increase in revenues resulting in increased costs to operate the XpresCheck locations due to the COVID-19 Pandemic; and the reopening of certain XpresSpa locations that were temporarily closed during 2020. We had 22 open Spa locations as of December 31, 2021, and 2 open Spa locations as of December 31, 2020. The largest component in the cost of sales are costs of testing kits and labor costs at the location-level, Cost of sales also includes rent and related occupancy costs, which can primarily include rent based on percentage of sales, as well as other product costs directly associated with the procurement of retail inventory, and other operating costs.

Depreciation and amortization

	Year ended December 31,		
	2021	2020	Inc/(Dec)
Depreciation and amortization	$ 3,201	$ 5,210	$ (2,009)

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

During the year ended December 31, 2021, depreciation and amortization expense decreased $2,009, or 38.6%, compared to the depreciation and amortization expense recorded during the year ended December 31, 2020. The decrease was primarily due to the write-off of the stores that were permanently closed during the year ended December 31, 2020. Fewer locations resulted in lower amortization of leasehold improvements.

Impairment/disposal of assets

	Year ended December 31,		
	2021	2020	Inc/(Dec)
Impairment/disposal of assets	$ 837	$ 15,356	$ (14,519)

We completed an assessment of our property and equipment and right of use lease assets for impairment as of December 31, 2021 and 2020. Based upon the results of the impairment test, we recorded an impairment of property and equipment and right of use lease assets of approximately $90 and $747, respectively, in the year ended December 31, 2021. The expense was primarily related to the impairment of leasehold improvements made to certain XpresSpa locations and right of use lease assets where as a result of the COVID-19 pandemic, management determined that the location's discounted future cash flow was not enough to support the carrying value of the leasehold improvements and right of use lease assets over the remaining lease term.

Loss on revaluation of warrants and conversion option

	Year ended December 31,		
	2021	2020	Inc/(Dec)
Loss on revaluation of warrants and conversion options	$ —	$ 51,147	$ (51,147)

Loss on revaluation of warrants and conversion option in 2020 is primarily comprised of adjustments to the fair value of the derivative conversion option of the debt instruments and the fair value of the warrants, including losses of $11,990, $8,985, $15,480 and $14,692 related to the B3D Note, the Calm Note, the Calm Warrants and the Class A Warrants, respectively, during the year ended December 31, 2020.

General and administrative

	Year ended December 31,		
	2021	2020	Inc/(Dec)
General and administrative	$ 24,199	$ 15,940	$ 8,259

During the year ended December 31, 2021, general and administrative expenses increased by $8,259, or 51.8%, primarily due to start-up costs associated with the XpresCheck brand, development of the Treat brand and additional legal fees related to the resolution of certain legal matters, offset by reduced variable costs related to the closed XpresSpa locations.

Interest (income) expense

	Year ended December 31,		
	2021	2020	Inc/(Dec)
Interest (income) expense	$ (43)	$ 1,832	$ (1,875)

Interest expense decreased by $1,875, or 102%, primarily due to conversions to Common Stock of the Calm Note and B3D Note during 2020.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Non-operating (expense) income, net

	Year ended December 31,		
	2021	2020	Inc/(Dec)
Other non-operating (expense) /income, net	$ (1,201)	$ 858	$ (2,059)

The following is a summary of the transactions included in non-operating income (expense), net for the years ended December 31, 2021 and 2020:

	Year ended December 31,	
	2021	2020
(Loss)/gain on equity investments	$ (1,045)	$ 1,284
Loss on extinguishment of debt	—	(182)
Bank fees and financing charges	(139)	(244)
Other	(17)	—
Total	$ (1,201)	$ 858

As of December 31, 2021, the equity investment in Route1 had a readily determinable fair value of $722. We recorded an unrealized loss of $1,045 in connection with the remeasurement of the shares of our common stock and warrants of Route 1 it obtained in the 2018 sale of Group Mobile to Route 1.

Non-operating income (expense) will be affected by the adjustments to the fair value of our equity investment, which could fluctuate materially from period to period. Fair value of these instruments depends on a variety of assumptions.

Income Taxes

As of December 31, 2021, our estimated aggregate total NOLs were $150,926 for U.S. federal purposes, expiring 20 years from the respective tax years to which they relate, and $56,336 for U.S. federal purposes with an indefinite life due to new regulations in the Tax Act of 2017. The NOL amounts are presented before Internal Revenue Code, Section 382 limitations. The Tax Reform Act of 1986 imposed substantial restrictions on the utilization of NOL and tax credits in the event of an ownership change of a corporation. Thus, our ability to utilize all such NOL and credit carryforwards may be limited. The CARES Act was enacted on March 27, 2020 and provides favorable changes to tax law for businesses impacted by COVID-19. However, we do not anticipate the income tax law changes will materially benefit us.

We did not have any material unrecognized tax benefits as of December 31, 2021. We do not expect to record any additional material provisions for unrecognized tax benefits within the next year.

Liquidity and Capital Resources

In March 2020, we temporarily closed all global XpresSpa locations due to the categorization by local jurisdictions of the spa locations as “non-essential services.” XpresSpa reopened 22 locations as of December 31, 2021 as described under "Recent Developments -XpresSpa Premium Spa Services" below. We intend to reopen the remaining XpresSpa spa locations on a location-by-location basis and resume normal operations at such selected locations once airport traffic returns to sufficient levels to support operations at a unit level.

Furthermore, XpresSpa Group continues to develop Treat, a travel health and wellness brand that is positioned for a post-pandemic world. Treat’s on-site centers (currently located in JFK International Airport and opening soon in Phoenix Sky Harbor International Airport and later this year in Salt Lake City International Airport) provide access to health and wellness services for travelers. Our teams provide travel-related diagnostic testing for virus, cold, flu and other illnesses as well as hydration therapy, IV Drips, and vitamin injections. Travelers can purchase time blocks to use our wellness

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

rooms to engage in interactive services like self-guided yoga, meditation and low impact weight exercises or to relax and unplug from the hectic pace of the airport and renew themselves before or after their trip.

As of December 31, 2021, we had approximately $105,506 of cash and cash equivalents and total current assets of $108,979. Our total current liabilities balance, which primarily includes accounts payable, accrued expenses, the current portion of promissory note and the current portion of operating lease liabilities was $19,827 as of December 31, 2021. The working capital surplus was $89,152 as of December 31, 2021, compared to a working capital of $78,302 as of December 31, 2020.

During 2021, holders of our December 2020 Investor Warrants, December 2020 Placement Agent Warrants and December 2020 Placement Agent Tail Fee Warrants exercised a total of 11,273,529 warrants for common shares. We received gross proceeds of approximately $19,245. In accordance with the placement agent agreements with H.C. Wainwright & Co., LLC and Palladium, we paid cash fees of $2,162 and issued 846,588 warrants to H.C. Wainwright & Co., LLC at an exercise price of $2.125 per share and 325,500 warrants to Palladium at an exercise price of $1.70 per share.

Also, during 2021, we executed on our share repurchase program, repurchasing and redeeming 4,702,072 shares at average cost of $1.66 per share, for a total of $7,825.

Also, during March 2022, the Company continuing to execute on its share repurchase program, repurchased 7,142,446 shares at average cost of $1.55 per share, for a total of $11,095.

Our primary liquidity and capital requirements are for the maintenance of our current XpresSpa locations and brand, as well as the expansion of the Treat Centers and XpresCheck Wellness Centers. During the year ended December 31, 2021, we generated $14,561 from operations.

Cash flows

	Year ended December 31,		
	2021	**2020**	**Change**
Net cash provided by (used in) operating activities	$ 14,561	$ (25,012)	$ 39,573
Net cash used in investing activities	$ (5,156)	$ (4,349)	$ (807)
Net cash provided by financing activities	$ 6,350	$ 117,225	$ (110,875)

Operating activities

During the year ended December 31, 2021, net cash generated in operating activities was $14,561 as compared to net cash used in operating activities in 2020 of $25,012. The increase in net cash generated by operating activities was primarily due to the operations of our new XpresCheck Wellness Centers brand.

Investing activities

During the year ended December 31, 2021, net cash used in investing activities totaled $5.156, compared to net cash used in investing activities during the year ended December 31, 2020 of $4,349. Cash in 2021 was used primarily to acquire leasehold improvements for new openings of XpresCheck and Treat locations and the development of a new website for the Treat brand.

We expect that net cash used in investing activities will increase as we intend to continue to open new XpresCheck and Treat locations and develop supporting infrastructure and systems.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Financing activities

Cash provided by financing activities decreased $110,875 primarily due to lower equity based financing transactions.

Off-Balance Sheet Arrangements

We have no obligations, assets or liabilities that would be considered off-balance sheet arrangements. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements.

Critical Accounting Estimates

We believe the following accounting estimates to be the most critical estimates we used in preparing our consolidated financial statements for the year ended December 31, 2021.

Variable Interest Entities

The Company evaluates its ownership, contractual, pecuniary, and other interests in entities to determine if it has any variable interest in a variable interest entity ("VIE"). These evaluations are complex and involve judgment. If the Company determines that an entity in which it holds a contractual or ownership interest is a VIE and that the Company is the primary beneficiary, the Company consolidates such entity in its consolidated financial statements. The primary beneficiary of a VIE is the party that meets both of the following criteria: (i) has the power to make decisions that most significantly affect the economic performance of the VIE; and (ii) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. Management performs ongoing reassessments of whether changes in the facts and circumstances regarding the Company's involvement with a VIE will cause the consolidation conclusion to change. Changes in consolidation status are applied prospectively.

Impairment of Long-Lived Assets

Long-lived assets are tested for impairment at the lowest level at which there are identifiable operating cash flows, which is at the individual spa or clinic location for the XpresSpa and XpresCheck businesses. The Company's long-lived assets consist primarily of leasehold improvements and right to use lease assets for each of its locations (considered the asset group). The Company reviews its long-lived assets for recoverability yearly or sooner if events or changes in circumstances indicate that the carrying value of long-lived assets may not be recoverable. If indicators are present, the Company performs a recoverability test by comparing the sum of the estimated undiscounted future cash flows attributable to the asset group in question to its carrying amount. An impairment loss is recognized if it is determined that the long-lived asset group is not recoverable and is calculated based on the excess of the carrying amount of the long-lived asset group over the long-lived asset groups fair value. The Company estimates the fair value of long-lived assets using present value income approach. Future cash flow was calculated based on forecasts over the estimated remaining useful life of the asset group, which for each of the Company's locations, is the remaining term of the operating lease. The Company estimates it weighted average cost of capital as the discount rate since it expects that this rate incorporates not only the time value of money but also the expectations regarding future cash flows and an appropriate risk premium.

The estimates used to calculate future cash flows are subjective in nature and involve uncertainties and matters of significant judgments and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimated fair value of each asset group. The Company will calculate the future cash flow using what it believes to be the most predictable of several scenarios. Typically, the changes in assumptions run under different business scenarios would not result in a material change in the assessment of the potential impairment or the impairment amount of a locations long-lived asset group. But if these estimates or related assumptions were to change materially, the Company may be required to record an impairment charge.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Intangible assets

Intangible assets include trade names, and technology, which were primarily acquired as part of the acquisition of XpresSpa in December 2016 and were recorded based on the estimated fair value in purchase price allocation. In addition, intangible assets include software and website development costs that were capitalized as part of the Company's development of a mobile application and website for the treat brand. The Company accounts for these costs in accordance with ASC 350-40, Internal-Use Software. The intangible assets are amortized over their estimated useful lives, which are periodically evaluated for reasonableness.

The Company's intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The fair value is than compared to the carrying value and an impairment charge is recognized by the amount in which the carrying value exceeds the fair value of the asset. In assessing the recoverability of the Company's intangible assets, the Company must make estimates and assumptions regarding future cash flows and other factors to determine the fair value of the respective assets. These estimates and assumptions could have a significant impact on whether an impairment charge is recognized and also the magnitude of any such charge. Fair value estimates are made at a specific point in time, based on relevant information. During the years ended December 31, 2021 and 2020, the Company recognized impairment of $0 and $3,934.

Fair value measurements

The Company's financial instruments consist principally of cash and cash equivalents, receivables, debt, equity investments, and derivative liabilities. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2: Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

There have been no changes in Level 1, Level 2, and Level 3 and no changes in valuation techniques for these assets or liabilities for the years ended December 31, 2021 and 2020.

Investments in public companies are carried at fair value based on quoted market prices. Investments in equity securities of nonpublic entities without readily determinable fair values are carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Company reviews its equity securities without readily determinable fair values on a regular basis to determine if the investment is impaired. For purposes of this assessment, the Company considers the investee's cash position, earnings and revenue outlook, liquidity and management ownership, among other factors, in its review. If management's assessment indicates that an impairment exists, the Company estimates the fair value of the equity investment and recognizes in current earnings an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount. Equity investments are recorded in other assets on the accompanying consolidated balance sheets.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Recently adopted accounting pronouncements

Please refer Note 2 to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Recently issued accounting pronouncements

Please refer Note 2 to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required as we are a smaller reporting company.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements required by this Item are set forth in Item 15 beginning on page F-1 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Exchange Act that are designed to ensure that information required to be disclosed in Exchange Act reports 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 CEO and Chief Financial Officer (Principal Financial and Accounting Officer), as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision of and with the participation of our CEO and Chief Financial Officer ("CFO"), we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2021. Our evaluation as of December 31, 2019 identified a material weaknesses in our internal control over financial reporting, which remained unmitigated as of December 31, 2021, as noted below in Report of Management on Internal Control over Financial Reporting. Based on their evaluation, our CEO and CFO concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2021 to ensure that information required to be disclosed by us 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 to provide reasonable assurance that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.. Notwithstanding this conclusion, management believes that the consolidated financial statements in this Form 10-K fairly present in all material respects our financial condition, results of operations and cash flows in conformity with GAAP.

Report of Management on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive officer and principal financial and accounting officer and effected by our Board of Directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of our inherent limitations, our internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. 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.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013 Framework).

Based on our evaluation, management concluded that our internal control over financial reporting was not effective as of December 31, 2021 due to a material weakness in our internal controls over our financial close and reporting process identified in 2019 and remaining unmitigated as of December 31, 2021. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected and corrected on a timely basis. As this deficiency created a reasonable possibility that a material misstatement would not be prevented or detected in a timely basis, management concluded that the control deficiency represented a material weakness and accordingly our internal control over financial reporting was not effective as of December 31, 2021. Management concluded that additional formal procedures should be implemented in the financial close and reporting process to ensure that appropriate and timely reviews occur on all financial reporting analysis.

Remediation Plan for Material Weakness in Internal Control over Financial Reporting

We and our Board treat the controls surrounding, and the integrity of, our financial statements with the utmost priority. Management is committed to the planning and implementation of remediation efforts to address control deficiencies and any other identified areas of risk. These remediation efforts are intended to both address the identified material weakness and to enhance our overall financial control environment. In particular:

- we will continue to strengthen our interim and annual financial review controls to function with a sufficient level of precision to detect and correct errors on a timely basis.

- we will continue to improve the timeliness of our closing processes with respect to interim and annual periods.

Following identification of this control deficiency, commenced remediation efforts by implementing modifications to better ensure that the Company has appropriate and timely reviews on all financial reporting analysis. The material weakness in our internal control over financial reporting will not be considered remediated until these modifications are implemented, in operation for a sufficient period of time, tested, and concluded by management to be designed and operating effectively. In addition, as we continue to evaluate and work to improve our internal control over financial reporting, management may determine to take additional measures to address control deficiencies or determine to modify our remediation plan. Management will test and evaluate the implementation of these modifications during 2022 to ascertain whether they are designed and operating effectively to provide reasonable assurance that they will prevent or detect a material misstatement in the Company's financial statements.

The steps we took to address the deficiencies identified included:

- we appointed a permanent Chief Financial Officer in December 2020.
- we have engaged in efforts to restructure accounting processes and revise organizational structures to enhance accurate accounting and appropriate financial reporting.
- we have engaged outside service providers to assist with the valuation and recording of key reporting areas such as leases and stock compensation expense.
- we have implemented additional accounting software to aid in the accounting and financial reporting process.
- we have contracted an independent consulting firm to assist with the preparation of the Financial Statements and U.S. GAAP accounting research.
- in March 2021, we hired a seasoned Certified Public Accountant as a permanent Corporate Controller, who also has a Certified Information Systems Auditor accreditation.

We are committed to maintaining a strong internal control environment, and we believe the measures described above will strengthen our internal control over financial reporting and remediate the material weakness we have identified. Our remediation efforts have begun, and we will continue to devote significant time and attention to these remedial efforts. As we continue to evaluate and work to improve our internal control over financial reporting, management may determine to take additional measures to strengthen controls or to modify the remediation plan described above, which may require additional implementation time.

As noted above, we believe that, as a result of management's in-depth review of its accounting processes, and the additional procedures management has implemented, there are no material inaccuracies or omissions of material fact in this Form 10-K and, to the best of our knowledge, we believe that the consolidated financial statements in this Form 10-K fairly present in all material respects our financial condition, results of operations and cash flows in conformity with GAAP.

Changes in Internal Control over Financial Reporting

Based on our evaluation, management concluded that our internal control over financial reporting was not effective as of December 31, 2021 due to a material weakness in our internal control over our financial close and reporting process, which was discovered in 2019, still remaining unmitigated. Management continues to conclude that as of December 31, 2021, we still did not have a sufficient complement of corporate personnel with appropriate levels of accounting and controls knowledge and experience commensurate with our financial reporting requirements to appropriately analyze, record and disclose accounting matters completely and accurately. As a result of this evaluation, we extensively used outside consultants who possessed the appropriate levels of accounting and controls knowledge to appropriately analyze, record and disclose accounting matters completely and accurately.

Other than as set forth in the foregoing paragraph, there have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

As previously reported, on January 21, 2022, the Company announced that it had appointed Scott R. Milford to the role of President and Chief Executive Officer of the Company, effective as of January 19, 2022. The appointment of Mr. Milford followed the resignation of Douglas Satzman as the President and CEO of the Company for personal reasons effective as of the same date.

On March 28, 2022, the Company and Mr. Milford entered into an Executive Employment Agreement (the "Employment Agreement") in connection with Mr. Milford's service to the Company as its CEO. The terms of the Employment Agreement are effective as of January 19, 2022, the date of Mr. Milford's assumption of the role of CEO.

The Employment agreement has a term of two years (the "Employment Period") from the Effective Date. Following the Employment Period, Mr. Milford will continue to be employed by the Company as an "at will" employee.

Pursuant to the terms of the Employment Agreement, Mr. Milford will be entitled to receive an annual base salary of $425,000. The Employment agreement also provides that Mr. Milford will be eligible to participate in any annual bonus and other incentive compensation program that the Company may adopt from time to time for its executive officers. Under the Employment Agreement, Mr. Milford will be eligible to earn an annual bonus, the target amount of which will be up to one hundred percent (100%) of Base Salary, based upon the achievement of performance goals and metrics established by the Board at its sole discretion. Any bonus will be determined as soon as reasonably practicable after the Company's annual financial statements are finalized and will be split 50/50 between cash and a grant of restricted stock units with respect to the Company's common stock.

In the event the Employment Agreement is terminated for good reason by Mr. Milford, or by the Company without cause and Mr. Milford provides the Company with a release of claims, Mr. Milford shall be entitled to receive a cash severance

payment in the amount of one hundred percent (100%) of his then current base salary and one year of COBRA continuation coverage.

In addition, the Employment Agreement contains non-solicitation and non-competition provisions that apply during the term of Mr. Milford's employment and for six months thereafter.

The foregoing description of the Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Employment Agreement, a copy of which is attached hereto as Exhibit 10.48 and is incorporated herein by reference.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information called for by this Item will be included in an amendment to this Annual Report on Form 10-K to be filed with the SEC and is incorporated by reference in this Item 10.

ITEM 11. EXECUTIVE COMPENSATION

Information called for by this Item will be included in an amendment to this Annual Report on Form 10-K to be filed with the SEC and is incorporated by reference in this Item 11.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information called for by this Item will be included in an amendment to this Annual Report on Form 10-K to be filed with the SEC and is incorporated by reference in this Item 12.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information called for by this Item will be included in an amendment to this Annual Report on Form 10-K to be filed with the SEC and is incorporated by reference in this Item 13.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information called for by this Item will be included in an amendment to this Annual Report on Form 10-K to be filed with the SEC and is incorporated by reference in this Item 14.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) *Consolidated Financial Statements.* For the financial statements included in this Annual Report on Form 10-K, see "Index to the Financial Statements" on page F-1.

(a)(2) *Consolidated Financial Statement Schedules.* All schedules are omitted because they are not applicable or because the required information is included in the financial statements or notes thereto.

(a)(3) *Exhibits.* The following exhibits are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K.

Exhibits Index

Exhibit No.	Description
2.1	Agreement and Plan of Merger by and among FORM Holdings Corp., FHXMS, LLC, XpresSpa Holdings, LLC, the unitholders of XpresSpa who are parties thereto and Mistral XH Representative, LLC, as representative of the unitholders, dated as of August 8, 2016 (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed with the SEC on August 8, 2016)
2.2	Amendment No. 1 to Agreement and Plan of Merger by and among FORM Holdings Corp., FHXMS, LLC, XpresSpa Holdings, LLC and Mistral XH Representative, LLC, as representative of the unitholders, dated September 8, 2016 (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed with the SEC on September 9, 2016)
2.3	Amendment No. 2 to Agreement and Plan of Merger by and among FORM Holdings Corp., FHXMS, LLC, XpresSpa Holdings, LLC and Mistral XH Representative, LLC, as representative of the unitholders, dated October 25, 2016 (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed with the SEC on October 25, 2016)
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference from Exhibit 3.1 to our Annual Report on Form 10-K filed with the SEC on April 20, 2020)
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of XpresSpa Group, Inc., filed with the Secretary of State of the State of Delaware on June 10, 2020 (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on June 10, 2020)
3.3	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to our Annual Report on Form 10-K filed with the SEC on April 1, 2019)
3.4	Amendment to Bylaws of XpresSpa Group, Inc. (incorporated by reference from Exhibit 3.1 to our Current Report on Form 8-K filed with the SEC on August 6, 2021)
4.1	Section 382 Rights Agreement, dated as of March 18, 2016, between Vringo, Inc. and American Stock Transfer & Trust Company, LLC, which includes the Form of Certificate of Designation of Series C Junior Participating Preferred Stock as Exhibit A, the Form of Right Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Stock as Exhibit C (incorporated by reference from Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on March 21, 2016)

Exhibit No.	Description
4.2	Amendment to Section 382 Rights Agreement, dated March 18, 2019, between the Company and American Stock Transfer & Trust Company, LLC (incorporated by reference from Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on March 22, 2019)
4.3	Form of Warrant to Purchase Shares of Common Stock of FORM Holdings Corp. (incorporated by reference from Annex F to our Registration Statement on Form S-4 filed with the SEC on October 26, 2016)
4.4	Form of Secured Convertible Note (incorporated by reference from Exhibit 4.1 to our Quarterly Report on Form 10-Q filed with the SEC on May 15, 2018)
4.5	Amendment to Secured Convertible Note (incorporated by reference from Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on June 27, 2019)
4.6	Second Amended and Restated Convertible Promissory Note, dated as of July 8, 2019 (incorporated by reference from Exhibit 4.3 to our Current Report on Form 8-K filed with the SEC on July 8, 2019)
4.7	Third Amended and Restated Convertible Promissory Note, dated as of January 9, 2020 (incorporated by reference from Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on January 14, 2020)
4.8	Fourth Amended and Restated Convertible Promissory Note, dated as of March 6, 2020 (incorporated by reference from Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on March 6, 2020)
4.9	Unsecured Convertible Note due May 31, 2022 (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on July 8, 2019)
4.10	Warrant to Purchase Common Stock in favor of Calm.com, Inc., dated as of July 8, 2019 (incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed with the SEC on July 8, 2019)
4.11	Form of Pre-Funded Warrant to Purchase Common Stock, dated March 19, 2020 (incorporated by reference from Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on March 19, 2020)
4.12	Form of Pre-Funded Warrant to Purchase Common Stock, dated March 25, 2020 (incorporated by reference from Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on March 25, 2020)
4.13	Form of Pre-Funded Warrant to Purchase Common Stock, dated March 27, 2020 (incorporated by reference from Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on March 27, 2020)
4.14	Form of Pre-Funded Warrant to Purchase Common Stock, dated April 6, 2020 (incorporated by reference from Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on April 7, 2020)
4.15	Description of the Registrant's Securities (incorporated by reference from Exhibit 4.22 to our Annual Report on Form 10-K filed with the SEC on April 20, 2020)
4.16	Amended and Restated Calm Note, dated as of April 17, 2020 (incorporated by reference from Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on April 17, 2020).
4.17	Amended and Restated Calm Note, dated as of April 22, 2020 (incorporated by reference from Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on April 24, 2020)
4.18	Form of Warrant to Purchase Common Stock, dated June 17, 2020 (incorporated by reference from Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on June 17, 2020)

Exhibit No.	Description
4.19	Form of Placement Agent Warrant to Purchase Common Stock, dated June 17, 2020 (incorporated by reference from Exhibit 4.2 to our Current Report on Form 8-K filed with the SEC on June 17, 2020)
4.20	Form of Warrant to Purchase Common Stock, dated August 25, 2020 (incorporated by reference from Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on August 28, 2020)
4.21	Form of Pre-Funded Warrant to Purchase Common Stock, dated August 25, 2020 (incorporated by reference from Exhibit 4.2 to our Current Report on Form 8-K filed with the SEC on August 28, 2020)
4.22	Form of Placement Agent Warrant to Purchase Common Stock, dated August 25, 2020 (incorporated by reference from Exhibit 4.3 to our Current Report on Form 8-K filed with the SEC on August 28, 2020)
4.23	Form of Warrant to Purchase Common Stock, dated December 17, 2020 (incorporated by reference from Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on December 21, 2020)
4.24	Form of Placement Agent Warrant to Purchase Common Stock, dated December 17, 2020 (incorporated by reference from Exhibit 4.2 to our Current Report on Form 8-K filed with the SEC on December 21, 2020)
10.1†	Vringo, Inc. 2012 Employee, Director and Consultant Equity Incentive Plan, as amended (incorporated by reference from Appendix C of our Proxy Statement on Schedule 14A (DEF 14A) filed with the SEC on September 25, 2015)
10.2†	Form of Management Option Agreement (incorporated by reference from our Registration Statement on Form S-1 filed on March 29, 2010).
10.3†	Form of Stock Option Agreement (incorporated by reference from our Registration Statement on Form S-8 filed on July 26, 2012)
10.4†	Form of Restricted Stock Unit Agreement (incorporated by reference from our Registration Statement on Form S-8 filed on July 26, 2012)
10.5	Form of Indemnification Agreement, dated January 31, 2013, by and between Vringo, Inc. and each of its Directors and Executive Officer (incorporated by reference from our Annual Report on Form 10-K for the period ended December 31, 2012 filed on March 21, 2013)
10.6†	FORM Holdings Corp. 2012 Employee, Director and Consultant Equity Incentive Plan, as amended (incorporated by reference from Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on November 28, 2016)
10.19	Form of Registration Rights Agreement, dated May 15, 2018, by and among the Company and the Investors (incorporated by reference from Exhibit 10.9 to our Quarterly Report on Form 10-Q filed with the SEC on May 15, 2018).
10.20	Amendment to Securities Purchase Agreement and Class A Warrants and Class B Warrants, dated as of July 8, 2019, by and between the Company and the purchasers party thereto (incorporated by reference from Exhibit 10.5 to our Current Report on Form 8-K filed with the SEC on July 8, 2019)
10.21	Product Sale and Marketing Agreement, dated November 12, 2018, by and between the Company and Calm.com, Inc. (incorporated by reference to Exhibit 10.28 to our Annual Report on Form 10-K filed with the SEC on April 1, 2019)

Exhibit No.	Description
10.22	Amendment to Amended and Restated Product Sale and Marketing, dated as of October 30, 2019, by and between the Company and Calm.com, Inc. (incorporated by reference from Exhibit 10.8 to our Quarterly Report on Form 10-Q filed with the SEC on November 14, 2019)
10.25	Securities Purchase Agreement, dated as of July 8, 2019, by and between the Company and Calm.com, Inc. (incorporated by reference from Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on July 8, 2019)
10.26	Registration Rights Agreement, dated as of July 8, 2019, by and between the Company and Calm.com, Inc. (incorporated by reference from Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on July 8, 2019)
10.27	Amendment No. 3 to Agreement and Plan of Merger, dated as of October 1, 2019, by and between the Company, XpresSpa Holdings, LLC, and Mistral XH Representative, LLC, as representative of the unitholders of the Company (incorporated by reference from Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on October 3, 2019)
10.29	Securities Purchase Agreement, dated as of March 19, 2020, by and between the Company and the purchasers party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 19, 2020)
10.30	Form of Exchange Agreement, dated as of March 19, 2020 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on March 19, 2020)
10.31	Voting Agreement, dated as of March 19, 2020, by and between the Company and Mistral Spa Holdings LLC (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on March 19, 2020)
10.32	Securities Purchase Agreement, dated as of March 25, 2020, by and between the Company and the purchasers party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 25, 2020)
10.33	Securities Purchase Agreement, dated as of March 27, 2020, by and between the Company and the purchasers party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 27, 2020)
10.34	Securities Purchase Agreement, dated as of April 6, 2020, by and between the Company and the purchasers party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 7, 2020)
10.35†	Stock Option Grant under the XpresSpa Group Inc. 2020 Equity Incentive Plan (incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2021)
10.36†	Notice of Restricted Stock Unit Award under the XpresSpa Group Inc. 2020 Equity Incentive Plan (incorporated by reference to Exhibit 10.36 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2021)
10.37†	Offer Letter, dated November 27, 2020, between the Company and James A. Berry (incorporated by reference to Exhibit 10.37 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2021)

Exhibit No.	Description
10.38	U.S. Small Business Administration Paycheck Protection Program Note (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 7, 2020)
10.39	Form of Exchange Agreement, dated June 4, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 4, 2020)
10.40	Form of Securities Purchase Agreement, dated as of June 17, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 17, 2020)
10.41	Form of Securities Purchase Agreement, dated as of August 25, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 28, 2020)
10.42†	XpresTest, Inc. 2020 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 28, 2020)
10.43†	XpresSpa Group, Inc. 2020 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 30, 2020)
10.44	Form of Securities Purchase Agreement, dated as of December 17, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 21, 2020)
10.45†	Form of XpresTest, Inc. Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.45 to the Company's Amendment No. 1 to Annual Report on Form 10-K/A filed with the SEC on April 30, 2021)
10.46†	Separation Agreement and Release dated as of January 21, 2022, between the Company and Doug Satzman (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the SEC on January 26, 2012)
10.48†*	Executive Employment Agreement dated March 28, 2022, between the Company and Scott Milford.
21*	Subsidiaries of XpresSpa Group, Inc.
23.1*	Consent of Friedman LLP, independent registered public accounting firm
31.1*	Certification of Principal Executive Officer pursuant to Exchange Act, Rules 13a – 14(a) and 15d – 14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer pursuant to Exchange Act, Rules 13a – 14(a) and 15d – 14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32*	Certifications of Principal Executive Officer and 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.
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

Exhibit No.	Description
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 documents)

* Filed herewith.

** Furnished herewith.

† Management contract or compensatory plan or arrangement.

†† Certain portions have been omitted pursuant to a confidential treatment request. Omitted information has been filed separately with the SEC.

ITEM 16. FORM 10-K SUMMARY

None.

Exhibit XpresSpa Group, Inc. and Subsidiaries
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Stockholders of XpresSpa Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of XpresSpa Group, Inc. and subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity (deficit), and cash flows for each of the years ended December 31, 2021 and 2020, and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years ended December 31, 2021 and 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Long-Lived Assets

As described in Note 2 to the financial statements, the Company evaluates long-lived assets for recoverability if events or changes in circumstances indicate that the carrying value of long-lived assets may not be recoverable. If indicators are present, the Company performs a recoverability test by comparing the sum of the estimated undiscounted future cash flows attributable to the asset group in question to its carrying amount. An impairment loss is recognized if it is determined that the long-lived asset group is not recoverable and is calculated based on the excess of the carrying amount of the long-lived asset group over the long-lived asset group fair value. The impairment tests require management to make assumptions when estimating the fair value of the asset groups, including financial projections.

We identified the valuation of long-lived assets as a critical audit matter because of certain significant assumptions management makes in determining the fair value of the asset groups, including projections. The significant judgments made by management resulted in a high degree of auditor judgment and an increased audit effort in performing procedures. This is made more challenging by the uncertainty of the potential impact to cash flows due to the COVID-19 pandemic.

Our audit procedures related to the Company's valuation of long-lived assets included the following, among others, (i) testing management's process for determining fair value estimates; (ii) evaluating the reasonableness of the significant assumptions used by management related to financial performance, and discount rates. Evaluating management's assumptions related to financial performance involved evaluating whether the assumptions were reasonable considering (i) current and historical trends of the underlying assets; and (ii) engaging in discussions with management to evaluate the Company's plans to develop an asset or dispose of an asset before the end of its estimated useful life. Professionals with specialized skill and knowledge were used to assist in evaluating the reasonableness of the significant assumptions related to the discount rate.

Variable Interest Entities

As described in Note 2 to the financial statements, the Company evaluates its ownership, contractual, pecuniary, and other interests in entities to determine if it has any variable interest in a variable interest entity ("VIE"). These evaluations are complex and involve judgment. If the company determines that an entity in which it holds a contractual or ownership interest is a VIE and that the Company is the primary beneficiary, the Company consolidates such entity in its financial statements.

In connection with the Company's XpresCheck Wellness Centers the Company provides services pursuant to contracts with Professional Limited Liability Companies ("PLLC's") which in turn contracts with physicians and other medical professional providers to render COVID-19 and other diagnostic testing services. Upon formation of the PLLC's the Company executes with each PLLC a Managed Services Agreement ("MSA"), which provide various administrative services, management services and day-to day activities of the practice to be rendered by the Company. Effective July 1, 2021, contractual arrangements between the Company, the Company's affiliated medical group and nominated shareholder were modified in a manner that changed the characteristics or adequacy of the nominee shareholder. As a result of this modification, the Company performed a reassessment to determine if the Company's contractual interest in the PC's met the criteria of the primary beneficiary.

We identified management's accounting for variable interest entities as a critical audit matter because there is significant judgment required by management to evaluate the contractual arrangements under the variable interest entity consolidation model. Auditing such considerations involved especially challenging auditor judgment in evaluating the appropriateness of the Company's assessment and an increased audit effort.

Our audit procedures related to the Company's evaluation of whether the Company is the primary beneficiary included the following, among others, (i) assessed the contractual agreements and other related documents and evaluated the relationship and terms of the agreements to verify whether the PLLC's should be considered a VIE (ii) evaluated if the Company has the power to direct the activities of the PLLC's that most significantly impact the PLLC's economic performance; (iii) evaluated the Company's obligation to absorb losses of the PLLC's that could potentially be significant to the PLLC's; and (iv) for any entity for which the Company has determined consolidation is appropriate, we evaluated whether the Company consolidated the balances at the appropriate amounts, including applying appropriate audit procedures to the entity's financial statements.

/s/ Friedman LLP

We have served as the Company's auditor since 2020.

East Hanover, New Jersey
March 31, 2022

XpresSpa Group, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	December 31, 2021	December 31, 2020
Current assets		
Cash and cash equivalents	$ 105,506	$ 89,801
Accounts receivable	615	-
Inventory	1,763	657
Other current assets	1,095	1,321
Total current assets	108,979	91,779
Restricted cash	751	701
Property and equipment, net	6,658	4,161
Intangible assets, net	3,732	870
Operating lease right of use assets, net	4,336	3,034
Other assets	2,810	2,588
Total assets	$ 127,266	$ 103,133
Current liabilities		
Accounts payable, accrued expenses and other	$ 12,958	$ 6,468
Current portion of operating lease liabilities	2,736	2,797
Deferred revenue	549	914
Current portion of promissory note, unsecured	3,584	3,298
Total current liabilities	19,827	13,477
Long-term liabilities		
Promissory note, unsecured	-	2,355
Operating lease liabilities	7,504	6,930
Total liabilities	27,331	22,762
Commitments and contingencies (see Note 19)		
Equity		
Series A Convertible Preferred Stock, $0.01 par value per share; 6,968 shares authorized; none issued and outstanding	-	-
Series C Junior Preferred Stock, $0.01 par value per share; 300,000 shares authorized; none issued and outstanding	-	-
Series D Convertible Preferred Stock, $0.01 par value per share; 500,000 shares authorized; none issued and outstanding	-	-
Series E Convertible Preferred Stock, $0.01 par value per share, 2,397,060 shares authorized; none issued and outstanding	-	-
Series F Convertible Preferred Stock, $0.01 par value per share, 9,000 shares authorized; none issued and outstanding	-	-
Common Stock, $0.01 par value per share, 150,000,000 shares authorized; 101,269,349 and 94,058,853 shares issued and outstanding as of December 31, 2021 and December 31, 2020, respectively	1,013	941
Additional paid-in capital	487,306	475,709
Accumulated deficit	(395,275)	(398,624)
Accumulated other comprehensive loss	(312)	(220)
Total equity attributable to XpresSpa Group, Inc.	92,732	77,806
Noncontrolling interests	7,203	2,565
Total equity	99,935	80,371
Total liabilities and equity	$ 127,266	$ 103,133

The accompanying notes form an integral part of these consolidated financial statements

XpresSpa Group, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(In thousands, except share and per share data)

	Year ended December 31,	
	2021	**2020**
Revenue, net		
Managed services fees	$ 16,843	$ -
Patient services revenue	50,689	-
Services	5,420	7,025
Products	763	1,004
Other	14	356
Total revenue, net	73,729	8,385
Cost of sales		
Labor	13,421	6,290
Occupancy	2,505	2,809
Products and other operating costs	25,459	2,884
Total cost of sales	41,385	11,983
Depreciation and amortization	3,201	5,210
Impairment/disposal of assets	837	15,356
General and administrative	24,199	15,940
Total operating expenses	69,622	48,489
Operating income (loss)	4,107	(40,104)
Interest income (expense), net	43	(1,832)
Loss on revaluation of warrants and conversion options	-	(51,147)
Other non-operating (expense) income, net	(1,201)	858
Income (loss) before income taxes	2,949	(92,225)
Income tax expense	(56)	(7)
Net income (loss)	2,893	(92,232)
Net loss attributable to noncontrolling interests	456	1,744
Net income (loss) attributable to XpresSpa Group, Inc.	$ 3,349	$ (90,488)
Net income (loss)	$ 2,893	$ (92,232)
Other comprehensive (loss) income from operations	(92)	63
Comprehensive income (loss)	$ 2,801	$ (92,169)
Earnings / Loss per share		
Basic and diluted net earnings / loss per share	$ 0.03	$ (2.05)
Weighted-average number of shares outstanding during the period		
Basic	104,306,173	44,567,542
Diluted	105,076,758	44,567,542

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

Table of Contents

XpresSpa Group, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY(DEFICIT)
(In thousands, except share data)

	Series E Preferred stock		Series F Preferred stock		Common stock		Additional paid-in capital *	Accumulated deficit	Accumulated other comprehensive loss	Total Company equity	Non-controlling interests	Total equity
	Shares	Amount	Shares	Amount	Shares *	Amount *						
January 1, 2020	977,865	$ 10	8,996	$ 0	5,157,390	$ 52	$ 302,118	$ (308,136)	$ (283)	$ (6,239)	$ 3,703	$ (2,536)
Issuances of Common Stock for payment of interest on B3D Note	—	—	—	—	324,585	3	459	—	—	462	—	462
Conversion of B3D Note to Common Stock	—	—	—	—	13,934,525	139	20,000	—	—	20,139	—	20,139
Issuance of Series E Preferred Stock for payment of interest on Calm Note	10,123	—	—	—	—	—	63	—	—	63	—	63
Issuance of Common Stock for payment of interest on Calm Note	—	—	—	—	47,305	—	35	—	—	35	—	35
Conversion of Calm Note to Common Stock	—	—	—	—	4,761,906	48	10,551	—	—	10,599	—	10,599
Conversion of Series E Preferred Stock into Common Stock	(987,988)	(10)	—	—	510,460	5	5	—	—	—	—	—
Conversion of Series F Preferred Stock into Common Stock	—	—	(8,996)	—	1,221,945	12	(12)	—	—	—	—	—
Exercise of May 2018 Class A Warrants into Common Stock	—	—	—	—	4,961,290	50	8,987	—	—	9,037	—	9,037
Exercise of Calm Warrants into Common Stock	—	—	—	—	1,622,149	16	4,092	—	—	4,108	—	4,108
March Warrant Exchange for Common Stock - Class A Warrant	—	—	—	—	2,385,528	24	6,410	—	—	6,434	—	6,434
March Warrant Exchange for Common Stock - Class D Warrant	—	—	—	—	527,669	5	(5)	—	—	—	—	—
June Warrant Exchange for Common Stock - Calm Warrant	—	—	—	—	2,062,126	21	11,734	—	—	11,755	—	11,755
Direct offerings of Common Stock and pre-funded warrants, net of costs	—	—	—	—	56,374,555	564	110,055	—	—	110,619	—	110,619
Issuance of restricted stock	—	—	—	—	102,943	1	(1)	—	—	—	—	—
Stock option exercises	—	—	—	—	6,167	—	7	—	—	7	—	7
Issuance of Common Stock for services	—	—	—	—	58,333	1	134	—	—	135	—	135
Fractional shares retired in reverse stock split	—	—	—	—	(23)	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	1,077	—	—	1,077	251	1,328
Foreign currency translation	—	—	—	—	—	—	—	—	63	63	—	63
Net loss for	—	—	—	—	—	—	—	(90,488)	—	(90,488)	(1,744)	(92,232)

the period												
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(244)	(244)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	—	—	—	599	599
December 31, 2020	—	$ —	—	$ —	94,058,853	$ 941	$ 475,709	$ (398,624)	$ (220)	$ 77,806	$ 2,565	$ 80,371

*January 1, 2020 per share and weighted-average number of shares were adjusted to reflect the impact of the 1:3 reverse stock split that became effective on June 11, 2020.

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

XpresSpa Group, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands, except share data)

	Series E Preferred stock		Series F Preferred stock		Common stock		Additional paid-in capital *	Accumulated deficit	Accumulated other comprehensive loss	Total Company equity	Non-controlling interests	Total equity
	Shares	Amount	Shares	Amount	Shares *	Amount *						
January 1, 2021	—	$ —	—	$ —	94,058,853	$ 941	$475,709	$ (398,624)	$ (220)	$77,806	$ 2,565	$80,371
Warrant exercises, net of costs	—	—	—	—	11,273,529	113	16,972	—	—	17,085	—	17,085
Issuance of Common Stock for services	—	—	—	—	232,637	2	377	—	—	379	—	379
Issuance of restricted stock	—	—	—	—	398,068	4	(4)	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	2,017	—	—	2,017	839	2,856
Net income for the period	—	—	—	—	—	—	—	3,349	—	3,349	(456)	2,893
Foreign currency translation	—	—	—	—	—	—	—	—	(92)	(92)	—	(92)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	—	—	—	818	818
Redemptions of certain noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(502)	(502)
Consolidation of Variable Interest Entities	—	—	—	—	—	—	—	—	—	—	5,109	5,109
Repurchase and retirement of common stock	—	—	—	—	(4,702,072)	(47)	(7,778)	—	—	(7,825)	—	(7,825)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(1,170)	(1,170)
Stock option exercises	—	—	—	—	8,334	—	13	—	—	13	—	13
December 31, 2021	—	$ —	—	$ —	101,269,349	$ 1,013	$487,306	$ (395,275)	$ (312)	$92,732	$ 7,203	$99,935

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

XpresSpa Group, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year ended December 31,	
	2021	**2020**
Cash flows from operating activities		
Net income (loss)	$ 2,893	$ (92,232)
Adjustments to reconcile net loss to net cash used in operating activities:		
Items included in net loss not affecting operating cash flows:		
Revaluation of warrants and conversion options	—	51,147
Revaluation of contingent consideration	—	(315)
Depreciation and amortization	3,201	5,210
Impairment/disposal of assets	837	15,356
Accretion of debt discount on notes	—	1,125
Amortization of operating lease right of use asset	1,719	2,015
Issuance of shares of Common Stock for payment of interest	—	497
Issuance of shares of Series E Preferred Stock for payment of interest	—	63
Loss on the extinguishment of debt	—	182
Issuance of shares of Common Stock for services	379	135
Amortization of debt issuance costs	—	128
Stock-based compensation	2,856	1,328
Loss on equity investment	1,046	(1,287)
Changes in assets and liabilities:		
Increase in inventory	(1,106)	(10)
Increase in accounts receivable	(1,124)	—
Decrease in deferred revenue	(365)	—
Other assets, current and non-current	(1,251)	(281)
Other liabilities, current and non-current	(1,211)	(2,904)
Increase (decrease) in accounts payable	6,687	(5,169)
Net cash provided by (used) in operating activities	14,561	(25,012)
Cash flows from investing activities		
Acquisition of property and equipment	(4,282)	(3,969)
Cash acquired on consolidations of certain Variable Interest Entities	2,434	—
Acquisition of software	(3,308)	(380)
Net cash used in investing activities	(5,156)	(4,349)
Cash flows from financing activities		
Proceeds from direct offerings of Common Stock and warrants exercises, net of costs	17,085	110,619
Proceeds from borrowings under Paycheck Protection Program	—	5,653
Proceeds from additional borrowing from B3D	—	500
Proceeds from stock option exercises	13	7
Proceeds from funding advance	—	910
Repayment of funding advance	—	(819)
Repayment of Paycheck Protection Program	(2,069)	—
Redemption of non-controlling interests	(502)	—
Repurchase of Common Stocks	(7,825)	—
Contributions from noncontrolling interests	818	599
Distributions to noncontrolling interests	(1,170)	(244)
Net cash provided by financing activities	6,350	117,225
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	3
Increase in cash, cash equivalents and restricted cash	15,755	87,867
Cash, cash equivalents, and restricted cash at beginning of the year	90,502	2,635
Cash, cash equivalents, and restricted cash at end of the year	$ 106,257	$ 90,502
Cash paid for		
Interest	$ 11	$ 187
Income taxes	—	$ 11
Non-cash investing and financing transactions		
Conversions of B3D Note into Common Stock	—	20,139
Conversions of Calm Note into Common Stock	—	10,599
Conversion and exchange of Calm Warrant into Common Stock	—	15,863
Exercise and exchanges of May 2018 Class A Warrants	—	15,471
Capital expenditures included in Accounts payable, accrued expenses and other	1,081	—

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

XpresSpa Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except for share and per share data)

Note 1. General

Overview

XpresSpa Group, Inc. ("XpresSpa Group") is a leading global travel health and wellness services holding company. XpresSpa Group currently has three reportable operating segments: XpresSpa, XpresTest, and Treat.

XpresSpa has been a global airport retailer of spa services through its XpresSpa spa locations, offering travelers premium spa services, including massage, nail and skin care, as well as spa and travel products ("XpresSpa").

Due to the COVID-19 Outbreak, effective March 24, 2020, the Company temporarily closed all global spa locations, largely due to the categorization of our spa locations by local jurisdictions as "non-essential services". Normal market conditions and travel behavior were negatively impacted by the COVID-19 outbreak. Similar to many businesses in the travel sector, the Company's business has been materially and adversely impacted by the COVID-19 outbreak. Most of the domestic travel restrictions have been lifted as of December 31, 2021 and the Company believes that travel conditions are slowly returning to normal. The Company has reopened sixteen locations out of its total domestic portfolio of 31 Spas. As travel slowly returns, the Company's intention is to continue to review its portfolio and reopen spas once airport traffic returns to sufficient levels to support its operations and achieve adequate unit-level economics, including acceptable profit levels as well as serves our longer-term strategy of offering fully integrated health and wellness services.

Since the beginning of the temporary closure of XpresSpa locations, the Company through XpresSpa Group's subsidiary XpresTest, Inc. ("XpresTest"), launched XpresCheck Wellness Centers, also in airports. XpresCheck offers COVID-19 and other medical diagnostic testing services to the traveling public, as well as airline, airport and concessionaire employees, and TSA and U.S. Customs and Border Protection agents. XpresTest has entered into managed services agreements ("MSAs") with professional medical services companies that provide health care services to patients. The medical services companies pay XpresTest a monthly fee to operate in the XpresCheck Wellness Centers. Under the terms of MSAs, the Company provides office space, equipment, supplies, non-licensed staff, and management services in return for a management fee. Effective July 1, 2021, the Company determined that the PLLCs are VIEs due to their equity holders having insufficient capital at risk, and the Company having a variable interest and a primary beneficiary in the PLLCs.

While management has used all currently available information in assessing the Company's business prospects, the ultimate impact of the COVID-19 pandemic and its XpresCheck Wellness Centers on its results of operations, financial condition and cash flows remains uncertain. The success or failure of the Company's XpresCheck Wellness Centers could also have a material effect on the Company's business.

Recent Developments

XpresCheck Wellness Centers

XpresCheck's business has management services agreements with state licensed physicians and nurse practitioners, under which we administer COVID-19 testing options, including a Polymerase Chain Reaction (PCR) test and a rapid PCR test. As of the date of this report, there are 15 operating XpresCheck locations operating in 12 airports, including following locations opened since December 31, 2020:

- On January 12, 2021, the Company opened its second XpresCheck Wellness Center at Boston's Logan International Airport. It contains seven separate testing rooms to provide diagnostic COVID-19 testing.

XpresSpa Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands, except for share and per share data)

- On January 20, 2021, the Company announced the opening of an XpresCheck Wellness Center at Salt Lake City International Airport. It contains four separate testing rooms to provide diagnostic COVID-19 testing.

- On February 16, 2021, the Company announced the opening of our second XpresCheck Wellness Center facility at Newark Liberty International Airport. It contains four separate testing rooms to provide diagnostic COVID-19 testing.

- On March 8, 2021, the Company announced the opening of an XpresCheck Wellness Center at Houston George Bush Intercontinental Airport. It contains four separate testing rooms to provide diagnostic COVID-19 testing.

- On March 15, 2021, the Company announced the opening of XpresCheck Wellness Centers at Dulles International and Reagan National Airports in Virginia, containing nine and four separate testing rooms, respectively, to provide diagnostic COVID-19 testing.

- On April 8, 2021, the Company announced the opening of an XpresCheck Wellness Center at Seattle-Tacoma International Airport. It contains eight separate testing rooms to provide diagnostic COVID-19 testing.

- On April 21, 2021, the Company announced the opening of an XpresCheck Wellness Center at San Francisco International Airport. It contains nine separate testing rooms to provide diagnostic COVID-19 testing.

- On October 13, 2021, the Company opened an XpresCheck Wellness Center at Hartsfield-Jackson Atlanta International Airport (ATL) Concourse E, converting a legacy XpresSpa located in Concourse E. It contains six separate testing rooms to provide diagnostic COVID-19 testing.

- In February 2022, a second XpresCheck Wellness Center opened at Denver International Airport, pre-security in the Great Hall. It contains six separate testing rooms to provide diagnostic COVID-19 testing.

- In March 2022, the Company opened an XpresCheck Wellness Center in Orlando International Airport, pre-security, in the South Walk area of the Main Terminal. It contains five separate testing rooms to provide diagnostic COVID-19 testing.

During 2021, XpresCheck initiated a $2,001 eight-week pilot program with the Centers for Disease Control and Prevention (CDC) in collaboration with Concentric by Ginkgo. Under this program, XpresCheck is conducting biosurveillance monitoring at four major U.S. airports (JFK International Airport, Newark Liberty International Airport, San Francisco International Airport, and Hartsfield-Jackson Atlanta International Airport) aimed at identifying existing and new SARS-CoV-2 variants. On January 31, 2022, the Company announced the extension of the program, bringing the total contract to $5,534. Approximately $1,557 of the original $2,001 in revenue was recognized during the fourth quarter of 2021. We anticipate the remaining $3,977 of the full $5,534 amount will be realized in the first and second quarters of 2022.

XpresSpa Premium Spa Services

There are currently sixteen operating XpresSpa domestic locations (including the Company's franchise location in Austin-Bergstrom International Airport) and the Company expects to re-open four additional domestic locations in the near-term. A majority of the domestic XpresSpa locations are operating approximately eight hours per day during the busiest hours (compared to up to sixteen hours per day pre-pandemic). Additionally, XpresSpa implemented a price increase in mid-October 2021 in its efforts to return to profitability. And as airport volumes improve, the Company will continue to review operating hours to optimize revenue opportunity.

During the fourth quarter, the Company began testing several new services to take advantage of a growing interest in non-traditional spa services and expansion of our retail offering to align more closely with the services we provide. The

XpresSpa Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands, except for share and per share data)

Company is evaluating the success of these new initiatives at each airport on an on-going basis and will incorporate changes to our approach as more of the portfolio is reactivated.

There are also six international locations operating, including three XpresSpa locations in Dubai International Airport in the United Arab Emirates and three XpresSpa locations in Schiphol Amsterdam Airport in the Netherlands. The Company has also signed for five locations at Istanbul Airport and expect to open the first store this summer.

Treat

Treat is the Company's new travel, health and wellness brand transforming the way one accesses care through a suite of health and wellness services supported by an integrated digital platform and a relevant retail offering to the traveling public.

Treat's on-site centers (currently located in JFK International Airport and opening soon in Phoenix Sky Harbor International Airport and later this year in Salt Lake City International Airport) provide access to health and wellness services for travelers. The Company's teams provide travel-related diagnostic testing for virus, cold, flu and other illnesses as well as hydration therapy, IV Drips, and vitamin injections. Travelers can purchase time blocks to use the Company's wellness rooms to engage in interactive services like self-guided yoga, meditation and low impact weight exercises or to relax and unplug from the hectic pace of the airport and renew themselves before or after their trip.

Treat offers a website (www.treat.com) and mobile app to complement the offering with relevant health and wellness content designed to help people on the go with information that could impact their travel. The platform provides travelers access to a comprehensive online marketplace of services including global illness tracker tools such as the COVID-19 Requirements Map, on-demand chat care by licensed providers, a health wallet to store personal and family health records (including COVID-19 testing results), and a scheduler to arrange for direct care at one of our on-site locations.

Liquidity and Financial Condition

As of December 31, 2021, the Company had approximately $105,506 of cash and cash equivalents, and total current assets of approximately $108,979. The Company's total current liabilities balance, which includes accounts payable, deferred revenue, accrued expenses, and the current portions of its promissory note and operating lease liabilities was approximately $19,827 as of December 31, 2021. The working capital was $89,152 as of December 31, 2021, compared to a working capital of $78,302 as of December 31, 2020.

The Company has aggressively reduced operating and overhead expenses in the XpresSpa brand, while it continues to focus on its overall profitability, resulting in generation of positive cash flows from operations,

The Company has taken actions to improve its overall cash position and access to liquidity through equity offerings and debt retirements, by exploring valuable strategic partnerships, right sizing its corporate structure and streamlining its operations.

During 2021, holders of our December 2020 Investor Warrants, December 2020 Placement Agent Warrants and December 2020 Placement Agent Tail Fee Warrants exercised a total of 11,273,529 warrants for shares of our common stock. We received gross proceeds of approximately $19,245. In accordance with our placement agent agreements with H.C. Wainwright & Co., LLC and Palladium, we paid cash fees of $2,162 and issued 846,588 warrants to H.C. Wainwright & Co., LLC at an exercise price of $2.125 per share and 325,500 warrants to Palladium at an exercise price of $1.70 per share. See *Note 12. Stockholders' Equity* for related discussion.

XpresSpa Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands, except for share and per share data)

Airport Rent Concessions

The Company has received rent concessions from landlords on a majority of its leases, allowing for the relief of minimum guaranteed payments in exchange for percentage-of-revenue rent or providing relief from rent through payment deferrals. Currently, the period of relief from these payments range from three-to twenty eight-months and began in March 2020. The Company received minimum guaranteed payment concession of approximately $2,078 and $2,107, respectively, in years ended December 31, 2021 and 2020.

Note 2. Accounting and Reporting Policies

(a) Basis of presentation and principles of consolidation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The consolidated financial statements include the accounts of the Company, all entities that are wholly owned by the Company, and all entities in which the Company has a controlling financial interest. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Use of estimates

The preparation of the accompanying consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses for the periods presented. Actual results may differ from such estimates. Significant items subject to such estimates and assumptions include the Company's long-lived assets, intangibles assets, the useful lives of the Company's intangible assets, the valuation of the Company's derivative warrant liabilities, the valuation of stock-based compensation, deferred tax assets and liabilities, income tax uncertainties, and other contingencies.

(c) Translation into United States dollars

The Company conducts certain transactions in foreign currencies, which are recorded at the exchange rate as of the transaction date. All exchange gains and losses occurring from the remeasurement of monetary balance sheet items denominated in non-dollar currencies are included in non-operating income (expense) in the consolidated statements of operations and comprehensive loss.

Accounts of the foreign subsidiaries of XpresSpa are translated into United States dollars. Assets and liabilities have been translated primarily at year end exchange rates and revenues and expenses have been translated at average monthly rates for the year. The translation adjustments arising from the use of different exchange rates are included as foreign currency translation within the consolidated statements of operations and comprehensive income (loss) and consolidated statements of changes in stockholders' equity.

XpresSpa Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands, except for share and per share data)

(d) Cash and cash equivalents

The Company maintains cash in checking and money market accounts with financial institutions. The Company has established guidelines relating to diversification and maturities of its investments in order to minimize credit risk and maintain high liquidity of funds. The Company considers all highly liquid investments purchased with an original maturity of three months or less from the time they are acquired to be cash equivalents. Cash equivalents include amounts due from third-party financial institutions for credit and debit card transactions which typically settle in less than five days.

(e) Derivative instruments

The Company recognizes all derivative instruments as either assets or liabilities in the consolidated balance sheets at their respective fair values. The Company's derivative instruments are revalued at each reporting date, with changes in the fair value of the instruments included in the consolidated statements of operations and comprehensive loss as non-operating income (expense). The Company reviews the terms of features embedded in non-derivative instruments to determine if such features require bifurcation and separate accounting as derivative financial instruments. Equity-linked derivative instruments are evaluated in accordance with FASB Accounting Standard Codification ("ASC") 815-40, "*Contracts in an Entity's Own Equity,*" to determine if such instruments are indexed to the Company's own stock and qualify for classification in equity.

(f) Inventory

All inventory is valued at the lower of cost or net realizable value. Cost is determined using a weighted-average cost method.

(g) Intangible assets

Intangible assets include trade names, and technology, which were primarily acquired as part of the acquisition of XpresSpa in December 2016 and were recorded based on the estimated fair value in purchase price allocation. In addition, intangible assets include software and website development costs that were capitalized as part of the Company's development of a mobile application and website for the treat brand. The Company accounts for these costs in accordance with ASC 350-40, Internal-Use Software. The intangible assets are amortized over their estimated useful lives, which are periodically evaluated for reasonableness.

The Company's intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The fair value is than compared to the carrying value and an impairment charge is recognized by the amount in which the carrying value exceeds the fair value of the asset. In assessing the recoverability of the Company's intangible assets, the Company must make estimates and assumptions regarding future cash flows and other factors to determine the fair value of the respective assets. These estimates and assumptions could have a significant impact on whether an impairment charge is recognized and also the magnitude of any such charge. Fair value estimates are made at a specific point in time, based on relevant information. During the years ended December 31, 2021 and 2020, the Company recognized impairment of $0 and $3,934.

(h) Property and Equipment

Property and equipment are recorded at historical cost and primarily consists of leasehold improvements, furniture and fixtures, and other operating equipment. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are depreciated over the lesser of the lease term or economic useful life. Maintenance and repairs are charged to expense, and renovations or improvements that extend the service lives of the Company's assets are capitalized over the lesser of the extension period or life of the improvement.

XpresSpa Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands, except for share and per share data)

(i) Impairment of long-lived assets

Long-lived assets are tested for impairment at the lowest level at which there are identifiable operating cash flows, which is at the individual spa or clinic location for the XpresSpa and XpresCheck businesses. The Company's long-lived assets consist primarily of leasehold improvements and right to use lease assets for each of its locations (considered the asset group). The Company reviews its long-lived assets for recoverability yearly or sooner if events or changes in circumstances indicate that the carrying value of long-lived assets may not be recoverable. If indicators are present, the Company performs a recoverability test by comparing the sum of the estimated undiscounted future cash flows attributable to the asset group in question to its carrying amount. An impairment loss is recognized if it is determined that the long-lived asset group is not recoverable and is calculated based on the excess of the carrying amount of the long-lived asset group over the long-lived asset groups fair value. The Company estimates the fair value of long-lived assets using present value income approach. Future cash flow was calculated based on forecasts over the estimated remaining useful life of the asset group, which for each of the Company's locations, is the remaining term of the operating lease.

(j) Leases

The right of use asset ("ROU") on the Company's consolidated balance sheet represents a lessee's right to use an asset over the life of a lease. Operating lease ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received. The amortization period for the right of use asset is from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company has elected to exclude all short-term leases (i.e, leases with term of 12 months or less) from recognition on the balance sheet.

The Company's lease liabilities are determined by calculating the present value of all future lease payments using the rate implicit in the lease if it can be readily determined, or the lessee's incremental borrowing rate. The Company uses its incremental borrowing rate at the inception of the lease to determine the present value of future lease payments as the rate implicit in its leases could not be readily determined.

Certain leases provide for contingent rents that are not measurable at inception. These contingent rents are primarily based on a percentage of sales that are in excess of a predetermined level, an increase based on a change in the consumer price index or fair market value. These amounts are excluded from the calculation of the right of use asset and lease liability under ASC 842. Minimum rent under these leases is included in the determination of rent expense when it is probable that the expense has been incurred and the amount can be reasonably estimated.

The Financial Accounting Standards Board ("FASB") issued a Q&A in March 2020 that focused on the application of lease guidance in ASC 842 for lease concessions related to the effects of COVID-19. The FASB staff has said that entities can elect to not evaluate whether concessions granted by lessors related to COVID-19 are lease modifications. Entities that make this election can then apply the lease modification guidance in ASC 842 or account for the concession as if it were contemplated as part of the existing contract. The Company has elected to not treat the concessions as lease modifications and will instead account for the lease concessions as if they were contemplated as part of the existing leases. The Company has recorded negative variable lease expense and adjusted lease liabilities at the point in which the rent concession has become accruable.

(k) Restricted cash

Restricted cash, which is listed as a separate line item in the consolidated balance sheets, represents balances at financial institutions to secure bonds and letters of credit as required by the Company's various lease agreements.

XpresSpa Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands, except for share and per share data)

(l) Equity investments

Equity investments are carried at fair value with the changes in fair value recorded in the consolidated statement of operations and other comprehensive income (loss) in accordance with ASU 2016-01. Equity investments without readily determinable fair values are measured at cost less any identified impairment and reflective of any observable transactions. The Company will perform a qualitative assessment on an annual basis and recognize impairment if there are sufficient indicators that the fair value of the investment is less than the carrying value.

(m) Revenue recognition

XpresSpa

The Company recognizes revenue from the sale of XpresSpa products and services when the services are rendered at XpresSpa stores and from the sale of products at the time products are purchased at the Company's stores or online usually by credit card, net of discounts and applicable sales taxes. Accordingly, the Company recognizes revenue for the Company's single performance obligation related to both in-store and online sales at the point at which the service has been performed or the control of the merchandise has passed to the customer. Revenues from the XpresSpa retail and e-commerce businesses are recorded at the time goods are shipped.

The Company has a franchise agreement with an unaffiliated franchisee to operate an XpresSpa location. Under the Company's franchising model, all initial franchising fees relate to the franchise right, which is a single performance obligation that transfers over time. Upon receipt of the non-recurring, non-refundable initial franchise fee, management records a deferred revenue liability and recognizes revenue on a straight-line basis over the life of the franchise agreement.

The Company has also entered into collaborative agreements with marketing partners whereby it sells certain of its partners' products in the Company's XpresSpa spas. The Company acts as an agent for revenue recognition purposes and therefore records revenue net of the revenue share payable to the partners. Upon receipt of the non-recurring, non-refundable initial collaboration fee, management records a deferred revenue liability and recognizes revenue on a straight-line basis over the life of the collaboration agreement.

XpresCheck

Through its XpresCheck Wellness Centers and under the terms of the Managed Services Agreement ("MSA") with PLLCs that in turn contract with physicians and Nurse Practitioners, the Company offers testing services to airline employees, contractors, concessionaire employees, TSA officers and U.S. Customs and Border Protection agents, as well as the traveling public. The Company has entered into MSAs with PLLCs that provide healthcare services to patients. Under the terms of the MSAs which may be modified for commercial reasonableness and fair market value, XpresTest provides office space, equipment, supplies, non-licensed staff, and management services to be used for the purpose of COVID-19 and other medical diagnostic testing in return for a management fee which was deemed a performance obligation for recognizing revenue prior to July 1, 2021. However, as a result of uncertainties around the cash flows of the XpresCheck Wellness Centers, the Company concluded in 2020 that the collectability criteria to qualify as a contract under ASC 606 was not met, and therefore, revenue associated with the monthly management fee would not be recognized until a subsequent reassessment resulted in the MSAs meeting the collectability criteria. XpresTest recognized revenue of $16,843 (including a cumulative catch-up adjustment of $3,186) during the six months ended June 30, 2021, under the MSAs, pursuant to reassessments in 2021, of the MSAs executed in 2020 and amended in 2021, and assessments and reassessments of MSAs executed and amended in 2021 until June 30, 2021, resulting in management's conclusion that they met the collectability criteria. Any revenue collected not meeting the collectability criteria was recorded as deferred revenue.

XpresSpa Group, Inc. and Subsidiaries
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Effective, July 1, 2021 (see Note 4), the Company determined that the PLLCs are variable interest entities due to its equity holder having insufficient capital at risk, and the Company having a variable interest in the PLLCs. In pursuance, the total revenue of $50,689 for the PLLCs for the six months period ended December 31, 2021 were designated as revenue for the company. The performance obligation for this revenue was the PLLCs administering COVID-19 tests to airline employees, contractors, concessionaire employees, TSA officers and U.S. Customs and Border Protection agents, as well as the traveling public, with revenue being recognized at the point in time at which the service is performed.

During 2021, XpresCheck initiated a $2,001, eight-week pilot program with the Centers for Disease Control and Prevention (CDC) in collaboration with Concentric by Ginkgo. Under this program, XpresCheck is conducting biosurveillance monitoring at four major U.S. airports (JFK International Airport, Newark Liberty International Airport, San Francisco International Airport, and Hartsfield-Jackson Atlanta International Airport) aimed at identifying existing and new SARS-CoV-2 variants. On January 31, 2022, the Company announced the extension of the program, bringing the total contract to $5,534. Approximately $1,557 of the original $2,001 in revenue was recognized during the fourth quarter of 2021 as the Company has one performance obligation related to this contract with CDC, for which the Company is recognizing the revenue over time. We anticipate the remaining $3,977(out of which $527 is in deferred revenue as of December 31, 2021) of the full $5,534 amount will be realized in the first and second quarters of 2022.

The Company excludes all sales taxes assessed to our customers from revenue. Sales taxes assessed on revenues are included in *Accounts payable, accrued expenses and other* on the Company's consolidated balance sheets until remitted to state agencies.

(n) Gift cards and customer rewards program

XpresSpa offers no-fee, non-expiring gift cards to its customers. No revenue is recognized upon issuance of a gift card and a liability is established for the gift card's cash value. The liability is relieved, and revenue is recognized upon redemption by the customer. As the gift cards have no expiration date, there is no provision for reduction in the value of unused card balances.

In addition, XpresSpa maintains a rewards program in which customers earn loyalty points, which can be redeemed for future services. Loyalty points are rewarded upon joining the loyalty program, for customer birthdays, and based upon customer spending. When a customer redeems loyalty points, the Company recognizes revenue for the redeemed cash value and reduces the related loyalty program liability. On June 1, 2018, the Company adopted a formal expiration policy whereby any loyalty members with inactivity for an 18-month period will forfeit any unused loyalty rewards. Upon closure of the spa locations in March 2020, the Company temporarily suspended the expiration policy.

The costs associated with gift cards and reward points are accrued as the rewards are earned by the cardholder and are included in *Accounts payable, accrued expenses and other* in the consolidated balance sheets until used.

(o) Segment reporting

ASC 280, *Segment Reporting*, establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is the Chief Executive Officer, who reviews the financial performance and the results of operations of the segments prepared in accordance with U.S. GAAP when making decisions about allocating resources and assessing performance of the Company. The Company currently has three reportable operating segments: XpresSpa. XpresTest, and Treat. See Note 15. Segment Information.

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There are currently no intersegment revenues. Asset information by operating segment is presented below since the chief operating decision maker reviews this information by segment. The reporting segments follow the same accounting policies used in the preparation of the Company's audited consolidated financial statements.

(p) Pre-opening costs

Pre-opening and start-up activity costs, which include rent and occupancy, supplies, advertising, and other direct expenses incurred prior to the opening of a new store, are expensed in the period in which they are incurred.

(q) Cost of sales

Cost of sales consists of spa and clinic operating costs. These costs include all costs that are directly attributable to the location's operations and include:

- payroll and related benefits for the location's operations and management;
- rent, percentage rent and occupancy costs;
- the cost of merchandise and testing supplies;
- freight, shipping and handling costs;
- production costs;
- inventory shortage and valuation adjustments; and
- costs associated with sourcing operations.

(r) Stock-based compensation

Stock-based compensation is recognized as an expense in the consolidated statements of operations and comprehensive loss and such cost is measured at the grant-date fair value of the equity-settled award. The fair value of stock options is estimated as of the date of grant using the Black-Scholes-Merton ("Black-Scholes") option-pricing model. The fair value of Restricted Stock Units ("RSUs") is calculated as of the date of grant using the grant date closing share price multiplied by the number of RSUs granted. The expense is recognized on a straight-line basis, over the requisite service period. The Company uses the simplified method to estimate the expected term of options due to insufficient history and high turnover in the past. Expected volatility is estimated based on a weighted average historical volatility of the Company. The risk-free rate for the expected term of the option is based on the United States Treasury yield curve as of the date of grant.

(s) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not more likely than not to be realized. Tax benefits related to excess deductions on stock-based compensation arrangements are recognized when they reduce taxes payable.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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In assessing the need for a valuation allowance, the Company looks at cumulative losses in recent years, estimates of future taxable earnings, feasibility of tax planning strategies, the ability to realize tax benefit carryforwards, and other relevant information. Valuation allowances related to deferred tax assets can be impacted by changes to tax laws, changes to statutory tax rates and future taxable earnings. Ultimately, the actual tax benefits to be realized will be based upon future taxable earnings levels, which are very difficult to predict. In the event that actual results differ from these estimates in future periods, the Company will be required to adjust the valuation allowance.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company had no uncertain tax positions as of December 31, 2021 and 2020.

(t) Noncontrolling interests

Noncontrolling interests represent the noncontrolling holders' percentage share of earnings or losses from; i) the subsidiaries, in which the Company holds a majority, but less than 100%, ownership interest, ii) Variable Interest Entities, where the Company is a primary beneficiary (See sub note (w) below, and the results of which are included in the Company's consolidated statements of operations and comprehensive income (loss). Net loss attributable to noncontrolling interests represents the proportionate share of the noncontrolling holders' ownership in certain subsidiaries of XpresSpa and of XpresTest.

(u) Net income/(loss) per common share

Basic net income (loss) per share is computed by dividing the net income (loss) attributable to common shareholders for the period by the weighted-average number of shares of Common Stock outstanding during the period. Diluted net income (loss) per share is computed by dividing the net loss attributable to the Company for the period by the weighted-average number of shares of Common Stock plus dilutive potential Common Stock considered outstanding during the period.

(v) Commitments and contingencies

Liabilities for loss contingencies arising from assessments, estimates or other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs expected to be incurred in connection with a loss contingency are expensed as incurred.

(w) ***Variable Interest Entities***

The Company evaluates its ownership, contractual, pecuniary, and other interests in entities to determine if it has any variable interest in a variable interest entity ("VIE"). These evaluations are complex and involve judgment. If the Company determines that an entity in which it holds a contractual or ownership interest is a VIE and that the Company is the primary beneficiary, the Company consolidates such entity in its consolidated financial statements. The primary beneficiary of a VIE is the party that meets both of the following criteria: (i) has the power to make decisions that most significantly affect the economic performance of the VIE; and (ii) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. Management performs ongoing reassessments of whether changes in the facts and circumstances regarding the Company's involvement with a VIE will cause the consolidation conclusion to change. Changes in consolidation status are applied prospectively.

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(x) Fair value measurements

The Company measures fair value in accordance with ASC 820-10, Fair Value Measurements and Disclosures. ASC 820-10 clarifies that fair value is an exit price, representing the amount that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, ASC 820-10 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

(y) Reclassification

Certain balances in the 2020 consolidated financial statements have been reclassified to conform to the presentation in the 2021 consolidated financial statements, primarily the classification and presentation of deferred revenue. Such reclassifications did not have a material impact on the consolidated financial statements.

(z) Recently adopted accounting pronouncements

Accounting Standards Update No. 2020-10—Codification Improvements

Issued in October 2020, this release updates various codification topics by clarifying or improving disclosure requirements to align with the SEC's regulations. The Company adopted ASU 2020-10 as of the reporting period beginning January 1, 2021. The adoption of this update did not have a material effect on the Company's consolidated financial statements.

Accounting Standards Update No. 2020-01, Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815

Issued in January 2020, the amendments in this update affect all entities that apply the guidance in Topics 321, 323, and 815 and (1) elect to apply the measurement alternative or (2) enter into a forward contract or purchase an as option to purchase securities that, upon settlement of the forward contract or exercise of the purchased option, would be accounted for under the equity method of accounting. The Company applies the guidance included in Topic 815 to its derivative liabilities but does not intend on applying the new measurement alternative included in the update. The new standard is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Adoption of this standard did not have a material impact on the Company's consolidated financial statements.

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Accounting Standards Update No. 2019-12—Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes

Issued in December 2019, the amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The amendments in this update simplify *the accounting for income taxes by removing certain exceptions to guidance in Topic 740. The specific areas of potential simplification were submitted by stakeholders as part of the FASB's simplification initiative.* Adoption of this standard did not have a material impact on the Company's consolidated financial statements.

(z) Recently issued accounting pronouncements

Accounting Standards Update No. 2020-06—Debt--Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)

Issued in August 2020, this update is intended to reduce the unnecessary complexity of the current guidance thus resulting in more accurate accounting for convertible instruments and consistent treatment from one entity to the next. Under current GAAP, there are five accounting models for convertible debt instruments. Except for the traditional convertible debt model that recognizes a convertible debt instrument as a single debt instrument, the other four models, with their different measurement guidance, require that a convertible debt instrument be separated (using different separation approaches) into a debt component and an equity or a derivative component. Convertible preferred stock also is required to be assessed under similar models. The Financial Accounting Standard Board ("FASB") decided to simplify the accounting for convertible instruments by removing certain separation models currently included in other accounting guidance that were being applied to current accounting for convertible instruments. Under the amendments in this update, an embedded conversion feature no longer needs to be separated from the host contract for convertible instruments with conversion features that are not required to be accounted for as derivatives. Consequently, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost and a convertible preferred stock will be accounted for as a single equity instrument measured at its historical cost, as long as no other features require bifurcation and recognition as derivatives. The FASB also decided to add additional disclosure requirements in an attempt to improve the usefulness and relevance of the information being provided.

The new standard is effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The Company does not believe the adoption of this standard will have a material impact on its consolidated financial statements.

ASU 2021-04: Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity Classified Written Call Options

In May 2021, the FASB issued ASU 2021-04, "Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity Classified Written Call Options'" ("ASU 2021-04"), which introduces a new way for companies to account for warrants either as stock compensation or derivatives. Under the new guidance, if the modification does not change the instrument's classification as equity, the company accounts for the modification as an exchange of the original instrument for a new instrument. In general, if the fair value of the "new" instrument is greater than the fair value of the "original" instrument, the excess is recognized based on the substance of the transaction, as if the issuer has paid cash. The effective date of the standard is for interim and annual reporting periods beginning after December 15, 2021 for all entities. The Company is currently evaluating the impact of the new guidance and does not expect the adoption of this guidance will have a material impact on its consolidated financial statements and disclosures.

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Note 3. Net earnings/(loss) per Share of Common Stock

The table below presents the computation of basic and diluted net earnings/(losses) per common share:

	Year ended December 31,	
	2021	**2020**
Basic numerator:		
Net income (loss) attributable to XpresSpa Group, Inc.	$ 3,349	$ (90,488)
Less: deemed dividend on warrants and preferred stock	—	(945)
Net income (loss) attributable to common shareholders	$ 3,349	$ (91,433)
Basic denominator:		
Basic weighted average shares outstanding	104,306,173	44,567,542
Basic earnings/(loss) per share	$ 0.03	$ (2.05)
Diluted numerator:		
Earnings/ (loss) attributable to common shareholders	$ 3,349	$ (91,433)
Diluted denominator:		
Diluted weighted average shares outstanding	105,076,758	44,567,542
Diluted earnings/(loss) per share	$ 0.03	$ (2.05)
Net income (loss) per share data presented above excludes from the calculation of diluted net income (loss), the following potentially dilutive securities, having an anti-dilutive impact, in case of net loss		
Both vested and unvested options to purchase an equal number of shares of Common Stock	2,614,766	1,353,888
Unvested RSUs to issue an equal number of shares of Common Stock	521,049	—
Warrants to purchase an equal number of shares of Common Stock	37,338,164	48,044,381
Total number of potentially dilutive securities excluded from the calculation of earnings/(loss) per share attributable to common shareholders	40,473,979	49,398,269

Note 4. Variable Interest Entities

Through its XpresCheck Wellness Centers the Company provides services pursuant to contracts with PLLCs which in turn contracts with physicians and other medical professional providers to render COVID-19 and other medical diagnostic testing services to airline employees, contractors, concessionaire employees, TSA officers and U.S. Customs and Border Protection agents, and the traveling public. The PLLCs collectively represent the Company's affiliated medical group. The PLLCs were designed and structured to comply with the relevant laws and regulations governing professional medical practice, which generally prohibits the practice of medicine by lay persons or entities. All of the issued and outstanding equity interests of the PLLCs are owned by a licensed medical professional nominated by the Company (the "Nominee Shareholder"). Upon formation of the PLLCs, and initial issuance of equity interests, the Nominee Shareholder contributes a nominal amount of capital in exchange for their interest in the PLLC. The Company then executes with each PLLC a MSA, which provide for various administrative services, management services and day-to-day activities of the practice to be rendered by the Company through its XpresCheck Wellness Centers.

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The Company also has exclusive responsibility for the provision of all nonmedical services including contracting with customers who access the PLLCs for a medical visit, handling all financial transactions and day-to-day operations of each PLLC, overseeing the establishment of COVID-19 and other medical diagnostic testing services policies, and making recommendations to the PLLC in establishing the guidelines for the employment and compensation of the physicians and other employees of the PLLCs. Until June 30, 2021, MSA Fees were commensurate with the expected level of activity required to be billed by XpresCheck Wellness Centers. Therefore, these PLLCs were assessed not to be variable interest entities prior to July 1, 2021.

Effective, July 1, 2021, contractual arrangements between the company, the company's affiliated medical group and nominated shareholder were modified in a manner that changes the characteristics or adequacy of the nominee shareholders equity investment at risk and residual returns. Therefore, due to reassessment triggered by the development on July 1, 2021, the Company determined that the PLLCs are now variable interest entities. Notwithstanding their legal form of ownership of equity interests in the PLLC, the primary beneficiary of the affiliated medical group is the Company as it meets both of the following criteria: (i) has the power to make decisions that most significantly affect the economic performance of the affiliated medical group; and (ii) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the affiliated medical group. The Company consolidated the PLLCs under the VIE model since the Company has the power to direct activities that most significantly impact the PLLCs economic performance and the right to receive benefits or the obligation to absorb losses that could potentially be significant to the PLLCs.

The aggregate carrying value of total assets and total liabilities included on the consolidated balance sheets for the PLLCs after elimination of intercompany transactions were $3,033, included in Cash and Cash Equivalents, and $683, included in *Accounts payable, accrued expenses and other*, respectively, as of December 31, 2021. The total revenue included on the consolidated statements of operations and comprehensive income (loss) for the PLLCs after elimination of intercompany transactions was $50,689 for the twelve months ended December 31, 2021.

Note 5. Cash, Cash Equivalents, and Restricted Cash

	December 31, 2021	December 31, 2020
Cash denominated in United States dollars	$ 102,560	$ 88,636
Cash denominated in currency other than United States dollars	2,133	1,158
Restricted cash	751	701
Credit and debit card receivables	813	7
Total cash, cash equivalents and restricted cash	$ 106,257	$ 90,502

The Company places its cash and temporary cash investments with credit quality institutions. At times, such cash denominated in United States dollars may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit. At December 31, 2021 and 2020, deposits in excess of FDIC limits were $103,339 and $88,556. As of December 31, 2021 and 2020, the Company held cash balances in overseas accounts, totaling $2,113 and $1,158, respectively, which are not insured by the FDIC. If the Company were to distribute the amounts held overseas, the Company would need to follow an approval and distribution process as defined in its operating and partnership agreements, which may delay and/or reduce the availability of that cash to the Company.

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Note 6. Other Current Assets

As of December 31, 2021, and 2020, the Company's other current assets were comprised of the following:

	December 31, 2021	December 31, 2020
Prepaid expenses	$ 1,047	$ 1,135
Other	48	186
Total other current assets	$ 1,095	$ 1,321

Prepaid expenses are predominantly comprised of financed and prepaid insurance policies which have terms of one year or less.

Note 7. Property and Equipment

Property and equipment are comprised of three categories: leasehold improvements, furniture and fixtures, and other operating equipment as of December 31, 2021 and 2020 as follows:

	December 31,		
	2021	2020	Useful Life
Leasehold improvements	$ 11,225	$ 8,357	Average 5-8 years
Furniture and fixtures	1,146	362	3-4 years
Other operating equipment	1,027	388	Maximum 5 years
	13,398	9,107	
Accumulated depreciation	(6,740)	(4,946)	
Total property and equipment, net	$ 6,658	$ 4,161	

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are depreciated over the shorter of remaining lease term or economic useful life (which is on average 5-8 years).

The Company performed assessments of its property and equipment for impairment for the years ended December 31, 2021 and 2020 and based upon the results of the impairment tests, the Company recorded impairment expenses of approximately $90 and $4,954, respectively, which is included in *"Impairment/disposal of assets"* in the consolidated statements of operations and comprehensive loss.

During the years ended December 31, 2021 and 2020, the Company recorded $2,754 and $2,853, respectively, of depreciation expense.

Note 8. Other Assets

Other assets in the consolidated balance sheets are comprised of the following as of December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Equity investments	$ 722	$ 1,768
Lease deposits	2,030	736
Other	58	85
Other assets	$ 2,810	$ 2,588

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As of December 31, 2021 and 2020, the equity investment in Route1 had a readily determinable fair value of $722 and $1,768, respectively. The Company recorded an unrealized loss of $1,046 in 2021 and an unrealized gain of $1,284 in 2020, in connection with the remeasurement of the shares of our common stock and warrants of Route 1 it obtained in the 2018 sale of Group Mobile to Route 1. The loss/gain is included in *Other non-operating income (expense), net* on the consolidated statement of operations and comprehensive income (loss) for the years ended December 31, 2021 and 2020.

Also included in "*Other assets*" as of December 31, 2021 and 2020 were $2,030 and $736, respectively, of security deposits made pursuant to various lease agreements, which will be returned to the Company at the end of the leases.

Note 9. Intangible Assets

The following table provides information regarding the Company's intangible assets, which consist of the following:

	December 31, 2021			December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade name	$ 1,339	$ (1,118)	$ 221	$ 1,339	$ (899)	$ 440
Software	3,886	(484)	3,402	694	(264)	430
Licenses	116	(7)	109	—	—	—
Total intangible assets	$ 5,341	$ (1,609)	$ 3,732	$ 2,033	$ (1,163)	$ 870

The Company's trade name relates to the value of the XpresSpa trade name, software relates to certain capitalized third-party costs related to a new website and a point-of-sale system; and licenses relates to certain capitalized costs of foreign acquisitions.

In the year ended December 31, 2020, the Company recorded an impairment of the value of the XpresSpa trade name of $3,934, which is included in "*Impairment/disposal of assets*" on the Company's consolidated statement of operations and comprehensive income (loss) for the year ended December 31, 2020. The Company did not record impairment of the XpresSpa trade name in 2021.

The Company's intangible assets are amortized over their expected useful lives, which is six years for trade names and five and three years for software. During the years ended December 31, 2021 and 2020, the Company recorded amortization expense of $447, and $2,357, respectively, related to its intangible assets.

Estimated amortization expense for the Company's intangible assets at December 31, 2021 is as follows:

Calendar Years ending December 31,	Amount
2022	$ 1,476
2023	1,142
2024	1,074
2025	23
2026	17
Total	$ 3,732

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Note 10. Leases

The Company leases spa and clinic locations at various domestic and international airports. Additionally, the Company leases its corporate office in New York City. Certain leases entered into by the Company are accounted for in accordance with ASC 842. The Company determines if an arrangement is a lease at inception and if it qualifies under ASC 842. The Company's lease arrangements generally contain fixed payments throughout the term of the lease and most also contain a variable component to determine the lease obligation where a certain percentage of sales is used to calculate the lease payments. The Company enters into leases that expire, are amended and extended, or are extended on a month-to-month basis. Leases are not included in the calculation of the total lease liability and the right of use asset when they are month-to-month.

All qualifying leases held by the Company are classified as operating leases. Operating lease assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company records its operating lease assets and liabilities based on required guaranteed payments under each lease agreement. The Company uses its incremental borrowing rate, which approximates the rate at which the Company can borrow funds on a secured basis, using the information available at commencement date of the lease in determining the present value of guaranteed lease payments. The interest rate implicit in the lease is generally not determinable in transactions where a company is the lessee.

The Company reviews all of its existing lease agreements to determine whether there were any modifications to lease agreements and to assess if any agreements should be accounted for pursuant to the guidance in ASC 842. Upon adoption of ASC 842, the Company used 11.24% as its incremental borrowing rate for its leases. The Company did exercise its option to extend the term of existing lease contracts during the years ended December 31, 2021 and 2020. Since the existing lease liability did not originally consider the extension of the lease term for these leases, the Company reassessed the incremental borrowing rate of 9.0% to be used to calculate the lease liability.

The following is a summary of the activity in the Company's current and long-term operating lease liabilities for the year ended December 31, 2021 and 2020:

	Year ended December 31,	
	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ (4,230)	$ (2,344)
Leased assets obtained in exchange for new and modified operating lease liabilities	$ (3,646)	$ (3,144)
Leased assets surrendered in exchange for termination of operating lease liabilities	$ 9	$ 11

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As of December 31, 2021, future minimum operating leases commitments are as follows:

Calendar Years ending December 31,	Amount
2022	$ 3,506
2023	3,071
2024	2,545
2025	1,760
2026	718
Thereafter	808
Total future lease payments	12,408
Less: interest expense at incremental borrowing rate	(2,168)
Net present value of lease liabilities	$ 10,240

Other assumptions and pertinent information related to the Company's accounting for operating leases are:

Weighted average remaining lease term:	4.11 years
Weighted average discount rate used to determine present value of operating lease liability:	10.06 %

Variable lease payments calculated monthly as a percentage of a product and services revenue were $576 and $611 for the years ended December 31, 2021 and 2020, respectively.

Rent expense for operating leases for the years ended December 31, 2021 and 2020 were $2,069 and $2,057, respectively.

The Company performed assessments of its right of use lease assets for impairment for the years ended December 31, 2021 and 2020. Based upon the results of the impairment tests, the Company recorded impairment expenses of approximately $747 and $6,341 which is included in *Impairment/disposal of assets* on the consolidated statement of operations and comprehensive income (loss) for the years ended December 31, 2021 and 2020, respectively.

Note 11. Long-term Notes and Convertible Notes

Total debt as of December 31, 2021 and 2020 is comprised of the following:

	December 31, 2021	December 31, 2020
Promissory note, unsecured (Non Current)	$ —	$ 2,355
Promissory note, unsecured (Current)	3,584	3,298
Total debt	$ 3,584	$ 5,653

B3D 9% Senior Secured Note due May 31, 2021

On January 9, 2020, as compensation for the consent of B3D to the CC Agreement, the Company entered into the Fifth Credit Agreement Amendment with B3D in order to (i) increase the principal amount owed to B3D from $7,000 to $7,150, which additional $150 in principal and any interest accrued thereon became convertible, at B3D's option, into shares of the Company's Common Stock, and (ii) provide for the advance payment of 97,223 shares of Common Stock in satisfaction of the interest payable pursuant to the B3D Note for the months of October, November and December 2020.

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The Common Stock was issued to B3D on January 14, 2020. The Company capitalized a $150 fee charged by the lender to consent to the CC Agreement.

On March 6, 2020, XpresSpa Holdings entered into the Sixth Credit Agreement Amendment with B3D in order to, among other provisions, (i) increase the principal amount owed to B3D from $7,150 to $7,900, which additional $750 in principal, comprised of $500 in new funding and $250 in debt issuance costs, and any interest accrued thereon became convertible, at B3D's option, into shares of the Company's Common Stock and (ii) decrease the conversion rate under the B3D Note from $6.00 per share to $1.68 per share. On March 19, 2020, the conversion rate was further reduced to $0.525 per share after giving effect to certain anti-dilution adjustments.

The Sixth Credit Agreement Amendment was accounted for as an extinguishment of debt in the Company's consolidated financial statements. In March 2020, the Company extinguished debt with a carrying value of $4,829, net of unamortized debt discount of $1,845 and unamortized debt issuance costs of $476. In addition, the Company extinguished $2,048 of derivative liability, which represented the estimated fair value of the conversion option based upon provisions included in the Fifth Credit Agreement Amendment. The Company determined that the conversion option in the Sixth Credit Agreement Amendment should be bifurcated from the host instrument and engaged a third party to assess the fair value of the conversion option. As a result, the Company recorded debt with a carrying value of $3,994, net of a debt discount of $3,656 and debt issuance costs of $250, and a derivative liability of $3,656. The Company recognized a loss on the extinguishment of debt of $273 during the year ended December 31, 2020, and is included in Other non-operating income (expense), net in the consolidated statements of operations and comprehensive loss.

Subsequent to the Sixth Credit Agreement Amendment and during the year ended December 31, 2020, B3D elected to convert a total of $7,900 of principal into shares of Common Stock at conversion prices of $1.68 and $0.525. As a result, approximately $15,395 of derivative liability was settled and reclassified to equity, the Company wrote off $3,156 of unamortized debt discount and debt issuance costs, and 13,934,525 shares of Common Stock were issued. The Company recognized a revaluation loss related to the derivative liability of $11,990 during the year ended December 31, 2020, which is included in *"Loss on revaluation of warrants and conversion options"* in the consolidated statements of operations and comprehensive loss.

A total of $884 of accretion expense on the debt discount was recorded in the years ended December 31, 2020, which is included in *"Interest expense"* in the consolidated statements of operations and comprehensive loss. Total amortization expense related to the B3D Note debt issuance costs was $98 for the year ended December 31, 2020, which is included in *"Interest expense"* in the consolidated statements of operations and comprehensive loss.

Paycheck Protection Program

On May 1, 2020, the Company entered into a U.S. Small Business Administration ("SBA") Paycheck Protection Program ("the PPP") promissory note in the principal amount of $5,653 payable to Bank of America, NA ("Bank of America") evidencing a PPP loan (the "PPP Loan"). The PPP Loan bears interest at a rate of 1% per annum. No payments were due on the PPP Loan during a six-month deferral period commencing on May 2, 2020. Commencing one month after the expiration of the deferral period and continuing on the same day of each month thereafter until the maturity date of the PPP Loan, the Company is obligated to make monthly payments of principal and interest, each in such equal amount required to fully amortize the principal amount outstanding on the PPP Loan by the maturity date. The maturity date is May 2, 2022. The principal amount of the PPP Loan was subject to forgiveness under the PPP upon the Company's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the PPP. Bank of America may have forgiven interest accrued on any principal forgiven if the SBA pays the interest. Currently, the Company is paying its monthly principal and interest related to the PPP Loan when due. The PPP Loan contains customary borrower default provisions and lender remedies, including the right of Bank of America to require immediate repayment in full the outstanding principal balance of the PPP Loan with accrued interest. As of December 31, 2021 and 2020, $4 and $37 of

interest has been accrued, respectively, and is included in Accounts payable, accrued expenses and other in the consolidated balance sheets.

Credit Cash Funding Advance

On January 9, 2020, certain of the Company's wholly owned subsidiaries (the "CC Borrowers") entered into an accounts receivable advance agreement (the "CC Agreement") with CC Funding, a division of Credit Cash NJ, LLC (the "CC Lender"). Pursuant to the terms of the CC Agreement, the CC Lender agreed to make an advance of funds in the amount of $1,000 for aggregate fees of $160, for a total repayment amount of $1,160. The outstanding repayment amount was secured by substantially all of the assets of the CC Borrowers, including CC Borrowers' existing and future accounts receivables and other rights to payment. On June 1, 2020, the CC Borrowers entered into a payoff letter (the "Payoff Letter") with the CC Lender pursuant to which the CC Agreement was terminated. Under the Payoff Letter, the Company repaid the then outstanding $733 owed under the CC Agreement as of June 1, 2020, net of a $91 discount for prepayment, and the CC Lender released all security interests held on the assets of the CC Borrowers, including the CC Borrowers' existing and future accounts receivables and other rights to payment. The Company recognized a gain of $91 with is included in *Other non-operating income (expense), net* in the consolidated statements of operations and comprehensive loss.

Calm Note

On July 8, 2019, the Company entered into a securities purchase agreement with Calm.com, Inc. ("Calm") pursuant to which the Company agreed to sell (i) an aggregate principal amount of $2,500 in an unsecured convertible note (the "Calm Note"), which was convertible into shares of Series E Convertible Preferred Stock at a conversion price of $6.00 per share of Common Stock equivalent (the "Series E Preferred Stock") and (ii) warrants to purchase 312,500 shares of the Company's Common Stock at an exercise price of $6.00 per share (the "Calm Warrants"). On March 6, 2020, the exercise price of the Calm Warrants was reduced to $1.68 per share and on March 19, 2020 further reduced to $.0525 per share, after giving effect to certain anti-dilution adjustments. On April 17, 2020, the Company amended and restated the Calm Note in order to provide, among other items, the conversion of the Calm Note directly into Common Stock instead of into shares of the company's Series E convertible preferred stock. Interest on the Calm Note was payable in arrears and would have been paid in cash, shares of Series E Preferred Stock or a combination thereof. The Company recorded derivative liabilities for the conversion feature and the Calm Warrants related to the issuance of the Calm Note on July 8, 2019, resulting in a debt discount of $1,369. During the year ended December 31, 2020, the Company recorded accretion expense on the debt discount of $187, which is included in *Interest expense* in the Company's consolidated statements of operations and comprehensive loss. During the year ended December 31, 2020, the Company recorded amortization expense on the debt issuance costs of $30, which is included in *Interest expense* in the Company's consolidated statements of operations and comprehensive loss.

In 2020, the holder of the Calm Note elected to convert all $2,500 of principal into shares of Common Stock at a conversion price of $0.525. As a result, $9,200 of derivative liability was settled and reclassified to equity, the Company wrote off $947 of unamortized debt discount and $154 of unamortized debt issuance costs, and 4,761,906 shares of Common Stock were issued. The Company assessed the fair value of the conversion option in the Calm Note at each conversion date as well as at the end of each reporting period, resulting in a revaluation loss related to the derivative liability of $8,985 in 2020 which was included in *Loss on revaluation of warrants and conversion options* in the consolidated statement of operations and comprehensive loss.

Loss on revaluation of warrants and conversion options

The Company engaged third-party valuation experts to provide the fair value of certain components of the debt, equity and derivative securities transactions as of each of the conversion, exercise and exchange dates during the year ended December

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31, 2020. *Loss on revaluation of warrants and conversion options* is comprised of adjustments to the fair value of the derivative conversion option of the debt instruments and the fair value of the warrants, including losses of $11,990, $8,985, $15,480 and $14,692 related to the B3D Note, the Calm Note, the Calm Warrants and the Class A Warrants, respectively, during the year ended December 31, 2020.

Note 12. Stockholders' Equity and Warrants

Share Repurchase Program

During 2021, the Company executed on its share repurchase program, repurchasing and redeeming 4,702,072 shares at average cost of $1.66 per share, for a total of $7,825.

During March 2022, the Company continuing to execute on its share repurchase program, repurchased 7,142,446 shares at average cost of $1.55 per share, for a total of $11,095

Warrants

The following table represents the activity related to the Company's warrants during the year ended December 31, 2021:

	No. of warrant	Weighted average exercise price	Exercise price range
December 31, 2020	48,044,381	$ 2.71	$0.525 - 300.00
Granted	1,172,088	$ 2.01	$ 1.70 - 2.125
Exercised	(11,273,529)	$ 1.71	$ 1.70 - 2.125
Expired	(125,246)	$ 2.52	$ 0.525-300
December 31, 2021	37,817,694	$ 2.99	$ 0.525 - 6.566

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The Company's outstanding equity warrants as of December 31, 2021 consist of the following:

	No. outstanding	Exercise price	contractual life	Expiration Date
June 2020 Investor Warrants (a)	7,614,700	$ 5.2530	0.21 years	March 17, 2022
June 2020 Placement Agent Warrants (a)	609,176	$ 6.5663	0.21 years	March 17, 2022
June 2020 Placement Agent Tail Fee (a)	133,258	$ 5.2530	0.21 years	March 17, 2022
August 2020 Investor Warrants	11,216,932	$ 3.0200	0.66 years	August 28, 2022
August 2020 Placement Agent Warrants	897,355	$ 3.9375	0.66 years	August 28, 2022
August 2020 Placement Agent Tail Fee	222,222	$ 3.0200	0.66 years	August 28, 2022
December 2020 Investor Warrants	13,927,453	$ 1.7000	0.97 years	December 21, 2022
December 2020 Placement Agent Warrants	1,769,608	$ 2.1250	0.97 years	December 21, 2022
December 2020 Placement Agent Tail Fee	254,902	$ 1.7000	0.97 years	December 21, 2022
January 2021 Placement Agent Warrants	510,588	$ 2.1250	1.08 years	January 28, 2023
January 2021 Placement Agent Tail Fee	35,000	$ 1.7000	1.08 years	January 28, 2023
February 2021 Placement Agent Warrants	284,000	$ 2.1250	1.12 years	February 11, 2023
February 2021 Placement Agent Warrants	48,000	$ 2.1250	1.13 years	February 16, 2023
February 2021 Placement Agent Tail Fee	248,500	$ 1.7000	1.12 years	February 11, 2023
February 2021 Placement Agent Tail Fee	42,000	$ 1.7000	1.88 years	February 16, 2023
December 2021 Placement Agent Tail Fee	4,000	$ 2.1250	1.99 years	December 27, 2023
	37,817,694			

(a) These warrants lapsed without being exercised as of the date of this report.

During 2021, holders of the Company's December 2020 Investor Warrants, December 2020 Placement Agent Warrants and December 2020 Placement Agent Tail Fee Warrants exercised a total of 11,273,529 warrants for common shares. The Company received gross proceeds of approximately $19,245. In accordance with the placement agent agreements with H.C. Wainwright & Co., LLC and Palladium, the Company paid cash fees of $2,162 and issued 846,588 warrants to H.C. Wainwright & Co., LLC at an exercise price of $2.125 per share and 325,500 warrants to Palladium at an exercise price of $1.70 per share.

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Warrant Exchanges

On March 19, 2020, the Company entered into separate Warrant Exchange Agreements (the "March Exchange Agreements") with the holders of certain existing warrants (the "March Exchanged Warrants") to exchange warrants for shares of the Company's Common Stock, subject to receipt of the approval of the Company's stockholders, which was obtained on May 28, 2020. The holders of March Exchanged Warrants exchanged each of the March Exchanged Warrants for 1.5 shares of the Company's Common Stock. Pursuant to the March Exchange Agreements, the holders exchanged 1,942,131 of the March Exchanged Warrants for an aggregate of 2,913,197 shares of the Company's Common Stock, which had an aggregate fair value of $6,434. On June 4, 2020, the Company entered into a Warrant Exchange Agreement (the "June Exchange Agreement") with the holder of certain existing warrants (the "June Exchanged Warrants") to exchange the June Exchanged Warrants for shares of Common Stock. The holders of the June Exchanged Warrants exchanged each of the June Exchanged Warrants for 1.5 shares of the Company's Common Stock.
Pursuant to the June Exchange Agreement, on the closing date the holder exchanged 1,374,750 of the June Exchanged Warrants for an aggregate of 2,062,126 shares of Common Stock which had an aggregate fair value of $11,755.

Registered Direct Common Stock Offerings

The Company sold a total of 6,511,280 shares of Common Stock and 1,900,625 of pre-funded warrants and received total proceeds of $4,258, net of financial advisory and consulting fees of $626, in connection with three registered direct offerings in March 2020.

On April 6, 2020, the Company entered into a securities purchase agreement with certain purchasers, pursuant to which it issued and sold, in a registered direct offering (i) 4,139,393 shares of Common Stock at an offering price of $0.66 per share and (ii) an aggregate of 481,818 pre-funded warrants exercisable for shares of Common Stock at an offering price of $0.63 per pre-funded warrant. The Company received proceeds of $2,806, net of $244 in financial advisory consultant fees.

On June 17, 2020, the Company entered into a securities purchase agreement pursuant to which the Company agreed to issue and sell 7,614,700 shares of the Company's Common Stock at an offering price of $5.253 per share (the "Registered Offering"). In a concurrent private placement (the "Private Placement" and together with the Registered Offering, the "Offerings"), the Company agreed to issue to the purchasers who participated in the Registered Offering warrants (the "Warrants") exercisable for an aggregate of 7,614,700 shares of Common Stock at an exercise price of $5.25 per share. Each Warrant will be immediately exercisable and will expire 21 months from the issuance date. The Offerings closed on June 19, 2020 with the Company receiving gross proceeds of $40,000 before deducting placement agent fees and related offering expenses of $4,414.

In connection with the Registered Offering, warrants to purchase 133,258 shares of our Common Stock were issued to Palladium Capital Advisors, LLC ("Palladium") (the "Palladium Warrants") at an exercise price equal to $5.25 per share and warrants to purchase 609,176 shares of our Common Stock were issued to H.C. Wainwright & Co., LLC (the "H.C.W. Warrants") at an exercise price equal to $6.5663 per share pursuant to the respective placement agent agreements. Palladium Capital Advisors, LLC and H.C. Wainwright & Co., LLC are also entitled to additional warrants upon the holders' exercise of warrants pursuant to the respective placement agent agreements.

On August 25, 2020, the Company entered into a securities purchase agreement pursuant to which the Company agreed to issue and sell in a registered direct offering 10,407,408 shares of the Company's Common Stock and warrants exercisable for an aggregate of 11,216,932 shares of Common Stock at a combined offering price of $3.15 per share. The Warrants

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have an exercise price of $3.02 per share. The Company also offered and sold to certain purchasers pre-funded warrants to purchase an aggregate of 809,524 shares of Common Stock, in lieu of shares of Common Stock. Each pre-funded warrant represented the right to purchase one share of Common Stock at an exercise price of $0.001 per share and was exercised in August 2020. The offering closed on August 28, 2020 with the Company receiving gross proceeds of $35,333 before deducting placement agent fees and related offering expenses of $3,914.

In connection with the August offering, warrants to purchase 222,222 shares of our Common Stock were issued to Palladium at an exercise price equal to $3.02 per share and warrants to purchase 897,355 shares of our Common Stock were issued to H.C. Wainwright & Co., LLC at an exercise price equal to $3.9375 per share pursuant to the respective placement agent agreements. Palladium Capital Advisors, LLC and H.C. Wainwright & Co., LLC are also entitled to additional warrants upon the holders' exercise of warrants pursuant to the respective placement agent agreements.

On December 17, 2020, the Company entered into a securities purchase agreement pursuant to which the Company agreed to issue and sell, in a registered direct offering 24,509,806 shares of the Company's common stock, par value $0.01 per share and warrants exercisable for an aggregate of 24,509,806 in a registered direct offering. The combined purchase price for one share of common stock (or common stock equivalent) and a warrant to purchase one share of common stock is $1.70. Each Warrant is immediately exercisable and will expire 24 months from the issuance date. The offering closed on December 21, 2020 with the Company receiving gross proceeds of approximately $41,667 before deducting placement agent fees and related offering expenses of $5,118.

In connection with the December offering, warrants to purchase 754,902 shares of our Common Stock were issued to Palladium at an exercise price equal to $1.70 per share and warrants to purchase 1,960,784 shares of our Common Stock were issued to H.C Wainwright & Co., LLC at an exercise price equal to $2.13 per share pursuant to the respective placement agent agreements. Palladium Capital Advisors, LLC and H.C. Wainwright & Co., LLC are also entitled to additional warrants upon the holders' exercise of warrants pursuant to the respective placement agent agreements.

Series E Convertible Preferred Stock

During 2020, the Company issued 10,123 shares of Series E Preferred Stock. Subsequent to the issuance, all outstanding shares were converted into 510,460 shares of Common Stock during 2020.

Series F Convertible Preferred Stock

The Series F Preferred Stock has a par value of $0.01 per share, a stated value of $100 per share, and was initially convertible into Common Stock at an exercise price of $6.00 per share. On March 6, 2020, the exercise price was reduced from $6.00 to $1.68 and on March 19, 2020 was reduced again to $0.525 after giving effect to certain anti-dilution adjustments. As a result, the Company recorded a deemed dividend of approximately $140 which represents the fair value transferred to the Series F shareholders from the anti-dilution protection being triggered.

During the year ended December 31, 2020 all 8,996 shares of outstanding shares of Series F Convertible Preferred Stock was converted into 1,221,945 shares of Common Stock.

Reverse Stock Split

On June 10, 2020, the Company filed a certificate of amendment to its amended and restated certificate of incorporation with the Secretary of State of the State of Delaware to effect a 1-for-3 reverse stock split of the Company's shares of Common Stock. Such amendment and ratio were previously approved by the Company's stockholders and Board of Directors.

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Note 13. Fair Value Measurements

The following table presents the placement in the fair value hierarchy of the Company's assets and liabilities measured at fair value on a recurring and nonrecurring basis as of December 31, 2021 and 2020. Assets and liabilities that are measured at fair value on a nonrecurring basis relate primarily to tangible property and equipment and other intangible assets, which are remeasured when the derived fair value is below carrying value in the consolidated balance sheets. For these assets, the Company does not periodically adjust carrying value to fair value except in the event of impairment. If it is determined that impairment has occurred, the carrying value of the asset is reduced to fair value and the difference is included in *Impairment / disposal of assets* in the consolidated statements of operations and comprehensive loss.

		Fair value measurement at reporting date using		
	Balance	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As of December 31, 2021:				
Recurring fair value measurements				
Equity securities:				
Route1, Inc.	$ 722	$ —	$ 722	$ —
Total equity securities	722	—	722	—
Total recurring fair value measurements	$ 722	$ —	$ 722	$ —
As of December 31, 2020				
Recurring fair value measurements				
Equity securities:				
Route1	$ 1,768	$ —	$ 1,768	$ —
Total equity securities	1,768	—	1,768	—
Total recurring fair value measurements	$ 1,768	$ —	$ 1,768	$ —

In addition to the above, the Company's financial instruments as of December 31, 2021 and 2020 consisted of cash and cash equivalents, receivables, accounts payable and debt. The carrying amounts of all the aforementioned financial instruments approximate fair value because of the short-term maturities of these instruments.

Note 14. Stock-based Compensation

The Company has a stock-based compensation plan available to grant stock options and RSUs to the Company's directors, employees and consultants. Under the 2012 Employee, Director and Consultant Equity Incentive Plan, as amended (the "2012 Plan"), a maximum of 840,000 shares of Common Stock may be awarded.

Awards granted under the 2012 Plan remain in effect pursuant to their terms. Generally, stock options are granted with exercise prices equal to the fair market value on the date of grant, vest in four equal quarterly installments, and expire 10 years from the date of grant. RSUs granted generally vest over a period of one year.

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In September 2020, the Board of Directors approved a new stock-based compensation plan available to grant stock options, restricted stock and RSU's to the Company's directors, employees and consultants. Under the 2020 Equity Incentive Plan (the "2020 Plan"), a maximum of 5,000,000 shares of Common Stock may be issued, subject to receiving shareholder approval which was subsequently obtained on October 28, 2020. The 2012 Plan was terminated upon receipt of shareholder approval of the 2020 Plan.

In September 2020, XpresTest created a stock-based compensation plan available to grant stock options, restricted stock and RSU's to the XpresTest's directors, employees and consultants. Under the XpresTest 2020 Equity Incentive Plan (the "XpresTest Plan"), a maximum of 200 shares of XpresTest common stock may be awarded, which would represent 20% of the total number of shares of common stock of XpresTest as of December 31, 2021. Certain named executive officers, consultants, and directors of the Company are eligible to participate in the XpresTest Plan. The XpresTest Plan RSAs vest upon satisfaction of certain service and performance-based conditions. The fair value of the XpresTest Plan RSAs is determined based on the weighted average of (i) Fair Value of XpresTest under the Indirect Valuation Method developing assumptions for XpresSpa Net Market Cap and XpresSpa standalone Fair Value, and (ii) Direct Valuation Method developing assumptions for XpresTest Representative Forecasted Revenue for 2021 and Peer companies Revenue's Multiples. During 2021, XpresTest repurchased thirteen common shares, exercised pursuant to the XpresTest Plan, for the grantees to defray their tax liabilities related to the XpresTest Plan RSAs award. As of December 31, 2021 all of the XpresTest RSAs have vested

The fair value of stock options is estimated as of the date of grant using the Black-Scholes-Merton ("Black-Scholes") option-pricing model. The Company uses the simplified method to estimate the expected term of options due to insufficient history and high turnover in the past.

The following variables were used as inputs in the model:

Share price of the Company's Common Stock on the grant date:	$	1.19 - 1.61
Exercise price:	$	1.19 - 1.61
Expected volatility:		123 %
Expected dividend yield:		0 %
Annual average risk-free rate:		0.37 %
Expected term:		5.38 years

Total stock-based compensation expense for the years ended December 31, 2021 and 2020 was $2,856 and $1,328, respectively.

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The following tables summarize information about stock options and RSU activity during the year ended December 31, 2021:

	RSUs		XpresTest RSAs		Stock options		
	No. of RSUs	Weighted average grant date fair value	No. of RSAs	Weighted average grant date fair value	No. of options	Weighted average exercise price	Exercise price range
Outstanding as of December 31, 2020	—	$ —	28.75	$ 11,390.35	1,353,888	$ 3.82	$1.53 - 2,460.0
Granted	1,349,167	1.58	120.00	5,227.20	1,668,297	1.56	1.19 - 1.61
Exercised/Vested	(749,167)	1.54	(148.75)	6,418.40	(8,334)	1.53	
Forfeited	—	—	—	—	(183,230)	1.61	
Expired	—	—	—	—	(3,750)	50.8	NA
Outstanding as of December 31, 2021	600,000	$ 1.63	—	$ —	2,826,871	$ 2.57	$1.19 - 2,460.0
Exercisable as of December 31, 2021					1,024,694	$ 3.81	$1.19 - 2,460.0

The weighted average remaining contractual term for options outstanding as of December 31, 2021 and 2020 was 8.71 years and 9.5 years, respectively.

As of December 31, 2021, Aggregate Intrinsic Value of Options Outstanding and Vested was $545. As of December 31, 2020, there was no aggregate intrinsic value associated with the options outstanding as the exercise price of the options was greater than the Company's Common Stock price.

Unrecognized stock-based payment cost related to non-vested stock options as of December 31, 2021 and 2020 were $2,088 and $902, respectively.

Unrecognized stock-based payment cost related to non-vested RSUs as of December 31, 2021 and 2020 were $978 and $0 respectively.

Note 15. Segment Information

The Company analyzes the results of the Company's business through the Company's three reportable segments: XpresSpa, XpresTest, and Treat. The XpresSpa segment provides travelers premium spa services, including massage, nail and skin care, as well as spa and travel products. The XpresTest segment provides diagnostic COVID-19 tests at XpresCheck™ Wellness Centers in airports, to airport employees and to the traveling public. The Treat segment provides access to integrated care which can seamlessly fit into a post-pandemic world and is designed to deliver on-demand access to integrated healthcare through technology and personalized services, positioned for a traveler to access health care, records and real-time information all in one place, as well as book appointments in the Company's on-site wellness centers as they reopen. The chief operating decision maker evaluates the operating results and performance of the Company's segments through operating income. Expenses that can be specifically identified with a segment have been included as deductions in determining operating income. Any remaining expenses and other charges are included in Corporate and Other.

The Company currently operates in two geographical regions: United States and all other countries, which include Amsterdam, and Dubai. The following table represents the geographical revenue, and total long-lived asset information as

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of and for the years ended December 31, 2021 and 2020. There were no concentrations of geographical revenue and long-lived assets related to any single foreign country that were material to the Company's consolidated financial statements. Long-lived assets include property and equipment, restricted cash, equity investments, security deposits and right of use lease assets.

	For the years ended December 31,	
	2021	**2020**
Revenue		
United States	$ 71,114	$ 7,051
All other countries	2,615	1,334
Total revenue	$ 73,729	$ 8,385
Long-lived assets		
United States	$ 9,698	$ 9,019
All other countries	4,799	1,380
Total long-lived assets	$ 14,497	$ 10,399

The Company's continuing operating segments are defined as components of an enterprise about which separate financial information is available that is regularly evaluated by the enterprise's CODM in deciding how to allocate resources and in assessing performance.

As a result of the Company's transition to a pure-play health and wellness services company, the Company currently has three reportable operating segments: XpresSpa, XpresTest and Treat.

	For the twelve months ended December 31,	
	2021	**2020**
Revenue		
XpresSpa	$ 4,614	$ 8,045
XpresTest	69,078	80
Treat	37	—
Corporate and other	—	260
Total revenue	$ 73,729	$ 8,385
Operating income (loss)		
XpresSpa	$ (9,617)	$ (29,966)
XpresTest	25,452	(3,494)
Treat	(5,735)	—
Corporate and other	(5,993)	(6,644)
Total operating income (loss)	$ 4,107	$ (40,104)
Depreciation & Amortization		
XpresSpa	$ 1,281	$ 4,608
XpresTest	1,858	585
Treat	50	—
Corporate and other	12	17
Total Depreciation & Amortization	$ 3,201	$ 5,210

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	2021	2020
Capital Expenditures		
XpresSpa	$ 908	$ 1,619
XpresTest	1,723	2,726
Treat	5,904	—
Corporate and other	136	4
Total Capital Expenditures	$ 8,671	$ 4,349

	2021	2020
Long-lived Assets		
XpresSpa	$ 8,419	6,081
XpresTest	2,246	2,148
Treat	2,700	—
Corporate and other	1,132	2,170
Total Long-lived Assets	$ 14,497	$ 10,399

	2021	2020
Assets		
XpresSpa	$ 12,351	$ 9,014
XpresTest	19,349	2,999
Treat	5,918	—
Corporate and other	89,648	91,120
Total assets	$ 127,266	$ 103,133

Long-lived assets includes property and equipment, right of use lease assets, security deposits, equity investments and restricted cash.

Note 16. Related Parties Transactions

In 2018, the Company entered into a collaboration agreement with Calm to the display, market, promote, and offer for sale Calm's products in each of the Company's branded stores worldwide. In connection with the collaboration agreement, the Company began selling Calm subscriptions and certain Calm-branded retail products in its spas, beginning in November 2018. Also, Calm previously held 937,500 warrants to purchase shares of Company's Common stock and a $2,500 unsecured note convertible into the Company's Series E Convertible Preferred Stock (see Note 11, *Long-term Notes and Convertible Notes* for further details). During the years ended December 31, 2021, and 2020, the Company recorded revenue of $2 and $11, respectively from the sale of Calm's branded products in its spas which is included in products revenue in the consolidated statements of operations and comprehensive income/(loss) for the years ended December 31, 2021 and 2020.

XpresSpa Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands, except for share and per share data)

Note 17. Accounts Payable, Accrued Expenses and Other Current Liabilities

As of December 31, 2021, and 2020, the Company's accounts payable, accrued expenses and other current liabilities were comprised of the following:

	December 31, 2021	December 31, 2020
Accounts payable	$ 5,966	$ 2,440
Litigation accrual	845	2,221
Accrued compensation	2,862	287
Tax-related liabilities	603	551
Gift certificates and loyalty reward program liabilities	494	495
Construction Accrual	930	347
Credit card processing fees	501	—
Other miscellaneous accruals	757	127
Total accounts payable, accrued expenses and other current liabilities	$ 12,958	$ 6,468

Concentrations of Supplier Risk

For the XpresTest segment, substantially all supplies for testing were purchased from one vendor. For the XpresSpa segment, substantially all inventory was also purchased from one vendor.

Note 18. Income Taxes

For the years ended December 31, 2021 and 2020, the income (loss) before income taxes consisted of the following:

	2021	2020
Domestic	$ 3,137	$ (91,030)
Foreign	(188)	(1,195)
	$ 2,949	$ (92,225)

Income tax expense for the years ended December 31, 2021 and 2020 consisted of the following:

	For the years ended December 31,	
	2021	2020
Current:		
Federal	$ —	$
State	56	7
Foreign	—	—
Deferred:		
Federal	—	—
	$ 56	$ 7

XpresSpa Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands, except for share and per share data)

Income tax expense differed from the amounts computed by applying the applicable United States federal income tax rate to loss from continuing operations before taxes on income as a result of the following:

	For the years ended December 31,	
	2021	2020
Income (loss) from operations before income taxes	$ 2,949	$ (92,225)
Tax rate	21 %	21 %
Computed “expected” tax benefit	619	(19,367)
State taxes, net of federal income tax benefit	1,516	(2,395)
Change in valuation allowance	(10,946)	12,459
Expiration of Stock Options	4,445	—
Nondeductible expenses	1,104	10,841
Return to Provision Adjustment	2,403	—
Other items	915	(1,531)
Income tax expense (benefit)	$ 56	$ 7

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company’s deferred tax assets and liabilities as of December 31, 2021 and 2020 are as follows:

	December 31,	
	2021	2020
Deferred income tax assets		
Net operating loss carryforwards	$ 48,556	$ 50,446
Stock-based compensation	507	4,765
Intangible assets and other	4,235	9,034
Net deferred income tax assets	53,298	64,245
Less:		
Valuation allowance	(53,298)	(64,245)
Net deferred income tax assets	$ —	$ —

The Company assesses the need for a valuation allowance related to its deferred income tax assets by considering whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. A valuation allowance has been recorded against the Company’s deferred income tax assets, as it is in the opinion of management that it is more likely than not that the net operating loss carryforwards ("NOL") will not be utilized in the foreseeable future.

The cumulative valuation allowance as of December 31, 2021 is $53,298, which will be reduced if and when the Company determines that the deferred income tax assets are more likely than not to be realized.

As of January 1, 2020	$ 51,788
Charged to cost and expenses	11,984
Return to provision true-up and other	473
As of December 31, 2020	64,245
Charged to cost and expenses	(8,544)
Return to provision true-up and other	(2,403)
As of December 31, 2021	$ 53,298

XpresSpa Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands, except for share and per share data)

As of December 31, 2021, the Company's estimated aggregate total NOLs were $150,926 for U.S. federal purposes, expiring 20 years from the respective tax years to which they relate, and $56,336 for U.S. federal purposes with an indefinite life due to new regulations in the TCJA of 2017. The NOL amounts are presented before Internal Revenue Code, Section 382 limitations ("Section 382"). The Tax Reform Act of 1986 imposed substantial restrictions on the utilization of NOL and tax credits in the event of an ownership change of a corporation. Thus, the Company's ability to utilize all such NOL and credit carryforwards may be limited. The Coronavirus Aid, Relief, and Economic Security Act or "CARES Act" was enacted subsequent to the December 31, 2019 period, on March 27, 2020. The CARES act provided for favorable business provisions. However, the Company does not anticipate the income tax provision changes to materially benefit the Company.

The Company files its tax returns in the U.S. federal jurisdiction, as well as in various state and local jurisdictions. The company is not currently under audit in any taxing jurisdictions. The federal statute of limitations for audit consideration is 3 years from the filing date, and generally states implement a statute of limitations between 3 and 5 years.

Note 19. Commitments and Contingencies

Certain of the Company's outstanding legal matters include speculative claims for substantial or indeterminate amounts of damages. The Company regularly evaluates developments in its legal matters that could affect the amount of any potential liability and makes adjustments as appropriate. Significant judgment is required to determine both the likelihood of there being any potential liability and the estimated amount of a loss related to the Company's legal matters.

With respect to the Company's outstanding legal matters, based on its current knowledge, the Company's management believes that the amount or range of a potential loss will not, either individually or in the aggregate, have a material adverse effect on its business, consolidated financial position, results of operations or cash flows. However, the outcome of such legal matters is inherently unpredictable and subject to significant uncertainties. The Company evaluated the outstanding legal matters and assessed the probability and likelihood of the occurrence of liability. Based on management's estimates, the Company has recorded accruals of $845 and $2,221 as of December 31, 2021 and December 31, 2020, respectively, which is included in *Accounts payable, accrued expenses and other current liabilities* in the consolidated balance sheets.

The Company expenses legal fees in the period in which they are incurred.

In re Chen et al.

In March 2015, four former XpresSpa employees who worked at XpresSpa locations in John F. Kennedy International Airport and LaGuardia Airport filed a putative class and collective action wage-hour litigation in the United States District Court, Eastern District of New York. *In re Chen et al.*, CV 15-1347 (E.D.N.Y.). Plaintiffs claim that they and other spa technicians around the country were misclassified as exempt commissioned salespersons under Section 7(i) of the federal Fair Labor Standards Act ("FLSA"). Plaintiffs also assert class claims for unpaid overtime on behalf of New York spa technicians under the New York Labor Law, and discriminatory employment practices under New York State and City laws. On July 1, 2015, the plaintiffs moved to have the court authorize notice of the FLSA misclassification claim sent to all employees in the spa technician job classification at XpresSpa locations around the country in the last three years. Defendants opposed the motion. On February 16, 2016, the Magistrate Judge assigned to the case issued a Report & Recommendation, recommending that the District Court Judge grant the plaintiffs' motion. On March 1, 2016, the defendants filed Opposition to the Magistrate Judge's Report & Recommendation, arguing that the District Court Judge should reject the Magistrate Judge's findings. On September 23, 2016, the court ruled in favor of the plaintiffs and conditionally certified the class. The parties held a mediation on February 28, 2017, and reached an agreement on a settlement in principle. On September 6, 2017, the parties entered into a settlement agreement. On September 15, 2017, the parties filed a motion for settlement approval with the Court. XpresSpa subsequently paid the agreed-upon settlement amount to the settlement claims administrator to be held in escrow pending a fairness hearing and final approval by the Court. On March 30, 2018, the Court entered a Memorandum and Order denying the motion without prejudice to renewal

due to questions and concerns the Court had about certain settlement terms. On April 24, 2018, the parties jointly submitted a supplemental letter to the Court advocating for the fairness and adequacy of the settlement and appeared in Court on April 25, 2018 for a hearing to discuss the settlement terms in greater detail with the assigned Magistrate Judge. At the conclusion of the hearing, the Court still had questions about the adequacy and fairness of the settlement terms, and the Judge asked that the parties jointly submit additional information to the Court addressing the open issues. The parties submitted such information to the Court on May 18, 2018.

On August 21, 2019, the Court issued an Order denying the parties' motion for preliminary approval of the revised settlement, as the Court still had concerns about several of the settlement terms. At the December 6, 2019 status conference with the Court, the Court reiterated its denial of preliminary approval of the proposed settlement agreement. The Court instructed a notice of pendency to be disseminated to putative collective members. Notice was sent out in early February 2020 and approximately 415 individuals have joined the case. On June 6, 2020, the Company participated in a status conference with the Court, and the parties discussed the possibility of entering into a new settlement agreement that addresses the Court's concerns. On or about August 5, 2020, the parties entered into settlement agreements and sought a preliminary approval order from the Court. On March 30, 2021, the Court issued an Order conditionally granting the motion for preliminary approval subject to resolution of certain issues pertaining to administration of the settlement. On April 6, 2021, Plaintiffs' counsel wrote to the Court regarding their proposed resolution on such issues and the Court ultimately granted preliminary approval on May 25, 2021. Notice of the settlement was sent out to the class members on June 22, 2021.

On October 1, 2021, the Court issued an Order granting the parties' motion for final approval of the settlement. There were no appeals and the settlement was effective as of November 2, 2021. The Settlement Administrator has confirmed to the parties that settlement checks have been distributed to the Class on November 5, 2021. The Judge marked the case as closed on the docket on November 10, 2021.

Kainz v. FORM Holdings Corp. et al.

On March 20, 2019, a second suit was commenced in the United States District Court for the Southern District of New York against FORM, seven of its directors and former directors, as well as a managing director of Mistral Equity Partners ("Mistral"). The individual plaintiff, a shareholder of XpresSpa Holdings, LLC at the time of the merger with FORM in December 2016, alleges that the defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 by making false statements concerning, *inter alia*, the merger and the independence of FORM's board of directors, violated Section 12(2) of the Securities Act of 1933, breached the merger agreement by making false and misleading statements concerning the merger and fraudulently induced the plaintiff into signing the joinder agreement related to the merger. On May 8, 2019, the Company and its directors and the managing director of Mistral filed a motion to dismiss the complaint. On June 5, 2019, plaintiffs opposed the motion and filed a cross-motion for a partial stay. Defendants' motion to dismiss was fully briefed as of June 19, 2019.

On November 13, 2019, the matter was dismissed in its entirety. On December 12, 2019, plaintiff filed a motion for reconsideration to vacate the order and judgment, dismissing the action, and for leave to amend the complaint. The motion was fully briefed as of February 6, 2020. On April 1, 2020, the Court denied plaintiff's motion in full. On April 10, 2020, plaintiff filed a notice of appeal to the United States Court of Appeals for the Second Circuit. On June 1, 2020, plaintiff filed his appellate brief. On June 16, 2020, the Second Circuit entered the parties' non-dispositive stipulation, dismissing certain defendant-appellees, including the Company. On July 6, 2020, the remaining defendants filed their opposition brief. On July 27, 2020, the plaintiff filed their reply brief. On July 28, 2020, the Second Circuit marked plaintiff's reply brief as defective because it was filed a week late. Subsequently, plaintiff has moved to request permission to file a late reply brief. On January 11, 2021, the judgment of the Court was affirmed by the Second Circuit court.

XpresSpa Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands, except for share and per share data)

Route1

On or about May 23, 2018, Route1 Inc., Route1 Security Corporation (together, "Route1") and Group Mobile Int'l, LLC ("Group Mobile") commenced a legal proceeding against the Company in the Ontario Superior Court of Justice.

Route1 and Group Mobile sought damages of $567,000 in relation to alleged breaches of a Membership Purchase Agreement entered into between Route1 and the Company on or about March 7, 2018, pursuant to which Route1 acquired the Company's 100% membership interest in Group Mobile. The Company counterclaimed against the Plaintiffs for amounts owed to the Company in relation to the sale of Excluded Inventory (as defined in the Membership Purchase Agreement) and sought damages thereon. The Company delivered a draft amended counterclaim to the Plaintiffs on or around November 2019 seeking, among other things, damages. The Company sought Plaintiffs' consent to amend its counterclaim. Examinations for discovery were scheduled to take place in Toronto, Canada in June 2020.

The action settled at mediation on or about September 17, 2020. The parties agreed to dismiss the claim and the counterclaim, subject to XpresSpa's right to commence an application to seek rectification of certain shares and warrants that were issued in connection with the Membership Purchase Agreement. On September 21, 2020, the Ontario Superior Court of Justice entered an Order dismissing, without costs, the action and counterclaim. XpresSpa was granted the Order seeking the rectification of the shares and warrant and that matter was completed in March 2021.

Rodger Jenkins and Gregory Jones v. XpresSpa Group, Inc.

In March 2019, Rodger Jenkins and Gregory Jones filed a lawsuit against the Company in the United States District Court for the Southern District of New York. The lawsuit alleges breach of contract of the stock purchase agreement related to the Company's acquisition of Excalibur Integrated Systems, Inc. and seeks specific performance, compensatory damages and other fees, expenses, and costs. When this action was first commenced, the plaintiffs had demanded cash or stock in the sum of $750. On or about January 3, 2020, the court granted the plaintiffs' motion to amend their pleading to increase their total demand to $1,500.

On December 11, 2020, the court issued its decision and order on the parties' respective motions for summary judgment in which the court: (a) awarded plaintiffs damages in the sum of $750, plus prejudgment interest; (b) granted that portion of the Company's motion dismissing Jenkins's claim for $600 based on his having executed a written waiver of his right to receive that sum; and (c) denied both sides' motions with respect to Jones's claim to recover $150 and directed Jones's claim to be tried. The court had stated that the trial on the remaining portion of Jones's claim will occur in May 2021.

The court held a trial on the remaining portion of Jones's claim for the "second $750" on May 17-18, 2021. Following the trial, the court dismissed that portion of Jones's claim.

On May 28, 2021, the court entered judgment against the Company based on its ruling in plaintiffs' favor as to the "first $750." The total amount of the judgment, with prejudgment interest, is $948. The rate of post-judgment interest is 0.04 % (i.e. 4/10 of 1%).

On June 24, 2021, the Company filed a notice of appeal of the judgment and posted the necessary bond.

On August 18, 2021, the parties entered into a Settlement Agreement and Mutual Release (the "Settlement Agreement"). Pursuant to the terms of the Settlement Agreement, all pending litigation was dismissed. On August 18, 2021, satisfaction of judgment was entered with the court.

XpresSpa Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands, except for share and per share data)

Kyle Collins v. Spa Products Import & Distribution Co., LLC et al

This is a combined class action and California Private Attorney's General Act ("PAGA") action. Plaintiff seeks to recover wages, penalties and PAGA penalties for claims for (1) failure to provide meal periods, (2) failure to provide rest breaks, (3) failure to pay overtime, (4) inaccurate wage statements, (5) waiting time penalties, and (6) PAGA penalties of $0.1 per employee per pay period per violation. There are approximately 240 current and former employees in the litigation class. The parties agreed to mediation on May 26, 2020, however, due to COVID-19, the parties subsequently stayed all proceedings. The mediation session occurred on March 18, 2021, and the parties reached a settlement. A revised motion for preliminary approval of the settlement was filed with the Court in February 2022 and this motion is pending.

Mary Anne Bowen v. XpresSpa Miami Airport, LLC

On September 7, 2018, Plaintiff Mary Anne Bowen ("Plaintiff") filed a Complaint in the Eleventh Judicial Circuit Court in and for Miami-Dade County, Florida, asserting two causes of action: (I) Respondent Superior to hold XpresSpa accountable for the actions of its employee; and (II) Negligent Hiring, Retention, and Supervision of an employee. On December 21, 2018, the Company filed a Motion to Dismiss Plaintiff's Complaint in its entirety, arguing that XpresSpa cannot be held liable for the acts of an employee who was acting outside the scope of his employment (Count I) and that Plaintiff did not sufficiently plead XpresSpa had notice of the employee's unfitness (Count II). The Motion to Dismiss was granted. However, Plaintiff filed an Amended Complaint which the Company answered. On June 30, 2021, the parties participated in a mediation session and an agreement was reached on the terms of a settlement. Settlement papers were signed on July 1, 2021, and a stipulation of dismissal was filed with the Court on July 26, 2021. Accordingly, this case is now closed.

In addition to those matters specifically set forth herein, the Company and its subsidiaries are involved in various other claims and legal actions that arise in the ordinary course of business. The Company does not believe that the ultimate resolution of these actions will have a material adverse effect on the Company's financial position, results of operations, liquidity, or capital resources. However, a significant increase in the number of these claims, or one or more successful claims under which the Company incurs greater liabilities than the Company currently anticipates, could materially adversely affect the Company's business, financial condition, results of operations and cash flows.

In the event that an action is brought against the Company or one of its subsidiaries, the Company will investigate the allegation and vigorously defend itself.

Leases

XpresSpa is contingently liable to a surety company under certain general indemnity agreements required by various airports relating to its lease agreements. XpresSpa agrees to indemnify the surety for any payments made on contracts of suretyship, guaranty, or indemnity. The Company believes that all contingent liabilities will be satisfied by its performance under the specified lease agreements.

Note 20. Subsequent Events

On January 9, 2022, the Company entered into an acquisition agreement to acquire all of the equity interests in GCG Connect, LLC, d/b/a HyperPointe, a New Jersey limited liability company ("HyperPointe"), for an aggregate initial purchase price of approximately $6,612, which consisted of (i) $5,612 in cash and (ii) the issuance of 552,487 shares of common stock of the Company to the equity owners of HyperPointe, plus additional consideration in the form of a potential earnout of up to $7,500 (the "Acquisition"). The portion of the initial consideration for the Acquisition comprising the 552,487 shares of Company common stock was valued at $1,000 based upon a closing reference price of $1.81 as contemplated by the acquisition agreement.

XpresSpa Group, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands, except for share and per share data)

XpresSpa Group also agreed pursuant to an earnout provision to issue up to an additional $7.5 million in cash or stock if certain earnout performance targets are met during an earnout period ending on the third anniversary of the date of the acquisition agreement. For purposes of the earnout, the Common Stock will also be valued on a per share basis. The earnout payments may be satisfied in (i) cash, (ii) shares of Common Stock (also priced at $1.81), or (iii) any combination thereof, at the election of the equity owners of HyperPointe, provided that in the event (and to the extent) XpresSpa Group does not have sufficient authorized shares of Common Stock that are unissued and not duly reserved for issuance upon options, warrants or other convertible securities, then XpresSpa Group shall be permitted to settle any earnout payments in cash. As a result, XpresSpa Group may issue up to an additional 4,143,647 shares of Common Stock; however, the actual number of shares that will be issued under the earnout, if any, will depend on (i) the extent of fulfillment of the earnout performance targets at the time of calculation of the earnout and (ii) the elections and conditions described in the previous sentence.

XpresSpa Group granted an equity award to Ezra T. Ernst, who was previously affiliated with HyperPointe and who was offered employment with the Company in connection with XpresSpa’s acquisition of the equity interests of HyperPointe, as an inducement material to such new employee entering into employment with the Company. The equity award was approved on January 7, 2022, in accordance with Nasdaq Listing Rule 5635(c)(4).

The employee received stock options to purchase 1,000,000 shares of XpresSpa common stock. The stock options were issued upon the closing of the acquisition of HyperPointe and employee’s hire date in connection therewith (the "Grant Date"), and all stock options included within the equity inducement award have an exercise price of $1.64 per share, resulting in the fair value of $1,457 which would be charged to expense per the option terms. One-third of the options will vest on each of the first three anniversaries of the Grant Date, subject to the employee's continued employment with XpresSpa or its subsidiaries on such vesting dates. The stock options have a ten-year term.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned thereunto, duly authorized on the 31st day of March 31, 2022.

XpresSpa Group, Inc.

By: /s/ SCOTT R. MILFORD
Scott R. Milford
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities indicated below and on the dates indicated.

Signature	Title	Date
/s/ SCOTT R. MILFORD **Scott R. Milford**	Chief Executive Officer and Director (Principal Executive Officer)	March 31, 2022
/s/ JAMES A. BERRY **James A. Berry**	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 31, 2022
/s/ BRUCE T. BERNSTEIN **Bruce T. Bernstein**	Director	March 31, 2022
/s/ ROBERT WEINSTEIN **Robert Weinstein**	Director	March 31, 2022
/s/ MICHAEL LEBOWITZ **Michael Lebowitz**	Director	March 31, 2022
/s/ DONALD E. STOUT **Donald E. Stout**	Director	March 31, 2022

Exhibit 10.48

EXECUTIVE EMPLOYMENT AGREEMENT

This **EXECUTIVE EMPLOYMENT AGREEMENT** (this "Agreement") is made and entered into on March 28, 2022, at New York, New York, effective as of the 19th day of January, 2022 (the "Effective Date"), and is by and between Scott R. Milford, an individual residing at the address listed in the Company's files ("Executive"), and XpresSpa Group, Inc., a Delaware corporation with principal offices located at 254 W 31st St, New York, NY 10001 (the "Company").

WITNESSETH

WHEREAS, Executive was employed by the Company as its Chief Operating Officer; and

WHEREAS, Executive desires to be employed by the Company as the President and Chief Executive Officer of the Company, including service as a member of the Board of the Company, XpresTest, Inc., Treat, Inc., and GCG Connect LLC, under the terms set forth herein, and the Company wishes to employ Executive in such capacity.

NOW, THEREFORE, in consideration of the foregoing recital and the respective covenants and agreements of the parties contained in this document, the Company and Executive hereby agree as follows:

1. Employment and Duties.

(a) Subject to the terms of this Agreement, the Company agrees to hire and employ, and Executive agrees to serve, as the President and Chief Executive Officer ("CEO") of the Company. Executive also agrees to serve as a member of the Company's Board of Directors (the "Board") as well as the Board of XpresTest, Inc., Treat, Inc., and GCG Connect LLC. The duties and responsibilities of Executive shall include the duties and responsibilities normally associated with such positions and such other executive officer duties and responsibilities as may be assigned from time to time. At all times during the Employment Period (as defined below), Executive shall report directly to the Board and shall provide services to the Company and any or all of its subsidiaries, including, without limitation, any entities acquired by or merged with the Company (collectively, "XpresSpa"). Executive shall serve in a loyal, faithful and trustworthy manner, and shall comply with all of the policies of the Company and XpresSpa, including, without limitation, such policies with respect to legal compliance, conflicts of interest, confidentiality, code of conduct and business ethics as are from time to time in effect (as the same may be amended or modified from time to time by the Board in its discretion).

(b) Executive shall devote substantially all of his working time and efforts during the Company's normal business hours to the business and affairs of XpresSpa and the Company and to the diligent and faithful performance of the duties and responsibilities duly assigned to him pursuant to this Agreement to the best of Executive's abilities. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) performing services for such other companies as the Company may designate or permit at the Company's discretion, (ii) serving, with the prior written consent of the Board, which consent shall not be unreasonably withheld, as an officer or member of the boards of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of noncompeting businesses or charitable, educational or civic organizations, (iii) engaging in

charitable activities and community affairs and (iv) managing Executive's personal investments and affairs; provided, however, that the activities set out in clauses (i), (ii), (iii) and (iv) shall be limited by Executive so as not to materially interfere, individually or in the aggregate, with the performance of Executive's duties and responsibilities hereunder.

2. Effective Date; Term; Termination of Prior Agreement and Waiver of Severance.

(a) This Agreement shall be effective as of the Effective Date.

(b) The Company hereby agrees to employ Executive, and Executive hereby accepts employment with the Company, upon the terms set forth in this Agreement, for the period commencing on the Effective Date and ending on the second (2nd) anniversary of the Effective Date, unless sooner terminated in accordance with the provisions of Section 8 below (such period is the "Employment Period").

(c) This Agreement supersedes and replaces any previous employment agreements between the Company and Executive (each, a "Prior Agreement"), each of which is hereby terminated as of the Effective Date. As a condition of employment with the Company pursuant to this Agreement, and in consideration thereof, Executive hereby waives and releases any right or claim that he might have to severance benefits in connection with the termination of the Prior Agreements.

3. Place of Employment. Executive's services may be performed primarily remotely, at Executive's home or other suitable location provided by Executive, but Executive will also be required to work at the Company's office locations from time to time, including the Company's main office located at 254 W 31st St, New York, NY 10001. The parties further acknowledge, however, that Executive may be required to travel in connection with the performance of his duties hereunder.

4. Compensation. For all services to be rendered by Executive pursuant to this Agreement, the Company agrees to pay Executive during the Employment Period an annual base salary, less applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions (the "Base Salary") at an annual rate of four hundred twenty-five thousand dollars ($ 425,000). During the Employment Period, the Board has the discretion to raise the Base Salary from time-to-time and shall reevaluate Executive's Base Salary on at least an annual basis. The Base Salary shall be paid in equal biweekly installments in accordance with the Company's regular payroll practices.

5. Bonuses and Incentive Compensation; Expenses.

(a) During the Employment Period, Executive will be eligible to participate in any annual bonus and other incentive compensation program that the Company may adopt from time to time for its executive officers. As of the Effective Date, Executive shall be eligible to receive the incentive compensation set forth on **Exhibit A**.

(b) To the extent that the Company is required pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act to develop and implement a policy (the "Policy") providing for the recovery from Executive of any payment of incentive based compensation (whether in cash or in equity) paid to Executive that was based upon erroneous data

contained in an accounting statement, this Agreement shall be deemed amended and the Policy incorporated herein by reference as of the date that the Company takes all necessary corporate action to adopt the Policy, without requiring any further action of the Company or Executive, provided that any such Policy shall only be binding on Executive if the same Policy applies to the Company's other executive officers.

(c) Expenses. Executive shall be entitled to reimbursement for all reasonable and necessary travel, entertainment, and other expenses incurred by Executive while employed (in accordance with the policies and procedures established by the Company for its executive officers) in the performance of his duties and responsibilities under this Agreement; provided that Executive properly accounts for such expenses in accordance with Company policies and procedures. Executive shall be responsible for any unreasonable or unnecessary expenses incurred in violation of Company policies and procedures.

6. Other Benefits. During the Employment Period, Executive shall be eligible to participate in all incentive, savings, retirement (401(k)), and welfare benefit plans, health, medical, dental, vision, life (including accidental death and dismemberment) and disability insurance plans (collectively, to the extent they exist, "Benefit Plans"), in substantially the same manner and at substantially the same levels as the Company makes such opportunities available to the Company's executive officers, provided however, that the Company may not reduce the benefits provided to Executive under these Benefits Plans without Executive's written consent, unless such reduction is required by law. Executive shall also be entitled to coverage under such directors and officers, error and omissions, fiduciary liability and other similar insurance coverages, that the Company makes available to its directors and executives and shall enter into its/their standard indemnification agreement with Executive.

7. Vacation. The Company has an unlimited paid time off ("PTO") policy. PTO shall be taken at such times as are mutually convenient to Executive and the Company. PTO is not earned and does not accrue. Therefore, there will be no unused PTO to be paid upon termination of employment.

8. Termination of Employment.

(a) General. The Employment Period and Executive's employment hereunder shall terminate upon the earliest to occur of: (i) Executive's death, (ii) a termination by reason of Executive's Disability, (iii) a termination by the Company with or without Cause, (iv) a termination by Executive with or without Good Reason, or (v) the last day of the Employment Period. The parties agree that, upon the termination of Executive's employment (regardless of reason), Executive shall be deemed to have automatically resigned from all officer, director and other positions of any kind with the Company and XpresSpa.

(b) Death. If Executive dies during the Employment Period, this Agreement and Executive's employment with the Company shall automatically terminate and the Company shall have no further obligations to Executive or his heirs, administrators or executors with respect to compensation and benefits accruing thereafter, except for the obligation to pay to Executive's heirs, administrators or executors (i) any earned but unpaid Base Salary up to and through the date of termination (within fourteen (14) days following termination), (ii) any earned but unpaid Incentive

Compensation under the terms set forth in Section 5, (iii) any and all reasonable expenses paid or incurred by Executive in connection with and related to the performance of his duties and responsibilities for the Company up to and through the date of termination, and (iv) any benefits provided under the Company's employee benefit plans pursuant to, and in accordance with, the terms of such plans through the date of termination (including, without limitation, any death benefit or disability benefit plans or programs) (collectively, the "Accrued Obligations") The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(c) Disability. In the event that during the Employment Period the Company determines that Executive is unable to perform his essential duties and responsibilities hereunder to the full extent required by the Company by reason of a Disability (as defined below), this Agreement and Executive's employment with the Company shall terminate immediately upon notice to Executive, and the Company shall have no further obligations or liability to Executive or his heirs, administrators or executors with respect to compensation and benefits accruing thereafter, except for the obligation to pay the Accrued Obligations. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions. For purposes of this Agreement, "Disability" shall mean a physical or mental disability that prevents the performance by Executive, with or without reasonable accommodation, of his essential duties and responsibilities hereunder for sixty (60) consecutive days, or an aggregate of one hundred and twenty (120) days during any twelve consecutive months, as determined consistent with applicable law, provided that the determination of Executive's physical or mental health and the date of the Disability shall be determined by a medical expert who will examine Executive as appointed by the Company in its discretion. Executive hereby consents to such examination and consultation regarding Executive's health and ability to perform as aforesaid.

(d) By the Company for Cause.

(i) At any time during the Employment Period, the Company may terminate this Agreement and Executive's employment hereunder for Cause. Such termination shall be effective immediately upon notice to Executive, subject to the provisions of this Section 8(d)(i) and Section 8(d)(iii). "Cause" as used in this Agreement (and with respect to any other arrangement (including, without limitation, any equity award agreement) with the Company or its affiliates) shall mean: (a) the willful and continued failure of Executive to perform his duties and responsibilities for the Company (other than any such failure resulting from Executive's death or Disability) or lawful directives of the Board related to Executive's duties pursuant to this Agreement, after a written demand by the Board for performance is delivered to Executive by the Company, which identifies with reasonable specificity the manner in which the Board believes that Executive has not performed his duties and responsibilities, which willful and continued failure is not cured by Executive within thirty (30) days of his receipt of such written demand; (b) the conviction of, or plea of guilty or *nolo contendere* to a felony; (c) faithless conduct or the breach of fiduciary duty; (d) gross negligence or willful misconduct in the performance of Executive's material duties; (e) breach of Section 9 of this Agreement, (f) an intentional or grossly negligent breach of the Non-Disclosure and Non-Solicitation Agreement then in effect, the current form of which is annexed as **Exhibit B** (the "NDA") which results or could reasonably be expected to result in material harm to the Company or XpresSpa; (g) a material violation of Company's or XpresSpa's policies, which policies and procedures have previously been disclosed to Executive in writing; or (h) a good faith finding by the Board that

Executive has engaged in (A) (1) fraud, (2) dishonesty or faithless conduct, or (3) gross negligence, in each case related to the Company, or (B) criminal misconduct which (1) constitutes a felony or a crime of moral turpitude or (2) results or could reasonably be expected to result in harm to the Company.

(ii) Upon termination of this Agreement for Cause, the Company shall have no further obligations or liability to Executive or his heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay Executive the Accrued Obligations. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(iii) It is expressly acknowledged and agreed that the decision as to whether "Cause" exists for termination of the employment relationship by the Company is delegated to the Board for determination. However, the termination of Executive's employment shall not be deemed to be for "Cause" unless and until (A) there shall have been delivered to Executive a written notice specifying with reasonable detail the basis for the proposed termination for "Cause," and (B) if has so requested by Executive in writing within seven (7) days of such notice, Executive shall have been provided a reasonable opportunity to address a physical or telephonic meeting of the Board with a quorum of at least two thirds (2/3) of the Board's members, and a majority of the Board at such meeting shall have determined that the matter forming the basis for "Cause" is not curable or, if curable, was not cured within the applicable cure period.

(e) By Executive for Good Reason.

(i) At any time during the Employment Period, subject to the conditions set forth in Section 8(e)(ii) below, Executive may terminate this Agreement and Executive's employment with the Company for Good Reason. "Good Reason" as used in this Agreement shall mean the occurrence of any of the following events: (a) without Executive's prior written consent, a material diminution of the duties, authorities or responsibilities of Executive (including as a member of the Board); (b) a material reduction in Executive's Base Salary; (c) the failure by the Company to pay all or any material portion of the Base Salary, any material bonus payable, or any material benefits payable to Executive as required under this Agreement; (d) a change in Executive's reporting relationship from that described in Section 1(a); or (e) any other action or inaction that constitutes a material breach by the Company of this Agreement.

(ii) Executive shall not be entitled to terminate this Agreement for Good Reason unless and until he shall have delivered written notice to the Company of his intention to terminate this Agreement and his employment with the Company for Good Reason, which notice must be provided within sixty (60) days following the initial occurrence (or following Executive's actual knowledge) of the grounds purporting to constitute Good Reason, and which specifies in reasonable detail the circumstances claimed to provide the basis for such termination for Good Reason pursuant to Section 8(e)(i) above, and the Company shall not have cured the circumstances constituting Good Reason within thirty (30) days of its receipt from Executive of such written notice. The Company shall retain the discretion to terminate the Employment Period at any time during the Good Reason notice period provided for in this Section 8(e)(ii).

(iii) In the event that Executive terminates this Agreement and his employment with the Company for Good Reason or the Company terminates this Agreement without Cause (each, a "Qualifying Termination"), the Company shall pay or provide to Executive (or, following his death, to Executive's heirs, administrators or executors):

(A) The Accrued Obligations through the date the Employment Period is terminated.

(B) (y) An amount of Base Salary (at the rate of Base Salary in effect immediately prior to Executive's termination hereunder) equal to 100% of Executive's Base Salary as of the date of the Qualifying Termination (the "Separation Payment"). The Company shall pay to Executive the Separation Payment in substantially equal installments pursuant to the Company's regular payroll practices over a period of twelve months, commencing on the Company's next regular payroll date following the date the Release (referenced in Section 8(i) below) becomes irrevocable and enforceable. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(C) Subject to Section 8(i) below, so long as Executive elects COBRA continuation coverage, has not become actually covered by the medical plan of a subsequent employer during any such month and otherwise remains eligible to receive COBRA continuation coverage, the Company will reimburse premiums paid by Executive with respect to COBRA continuation coverage for up to a maximum of twelve months following the date of Qualifying Termination. After such period, Executive shall be responsible for paying the full cost for any additional COBRA continuation coverage. If the Company's payment of the COBRA premiums on Executive's behalf would violate the nondiscrimination rules or cause the reimbursement of claims to be taxable under the Patient Protection and Affordable Care Act of 2010, together with the Health Care and Education Reconciliation Act of 2010 (collectively, the "Act") or Section 95(h) of the Code, the Company paid premiums shall be treated as taxable payments and be subject to imputed income tax treatment to the extent necessary to eliminate any discriminatory treatment or taxation under the Act or Section 95(h) of the Code.

(f) By Executive without Good Reason. At any time during the Employment Period, Executive shall be entitled to terminate this Agreement and Executive's employment with the Company without Good Reason by providing prior written notice to the Company of at least sixty (60) calendar days, provided however that the Company shall maintain the discretion to terminate the Employment Period at any time during the notice period set forth in this Section 8(f). Upon termination by Executive of this Agreement and Executive's employment with the Company without Good Reason, the Company shall have no further obligations or liability to Executive or his heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay Executive the Accrued Obligations. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(g) By the Company without Cause. At any time during the Employment Period, the Company shall be entitled to terminate this Agreement and Executive's employment with the

Company without Cause upon written notice to Executive which shall set forth a date of termination. Upon termination by the Company of this Agreement and Executive's employment with the Company without Cause, the Company shall pay or provide to Executive (or, following his death, to Executive's heirs, administrators or executors) the amounts and benefits due upon a resignation for Good Reason, as further described in Section 8(e)(iii), including the Separation Payment. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(h) Upon Expiration of the Employment Period. If Executive's employment terminates upon the expiration of the Employment Period set forth in Section 1, the Company shall have no further obligations or liability to Executive or his heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay Executive the Accrued Obligations.

(i) Release of Claims. It is agreed that an express condition of the payment or provision by the Company of any severance amount or post termination benefit called for under Section 8(e)(iii) and Section 8(g) of this Agreement (other than the payment of any Accrued Obligations) shall be subject to the Company's concurrent receipt of a general release of all claims in the form set forth on **Exhibit C**, which release must be effective, unrevoked and irrevocable prior to the ninetieth (90th) day following the termination of Executive's employment (the "Release").

(j) Section 409A. Notwithstanding any provision in this Agreement to the contrary:

(i) The payments and benefits provided under this Agreement are intended to be exempt from Section 409A of the Code ("Section 409A") to the greatest extent possible; if not so exempt, this Agreement (and any definitions hereunder) are intended to comply with the requirements of Section 409A. Any amounts payable solely on account of Executive's involuntary separation from service within the meaning of Section 409A shall be excludible from the requirements of Section 409A, either as involuntary separation pay (exempt from the provisions of Section 409A under Treas. Reg. Section 1.409A-1(b)(9)) or as short-term deferral amounts (as described in Treas. Reg. Section 1.409A-1(b)(4)), to the maximum possible extent. Deferrals of compensation subject to the restrictions set forth under Section 409A (hereinafter, "Non-Qualified Deferred Compensation") may only be made to Executive pursuant to this Agreement upon an event and in a manner permitted by Section 409A.

(ii) For purposes of Section 409A, the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(iii) All taxable reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with Section 409A including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the period of time specified in this Agreement, (ii) the amount of expenses available for reimbursement, or the in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(iv) To the extent required by Section 409A, and notwithstanding any other provision of this Agreement to the contrary, no payment of Non-Qualified Deferred Compensation will be provided to, or with respect to, Executive on account of his separation from service until the first to occur of (A) the date of Executive's death or (B) the date which is one day after the six (6) month anniversary of his separation from service, but in either case only if he is a "specified employee" (as defined under Section 409A(a)(2)(B)(i) of the Code and the regulations promulgated thereunder) in the year of his separation from service. Any payment that is delayed pursuant to the provisions of the immediately preceding sentence shall instead be paid in a lump sum within thirty (30) days following the first to occur of the two dates specified in such immediately preceding sentence. Furthermore, any payments scheduled to be paid under Sections 8(e)(iii) or 8(g) during the applicable ninety (90) day period pending the effectiveness of the Release referenced therein and in Section 8(i), will be accumulated and paid, subject to the other provisions of this Section 8(j), on such ninetieth (90^{th}) day or earlier following the effectiveness of such Release.

(v) Any payment of Non-Qualified Deferred Compensation made pursuant to a voluntary or involuntary termination of employment shall be withheld until Executive incurs both (A) such a termination of employment and (B) a "separation from service" with the Company and all of its affiliates, as such term is defined in Treas. Reg. Section 1.409A-1(h).

(vi) To the extent the Agreement provides that Non-Qualified Deferred Compensation can be paid or commenced during a certain period (e.g., sixty (60) days) following a permissible payment or commencement event or trigger, the date of such payment or payment commencement shall be determined by the Company in its sole discretion (and by disregarding any desire of Executive) and, if the payment or commencement period exceeds ninety (90) days and spans two taxable years of Executive, then such Non-Qualified Deferred Compensation shall be paid and/or commenced during the second of such taxable years.

(vii) The preceding provisions of this section of the Agreement shall not be construed as a representation, covenant or guarantee by the Company or by any officer, director or affiliate of the Company of any particular tax effect to Executive under this Agreement. Neither the Company nor any of its officers, directors or affiliates shall be liable to Executive for any tax, penalty or interest imposed under Section 409A nor for reporting (or for failing to report) in good faith any payment made under this Agreement as an amount includible in gross income under Section 409A. Neither the Company nor any of its officers, directors or affiliates will have any liability to Executive or any other party if a payment or benefit under this Agreement is challenged by any taxing authority or is ultimately determined not to be exempt or compliant. Executive further understands and agrees that Executive will be entirely responsible for any and all taxes on any benefits payable to Executive as a result of this Agreement. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable and/or benefits provided to Executive under this Agreement, and such amounts payable and/or benefits provided to Executive under this Agreement shall not be reduced because Executive obtains other employment, becomes self-employed and/or receives remuneration and/or benefits from a third party after the date of termination.

9. Covenant Not to Compete.

(a) Executive recognizes that the services to be performed by him hereunder are special, unique and extraordinary. The parties confirm that it is reasonably necessary for the protection of the Company that Executive agree, and accordingly, Executive does hereby agree, that, he shall not, directly or indirectly, at any time during the "Restricted Period" within the "Restricted Area" engage in any "Restricted Business Activity" (as those terms are defined in Sections 9(b), (c) and (d) below). In the event of any inconsistencies between the terms of this Agreement and the NDA, this Agreement shall control.

(b) The term "Restricted Business Activity" as used in this Section 9, means that Executive shall not, directly or indirectly:

(i) provide services, either on his own behalf or as an officer, director, partner, consultant, associate, employee, owner, agent, independent contractor, or coventurer of any third party that sells products or services that are directly competitive in airports with the core products or services sold by XpresSpa during the Employment Period; or

(ii) solicit any material commercial relationships of XpresSpa, other than in the furtherance of the business of XpresSpa during the Employment Period;

provided however, that Restricted Business Activity shall not be construed to prevent and this Agreement shall not prevent Executive from (i) owning, directly or indirectly, in the aggregate, an amount not exceeding two percent (2)% of the issued and outstanding voting securities of any class of any company whose voting capital stock is traded or listed on a national securities exchange or in the over-the-counter market; or (ii) soliciting any material commercial relationships of XpresSpa for the purpose of selling products or providing services that are not the same or substantially similar to the core products or services sold by XpresSpa during the Employment Period.

(c) The term "Restricted Period," as used in this Section 9, shall mean during the Employment Period and for six (6) months after the date Executive is no longer employed by the Company.

(d) The term "Restricted Area" as used in this Section 9 shall mean the United States of America and every country outside the United States of America where the Company and/or XpresSpa is directly or indirectly operating or Executive is aware that the Company and/or XpresSpa is planning to operate, is actively evaluating operating in such country in the future, or is involved in any negotiations, discussions or other actions relating to such plans, including but not limited to submitting or responding to a RFP; except for any country which the Company or XpresSpa has abandoned such plans or has ceased, without any reason (such as waiting for responses from third parties), to pursue such plans or to respond to a RFP for a period exceeding sixty (60) days.

(e) If any of the restrictions contained in this Section 9 shall be deemed to be unenforceable by reason of the extent, duration or geographical scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration,

geographical scope, or other provisions hereof, and in its reduced form this Section shall then be enforceable in the manner contemplated hereby.

(f) The provisions of this Section 9 shall survive the termination of Executive's employment hereunder and until the end of the Restricted Period.

10. Executive's Representations. Executive hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by Executive does not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which Executive is bound, (ii) Executive is not a party to or bound by any employment agreement, noncompete agreement, non-solicitation agreement, covenants agreement, or confidentiality agreement with any other person or entity, (iii) Executive shall not use any confidential information or trade secrets of any third party in connection with the performance of Executive's duties hereunder and (iv) this Agreement constitutes the valid and binding obligation of Executive, enforceable against Executive in accordance with its terms. Executive hereby acknowledges and represents that Executive has had the opportunity to consult with independent legal counsel regarding Executive's rights and obligations under this Agreement and that Executive fully understands the terms and conditions contained herein.

11. Dispute Resolution.

(a) In the event of a breach or anticipated breach of the Agreement by either Party, the non-breaching Party shall inform the breaching Party by letter of the suspected or anticipated breach. The breaching Party shall have ten (10) days to cure said breach, if curable. In the event the breach has not been cured within ten (10) days, if curable, then, except as otherwise provided in Section 13(a), the non-breaching Party shall pursue a remedy or remedies through final and binding arbitration to which Sections 11(b) and (c) below shall apply.

(b) Any dispute arising between the Parties under this Agreement or concerning Executive's employment or the termination of Executive's employment shall be submitted to final and binding arbitration before the American Arbitration Association ("AAA"). Such arbitration shall be conducted in New York, New York, and the arbitrator will apply New York law, including federal law as applied in New York courts. The arbitration shall be conducted in accordance with AAA Employment Arbitration Rules as modified herein. The arbitration shall be conducted by a single arbitrator and the award of the arbitrator shall be final and binding on the parties, and judgment on the award may be confirmed and entered in any state or federal court in the State and City of New York. The arbitration shall be conducted on a strictly confidential basis, and the Parties shall not disclose the existence of a claim, the nature of a claim, any documents, exhibits, or information exchanged or presented in connection with such a claim, or the result of any action (collectively, "Arbitration Materials") to any third party, with the sole exception of their respective legal counsel, who also shall be bound by these confidentiality terms. Nothing herein shall prevent either Party from seeking or obtaining an injunction in aid of arbitration, nor from confirming the award of the arbitrator in court.

(c) In the event of any court proceeding, including a court proceeding to challenge or enforce an arbitrator's award, the parties hereby consent to the exclusive jurisdiction of the state

and federal courts in New York, New York and agree to venue in that jurisdiction. Each Party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by delivering a copy thereof to such Party in accordance with the notice provisions of Section 13(h) below. The Parties agree to take all steps necessary to protect the confidentiality of all confidential information, including the Arbitration Materials (if applicable), in connection with any such proceeding, agree to file all confidential information under seal, and agree to the entry of an appropriate protective order.

12. Defend Trade Secrets Act of 2016 Notice. In accordance with the federal Defend Trade Secrets Act of 2016 ("DTSA"), nothing in this Agreement is intended to interfere with or discourage Executive's good faith disclosure of a trade secret or other confidential information to any governmental entity related to a suspected violation of law. Notwithstanding anything to the contrary in this Agreement, the DTSA provides that Executive cannot be held criminally or civilly liable under any federal or state trade secret law (a) if Executive discloses a trade secret or other confidential information (i) in confidence (A) to any federal, state, or local government official, either directly or indirectly, or (B) an attorney, and solely for the purpose of reporting or investigating a suspected violation of the law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and does not disclose the trade secret, except pursuant to court order. Should Executive file a lawsuit for retaliation for reporting a suspected violation of law, he may disclose the trade secret to his attorney and use the trade secret information in the court proceeding, if Executive (y) files any document containing the trade secret under seal, and (z) does not disclose the trade secret, except pursuant to court order.

13. Miscellaneous.

(a) Executive acknowledges that the services to be rendered by him under the provisions of this Agreement are of a special, unique and extraordinary character and that it would be difficult or impossible to replace such services. Furthermore, the parties acknowledge that monetary damages alone would not be an adequate remedy for any breach by Executive of this Agreement. Accordingly, Executive agrees that any breach or threatened breach by him of this Agreement or the NDA shall entitle the Company, in addition to all other legal remedies available to it, to apply to any court of competent jurisdiction to seek to enjoin such breach or threatened breach. The parties understand and intend that each restriction agreed to by Executive hereinabove shall be construed as separable and divisible from every other restriction, that the unenforceability of any restriction shall not limit the enforceability, in whole or in part, of any other restriction, and that one or more or all of such restrictions may be enforced in whole or in part as the circumstances warrant. In the event that any restriction in this Agreement is more restrictive than permitted by law in the jurisdiction in which the Company seeks enforcement thereof, such restriction shall be limited to the extent permitted by law. The remedy of injunctive relief herein set forth shall be in addition to, and not in lieu of, any other rights or remedies that the Company may have at law or in equity.

(b) Executive may not assign or delegate any of his rights or duties under this Agreement without the express written consent of the Company. The Company will require any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be

required to perform it if no such succession had taken place. As used in this Agreement, the "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this subsection (b) or which otherwise becomes bound by all of the terms and provisions of this Agreement by operation of law.

(c) This Agreement, together with the NDA and any indemnification agreement, equity plan, stock option agreement, restricted stock unit agreement or other stock agreement to which plaintiff is a party or otherwise subject to, constitutes and embodies the full and complete understanding and agreement of the parties with respect to Executive's employment by the Company, and supersedes all prior understandings and agreements, whether oral or written, between Executive and the Company, and shall not be amended, modified or changed except by an instrument in writing executed by the party to be charged. The invalidity or partial invalidity of one or more provisions of this Agreement shall not invalidate any other provision of this Agreement. No waiver by either party of any provision or condition to be performed shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

(d) Executive acknowledges that he has had the opportunity to be represented by separate independent counsel in the negotiation of this Agreement, has consulted with his attorney of choice, or voluntarily chose not to do so, concerning the execution and meaning of this Agreement, and has read this Agreement and fully understands the terms hereof, and is executing the same of his own free will. Executive warrants and represents that he has had sufficient time to consider whether to enter into this Agreement and that he is relying solely on his own judgment and the advice of his own counsel, if any, in deciding to execute this Agreement.

(e) This Agreement shall inure to the benefit of, be binding upon and enforceable against, the parties hereto and their respective successors, heirs, beneficiaries and permitted assigns including, any successor of the Company including a purchaser of all or substantially all of Company's assets.

(f) If this Agreement or the Employment Period is terminated for any reason, the NDA and Sections 8, 9 and 11 shall survive termination of this Agreement.

(g) The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(h) All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, sent by registered or certified mail, return receipt requested, postage prepaid, or by reputable national overnight delivery service (e.g. FedEx) for overnight delivery to the party at the address set forth in the preamble to this Agreement, or to such other address as either party may hereafter give the other party notice of in accordance with the provisions hereof. Notices shall be deemed given on the sooner of the date actually received or the third business day after deposited in the mail or one business day after deposited with an overnight delivery service for overnight delivery.

(i) This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without reference to principles of conflicts of laws.

(j) This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one of the same instrument. The parties hereto have executed this Agreement as of the date set forth above.

(k) Each Party will pay its own costs and expenses related to the transactions contemplated by this Agreement.

[*Remainder of Page Intentionally Left Blank*]
[*Signature Page Follows*]

IN WITNESS WHEREOF, Executive and the Company have caused this Executive Employment Agreement to be executed to be effective as of the date first above written.

COMPANY:

XPRESSPA GROUP, INC.

By: _____

Name: Bruce Bernstein
Title: Chairman of the Board

EXECUTIVE:

_____
SCOTT R. MILFORD

EXHIBIT A

INCENTIVE COMPENSATION

Bonus:

Executive will be eligible to earn an annual bonus, the target amount of which shall be up to one hundred percent (100)% of Base Salary, based upon the achievement of performance goals and metrics established by the Board at its sole discretion. Any bonus will be determined as soon as reasonably practicable after the Company's annual financial statements are finalized (such date of determination, the "Bonus Determination Date").

The bonus payment will be split 50/50 between cash and a grant of restricted stock units with respect to the Company's common stock (the "Bonus Stock Award"). The cash portion of the bonus will be paid in a lump sum as soon as reasonably practicable following the Bonus Determination Date. The number of shares of Company common stock subject to the Bonus Stock Award will be computed by dividing (x) the value of the bonus payment attributable to the Bonus Stock Award by (y) the closing market price of the Company's common stock on the Bonus Determination Date. The Bonus Stock Award will be subject to vesting based on Executive's continued service with the Company through the first anniversary of the Bonus Determination Date, and shall be subject to the terms and conditions of the Company's 2020 Equity Incentive Plan, as may be amended and/or restated from time to time.

Payment of the bonus will be subject to Executive's continued employment through the date that the cash bonus is paid or the Bonus Stock Award is granted, as applicable.

However, notwithstanding any contrary term in the applicable equity incentive plan, all equity awards issued to Executive pursuant to this Agreement or otherwise shall become 100% vested, non-forfeitable, and (with respect to stock options) exercisable if, prior to the vesting date or period stated above, (i) a Change in Control of the Company (as defined in the Company's 2020 Equity Incentive Plan), subject to Executive's continued service through the closing of the applicable Change in Control or (ii) the Company terminates Executive without Cause, Executive terminates employment for Good Reason, or this Agreement expires without being renewed or novated.

EXHIBIT B

FORM OF NDA

MUTUAL NON-DISCLOSURE AGREEMENT

This Mutual Non-Disclosure Agreement ("**Agreement**") is entered into as of the last date on the signature page hereto (the "**Effective Date**"), by and among XpresSpa Group, Inc. ("**XpresSpa Group**") and _____ (individually a "**Party**" and collectively the "**Parties**"). The Parties have entered this Agreement to disclose to one another certain information, which the Parties consider to be confidential, for use by each Party.

NOW, THEREFORE, the Parties agree as follows:

1. Confidential Information. The term "**Confidential Information**" shall mean all materials, trade secrets or other information, including, without limitation, proprietary information and materials regarding a Party's technology, products, business information and objectives, financial information, forecasts, strategies, projections, licenses, agreements and analyses which the Disclosing Party provides to the Receiving Party, whether or not marked, designated, or otherwise identified as "confidential" or "proprietary." The term Confidential Information shall not include information that: (i) is or becomes generally available to the public other than as a result of a disclosure by the Receiving Party in breach of this Agreement; (ii) was already known by the Receiving Party or its Representatives (as hereinafter defined) prior to its receiving such information from the Disclosing Party; (iii) is received by or available to the Receiving Party or its Representatives on a non-confidential basis from a source other than the Disclosing Party that is not, to Receiving Party's knowledge, prohibited from disclosing such information; (iv) is independently developed by the Receiving Party or its Representatives without reference to the Disclosing Party's Confidential Information; or (v) is disclosed by the Disclosing Party to a third party without restriction.

2. Confidentiality. The Receiving Party shall not at any time during the term of this Agreement (i) use the Confidential Information for any purpose other than for the purposes of evaluating, discussing and/or negotiating a potential business relationship between the Parties and/or their affiliates or (ii) disclose the Confidential Information to any third party, except:

a. with the prior written consent of the Disclosing Party;

b. to any governmental or regulatory body having jurisdiction and specifically requiring such disclosure; provided however, that the Receiving Party provides reasonable advanced notice to the Disclosing Party (where permissible) and makes reasonable efforts to provide for the confidentiality of the disclosure;

c. in response to a valid subpoena, discovery request, or as otherwise may be required by law, regulation or court order, subject (where permissible) to a protective order; provided however, to the extent permissible and commercially reasonable, that any production under a protective order would be protected under an "Outside Attorneys Eyes Only" or higher confidentiality designation; provided further that if the Disclosing Party files a motion seeking a protective order from a court against the disclosure of such documents or other information to a third party, and provides notice to the Receiving Party of such motion, the Receiving Party shall refrain from disclosing the subject documents and information pending an order from the court, unless it is otherwise required by the court to do so;

d. in connection with the Securities and Exchange Act of 1934, as amended, the

Securities Act of 1933, as amended, and any other reports filed with the Securities and Exchange Commission or any stock exchange rule, or any other filings, reports or disclosures that may be required under applicable law, regulations or rules; or

e. to the Receiving Party's affiliates and its and their respective directors, officers, members, managers, employees, accountants, legal counsel, auditors, tax advisors, indemnitors, and other financial, legal and other professional advisors (collectively, "Representatives"), subject to obligations of confidentiality and/or privilege at least as stringent as those contained herein.

3. No Further Business Obligations. The Parties agree that neither Party shall be under any legal obligation of any kind whatsoever, or otherwise be obligated to enter any business or contractual relationship, investment, or transaction, by virtue of this Agreement, except for the matters specifically agreed to herein. Either Party may, at any time, at its sole discretion with or without cause, terminate discussions and negotiations with the other Party.

4. Securities Compliance. The Parties hereby acknowledge that the Confidential Information it receives pursuant to this Agreement may constitute material non-public information within the meaning of Regulation FD ("**Regulation FD**") promulgated by the United States Securities and Exchange Commission. The Parties hereby acknowledge that they are aware and that they will advise their representatives that the federal and state securities laws, including Regulation FD, may restrict any person who has material, non- public information about a company from purchasing or selling securities of such company (including entering into hedge transactions involving such securities) or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities.

5. Term. This Agreement shall be effective as of the Effective Date and shall remain in effect until the earlier of (i) one (1) year from the Effective Date or (ii) a definitive agreement is entered into between the parties hereto which governs the treatment of the Confidential Information. Notwithstanding the foregoing, in the case of termination/expiration pursuant to clause (i) hereof, with respect to any and all trade secrets of the Disclosing Party, the Receiving Party's confidentiality obligations shall survive the expiration or termination of this Agreement for as long as such Confidential Information qualifies as a trade secret under applicable federal, state and/or local law.

6. No Representations or Warranties. The Disclosing Party makes no representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information disclosed to the Receiving Party under this Agreement. The Disclosing Party or its representatives shall not be liable to the Receiving Party or its representatives relating to or resulting from the Receiving Party's use of any of the Information or any errors therein or omissions therefrom.

7. Equitable Remedies. In the event of any actual or threatened breach by the Receiving Party of this Agreement, the Disclosing Party will be entitled to seek immediate injunctive and other equitable relief.

8. Return of Information. The Receiving Party will return or destroy all tangible material embodying Confidential Information at any such time as the Disclosing Party may so request. Notwithstanding the foregoing, Receiving Party (x) shall not be obligated to delete copies of emails or instant messages located on back-up tapes and similar storage mediums containing Confidential Information, (y) may retain copies of Confidential Information (i) to the extent required by the laws, rules and regulations of any governmental agency or self-regulatory organization to which the Receiving Party (or its affiliates) are subject, including without limitation, FINRA and the Securities and Exchange Commission, and/or (ii) in accordance with Receiving Party's established internal compliance or document retention policies, and (z) may keep notes of what

Confidential Information was provided for the sole purpose of any dispute that may arise under this Agreement; provided, however, that any Confidential Information retained and/or disclosed shall be subject to the terms and conditions of this Agreement.

9. Notice. Any notices or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one (1) business day after deposit with an overnight courier service with next day delivery specified, in each case, properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be as set forth on the signature page hereto, or to such other address and/or facsimile number /or to the attention of such other Person as the recipient party has specified by written notice given to each other party five (5) days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by an overnight courier service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from an overnight courier service in accordance with clause (i), (ii) or (iii) above, respectively.

10. Choice of Law and Forum. This Agreement is made under, and shall be construed according to, the laws of the State of New York without regard to its conflicts of laws principles. Each party irrevocably consents to the exclusive jurisdiction of the federal and/or local courts located in the State of New York, County of New York in connection with any action regarding this Agreement.

11. Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to the subject matter contained herein and terminates and supersedes all prior or contemporaneous representations, promises, warranties, covenants, undertakings, discussions, negotiations, and agreements, whether written or oral, other than those expressly contained in this Agreement.

12. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or by an e- mail which contains a portable document format (.pdf) file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof. A facsimile or electronic copy of an executed counterpart shall be valid and have the same force and effect as an original.

13. Changes to the Agreement. This Agreement cannot be changed or terminated orally, and none of the terms hereof shall be deemed to be waived or modified except by an express agreement in writing signed by the party against whom such waiver or modification is sought to be enforced. Neither party shall assign or transfer any rights or obligations under this Agreement (including by operation of law) without the prior written consent of the other party. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid or unenforceable, in whole or in part, the remaining terms and provisions shall be unimpaired and the unenforceable term or provision shall be replaced by such enforceable term or provision as comes closest to the intention underlying the unenforceable term or provision.

[*Signature Page to Mutual Non-Disclosure Agreement*]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as.

XPRESSPA GROUP, INC.

By: _____
Name: Cara Soffer
Title: General Counsel

Address:
254 West 31st Street, 11th Floor
New York, NY 10001

Date: _____

Name of Entity or Individual: _____

By: _____
Name: _____
Title: _____
Address: _____
_____
_____
Telephone: _____
Facsimile: _____
E-Mail: _____
Date: _____

EXHIBIT C

FORM OF SEPARATION AGREEMENT RELEASE[1]

1. Termination of Employment. My employment with XpresSpa Group, Inc. (the "Company") terminated effective as of _____.

2. Consideration. I understand that in consideration for my execution of this Release (the "Release"), and my fulfillment of the promises made in the Employment Agreement between Company and me with effective date of January 19, 2022 (the "Employment Agreement"), Company agrees to provide me with the compensation and benefits set forth in the Employment Agreement.

3. Conditions Applying to Payment of Benefits. I understand and agree that the compensation and benefits payable to me pursuant to Section 2 above are subject to my compliance with the terms and conditions set forth in this Separation Agreement and the Employment Agreement.

4. General Release of Claims. I hereby voluntarily release Company, and its subsidiaries, partners, affiliates, owners, agents, officers, directors, employees, successors and assigns, and all related persons, individually and in their official capacities (hereinafter collectively referred to as the "Released Parties"), of and from any and all claims, known and unknown, relating to my employment or cessation of employment that I, my heirs, executors, administrators, successors, and assigns, have or may have as of the date of execution of this Release, including, but not limited to, any alleged violation of any of (a)The National Labor Relations Act; Title VII of the Civil Rights Act of 1964; Sections 1981 through 1988 of Title 42 of the United States Code; Civil Rights Act of 1991; The Employee Retirement Income Security Act of 1974 ("ERISA"); The Age Discrimination in Employment Act of 1967; The Americans with Disabilities Act of 1990; The Fair Credit Reporting Act; The Fair Labor Standards Act; The Occupational Safety and Health Act; The Family and Medical Leave Act of 1993; Executive Order 11246; The New York Equal Pay Law; The New York Human Rights Law; The New York Civil Rights Law; The New York State Wage and Hour Laws; The New York Labor Law, The New York Executive Law, The New York Occupational Safety and Health Laws, The New York City Administrative Code, The New York City Human Rights Law, and the New York City Earned Safe and Sick Time Act; including any amendment, consolidation or re-enactment of any of the foregoing, or (b) any other federal, state or local civil or human rights law or any other local, state or federal law, regulation or ordinance; (c) any public policy, contract, tort, or common law; or (d) any claims for vacation, sick or personal leave, pay or payment pursuant to any practice, policy, handbook, or manual of Company; or any allegation for costs, fees or other expenses including attorneys' fees and expert's fees incurred in these matters. Notwithstanding the foregoing, the release set forth in this Section 4 shall not apply to any vested employee benefits accrued by me prior to the effective date of this Release under any compensation or benefit plans, programs and arrangements maintained by Company for the benefit of its employees and subject to ERISA.

5. No Existing Claims. I confirm that no claim, charge, or complaint against the Released Parties exists before any federal, state, or local court or administrative agency.

6. No Participation In Claims. I understand that if this Release were not signed, I would have the right to voluntarily assist other individuals in bringing claims against the Released Parties. I hereby waive that

[1] The Company reserves the right to modify this Release to the extent that the Company reasonably determines necessary or advisable to help ensure that this Release is enforceable to the fullest extent permissible under applicable law and to reflect the applicable payments.

right and shall not provide any such assistance other than assistance in an investigation or proceeding conducted by an agency of the United States government.

7. Nonadmission of Wrongdoing. I agree that neither this Release nor the furnishing of the consideration for this Release shall be deemed or construed at any time for any purpose as an admission by the Released Parties of any liability or unlawful conduct of any kind.

8. Other Covenants.

(a) I shall abide by the provisions of the Non-Disclosure and Non-Solicitation Agreement dated [January [__], 2022] (the "NDA") the terms of which shall survive the signing of this Release. The term "Termination Date" as that term is used in the NDA shall be the date of this Release. Further, I agree that I will abide by any and all common law and/or statutory obligations relating to protection and non-disclosure of the Company's trade secrets and/or confidential and proprietary documents and information.

(b) I agree that all non-public information relating in any way to this Release, including the terms and amount of financial consideration provided for in this Release, shall be held confidential by me and shall not be publicized or disclosed to any person (other than an immediate family member, legal counsel or financial advisor, provided that any such individual to whom disclosure is made agrees to be bound by these confidentiality obligations), business entity or government agency (except as mandated by state or federal law), except that nothing in this paragraph shall prohibit me from participating in an investigation with a state or federal agency if requested by the agency to do so;

(c) I will not make any statements that are professionally or personally disparaging about, or adverse to, the interests of the Released Parties including, but not limited to, any statements that disparage any person, service, finances, financial condition, capability or any other aspect of the business of the Company, and that I will not engage in any conduct which could reasonably be expected to harm professionally or personally the reputation of the Released Parties; and

(d) After the Separation Date, I will make myself reasonably available and cooperate with reasonable requests from the Company to help with requests for information concerning any business or legal matters (including, without limitation, testimony in any litigation matters) involving facts or events relating to the Company that may be within my knowledge.

9. Breach of Agreement. I agree that if I breach any of the promises set forth in this Release or if I challenge this Release, Company shall have the right to terminate the benefits payable under the Employment Agreement and to require me to return all monies paid by Company in consideration for my signing this Release.

10. Governing Law and Interpretation. This Release shall be governed by and construed in accordance with the laws of the State of New York without regard to its conflict of laws provisions. If any portion of this Release is declared to be unenforceable by a court of competent jurisdiction in any action in which I participate or join, I agree that all consideration paid to me under the Employment Agreement shall be offset against any monies that I may receive in connection with any such action.

11. Entire Agreement. I acknowledge that I have not relied on any representations, promises, or agreements of any kind made to me in connection with my decision to sign this Release, except for those set forth in the Employment Agreement.

12. Amendment. This Release may not be amended except by a written agreement signed by both parties which specifically refers to this Release.

13. Right to Revoke. I understand that I have the right to revoke this Release at any time during the seven (7) day period following the date on which I first sign the Release. If I want to revoke, I must make a revocation in writing which states: "I hereby revoke my Release." This written revocation must be received by [_____] of the Company before the end of the seven-day revocation period; otherwise, such revocation shall not be effective.

14. Waiver of Claims.

(a) In consideration of the terms of this Release and the monies paid by the Company, as described in Paragraph 1 of this Release (which I agree constitute consideration in addition to anything of value to which I am already entitled), I agree that this Release constitutes a knowing and voluntary waiver of all waivable rights or claims I may have against the Released Parties, or any of them, including, but not limited to, all rights or claims arising under the Age Discrimination in Employment Act of 1967, as amended (the "ADEA"), including, but not limited to, all claims of age discrimination in employment and all claims of retaliation in violation of the ADEA.

(b) I understand that, by entering into this Release, I do not waive rights or claims that may arise after the date this Release is executed.

(c) I understand that this Release will not affect the rights and responsibilities of the U.S. Equal Employment Opportunity Commission ("EEOC") to enforce the ADEA, and further understand that this Release will not be used to justify interfering with my protected right to file a charge or participate in an investigation or proceeding conducted by the EEOC, the National Labor Relations Board, the Securities and Exchange Commission, the Occupational Safety and Health Administration, or any similar federal, state, or local agency. I knowingly and voluntarily waive all rights or claims (that arose prior to my execution of this Release) that I may have against the Released Parties, or any of them, to receive any benefit or remedial relief (including, but not limited to, reinstatement, back pay, front pay, damages, and attorneys' and experts' fees) as a consequence of any charge or compliant filed with the EEOC or any other agency, and of any litigation concerning any facts alleged in any such charge or complaint.

15. Effective Date. This Release shall not become effective or enforceable until the expiration of the 7-day revocation period described in Section 12 above.

I HAVE READ THIS AGREEMENT IN ITS ENTIRETY.

I UNDERSTAND THAT BY SIGNING THIS RELEASE, I SHALL BE GIVING UP IMPORTANT RIGHTS, AND SHALL BE WAIVING MY RIGHTS UNDER FEDERAL, STATE AND LOCAL LAW TO BRING ANY CLAIMS THAT I HAVE OR MIGHT HAVE AGAINST THE RELEASED PARTIES INCLUDING BUT NOT LIMITED TO THE ACTS, STATUTES, CODES, ORDINANCES, RULES AND LAWS SET FORTH IN THIS RELEASE, AND ANY OTHER CONSTITUTIONAL, STATUTORY COMMON LAW RIGHTS AND PRIVILEGES.

I UNDERSTAND THAT MY RIGHT TO RECEIVE SEPARATION PAYMENTS SET FORTH IN SECTION 8 OF THE EMPLOYMENT AGREEMENT IS SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THIS RELEASE AND THAT I WOULD NOT RECEIVE SUCH BENEFITS BUT FOR MY EXECUTION OF THIS RELEASE.

I HAVE BEEN ADVISED IN WRITING TO CONSULT WITH AN ATTORNEY PRIOR TO SIGNING THIS RELEASE. I HAVE HAD A REASONABLE OPPORTUNITY TO RETAIN AND CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS RELEASE AND HAVE DONE SO.

I ALSO HAVE BEEN ADVISED IN WRITING BY COMPANY THAT I HAVE TWENTY-ONE (21) DAYS TO CONSIDER THIS RELEASE. I AGREE THAT ANY MODIFICATIONS, MATERIAL OR OTHERWISE, MADE TO THIS SEPARATION AGREEMENT DO NOT RESTART OR AFFECT IN ANY MANNER THE ORIGINAL TWENTY-ONE (21) DAY CONSIDERATION PERIOD.

I AGREE TO EVERYTHING CONTAINED IN THIS RELEASE AND AM SIGNING THIS RELEASE KNOWINGLY, VOLUNTARILY, AND FREE OF ANY DURESS.

IN WITNESS WHEREOF, I have executed this Release as of the date set forth below.

SCOTT R. MILFORD

Date: _____

Subsidiaries of XpresSpa Group, Inc.

Name of Subsidiary	Jurisdiction of Incorporation
GCG Connect, LLC d/b/a HyperPointe	New Jersey
I/P Engine, Inc.	Virginia
Innovate/Protect, Inc.	Delaware
Iron Gate Security, Inc.	Delaware
Quantum Stream Inc.	Delaware
Spa Products Import & Distribution Co., LLC	New York
Vringo Acquisition, Inc.	Delaware
Vringo GmbH	Germany
Vringo Infrastructure, Inc.	Delaware
Vringo Labs, Inc.	Delaware
Vringo Ltd.	Israel
Vringo Mobile, Inc.	Delaware
VRTUAL, Inc.	Delaware
XpresSpa Amsterdam Airport B.V.	Netherlands
XpresSpa at Term. 4 JFK, LLC	New York
XpresSpa Atlanta Terminal A, LLC	New York
XpresSpa Atlanta Terminal C, LLC	New York
XpresSpa Atlanta Terminal D&E, LLC	New York
XpresSpa Austin Airport, LLC	New York
XpresSpa Charlotte Airport, LLC	New York
XpresSpa Denver Airport, LLC	New York
XpresSpa DFW International, LLC	New York
XpresSpa DFW Kiosk, LLC	New York
XpresSpa DFW Terminal A, LLC	New York
XpresSpa Europe B.V.	Netherlands
XpresSpa Franchising, LLC	New York
XpresSpa Franchising USA, LLC	New York
XpresSpa Holdings, LLC	Delaware
XpresSpa Houston Hobby, LLC	New York
XpresSpa Houston Intercontinental Terminal A, LLC	New York
XpresSpa International Holdings, LLC	New York
XpresSpa LaGuardia Airport, LLC	New York
XpresSpa Las Vegas Airport, LLC	New York
XpresSpa LAX Airport, LLC	New York
XpresSpa LAX Tom Bradley, LLC	New York
XpresSpa Miami Airport, LLC	New York
XpresSpa Middle East B.V.	Netherlands
XpresSpa Middle East Limited	British Virgin Islands

Name of Subsidiary	Jurisdiction of Incorporation
XpresSpa Mobile Services, LLC	New York
XpresSpa MSP Airport, LLC	New York
XpresSpa Online Shopping, LLC	New York
XpresSpa Orlando International, LLC	New York
XpresSpa Orlando, LLC	New York
XpresSpa Philadelphia Airport, LLC	New York
XpresSpa Philadelphia Terminal B, LLC	New York
XpresSpa Phoenix Airport, LLC	New York
XpresSpa Pittsburgh A, LLC	New York
XpresSpa RDU Airport, LLC	New York
XpresSpa S.F. International, LLC	New York
XpresSpa Salt Lake City, LLC	New York
Xpresspa Turkey Sağlık Hizmetleri Ve Perakende Ticaret Limited Sirketi	Turkiye
Xpresspa Sağlık Hizmetleri Ve Ticaret Limited Sirketi	Turkiye
XpresSpa Washington Reagan, LLC	New York
XpresRecover Charlotte Airport, LLC	New York
XpresTest, Inc.	Delaware
Treat, Inc.	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
XpresSpa Group, Inc.

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 No 333-254508, and on Form S-3 Nos 333-239913, 333-240084, 333-225531, and 333-233419 of XpresSpa Group, Inc. (the" Company") of our report dated March 31, 2022 with respect to the consolidated financial statements of XpresSpa Group, Inc. included in this Annual Report (Form 10-K) of XpresSpa Group, Inc. for the year ended December 31, 2021.

/s/ Friedman LLP

East Hanover, New Jersey
March 31, 2022

Exhibit 31.1

CERTIFICATIONS UNDER SECTION 302

I, Scott Milford, certify that:

1. I have reviewed this Annual Report on Form 10-K of XpresSpa Group, 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. I am 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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 my 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. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

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

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

Date: March 31, 2022

/s/ SCOTT R MILFORD

Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS UNDER SECTION 302

I, James Berry, certify that:

1. I have reviewed this Annual Report on Form 10-K of XpresSpa Group, 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. I am 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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 my 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. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

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

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

Date: March 31, 2022

/s/ JAMES A. BERRY

Chief Financial Officer
(Principal Accounting and Financial Officer)

Exhibit 32

CERTIFICATIONS UNDER SECTION 906

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of XpresSpa Group, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report for the year ended December 31, 2021 (the "Form 10-K") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 31, 2022

/s/ SCOTT R. MILFORD
Chief Executive Officer
(Principal Executive Officer)

/s/ JAMES A. BERRY
Chief Financial Officer
((Principal Financial and Accounting Officer)