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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2026

☐ **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

XWELL, 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) 750-9595**

(Former name, former address and former fiscal year, if changed since last report)

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

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

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 definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of November 19, 2026, 10,620,883 shares of the registrant's common stock were outstanding.

XWELL, Inc. and Subsidiaries

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PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

XWELL, Inc. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands, except share and per share data)

	September 30, 2026	December 31, 2025
Current assets		
Cash and cash equivalents	$ 9,489	$ 2,617
Marketable securities	-	7
Accounts receivable, net	2,149	1,560
Contract assets	2,002	—
Inventory	383	509
Other current assets	1,122	1,217
Total current assets	15,145	5,910
Restricted cash	318	251
Property and equipment, net	1,415	1,665
Intangible assets, net	11	101
Operating lease right-of-use assets, net	1,430	1,039
Security deposits	2,387	2,127
Other assets	232	124
Total assets	$ 20,938	$ 11,217
Current liabilities		
Accounts payable	$ 1,800	$ 2,836
Accrued expenses and other current liabilities	3,149	2,940
Accrued Series G convertible preferred stock redemption payable	-	538
Current portion of operating lease liabilities	1,726	1,862
Deferred revenue	3,052	1,126
Convertible senior secured note, net	-	3,590
Total current liabilities	9,727	12,892
Long-term liabilities		
Derivative liability	-	3,870
Operating lease liabilities	5,468	7,035
Total liabilities	15,195	23,797
Commitments and contingencies (see Note 9)		
Temporary equity		
Series G Convertible Preferred Stock, $0.01 par value per share and $1,000 stated value per share, 4,000 shares authorized; 0 and 196 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively; Liquidation preference of $0 as of September 30, 2026	-	224
Equity (deficit)		
Series H Convertible Preferred Stock, $0.01 par value per share and $1,000 stated value per share, 35,000 shares authorized; 30,866 and 0 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively; Liquidation preference of $30,866 as of September 30, 2026	-	-
Common stock, $0.01 par value per share, 150,000,000 shares authorized; 10,620,883 and 6,071,324 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	106	61
Additional paid-in capital	501,671	468,915
Accumulated deficit	(508,132)	(489,697)
Accumulated other comprehensive loss	(1,854)	(1,541)
Total (deficit) attributable to XWELL, Inc.	(8,209)	(22,262)
Noncontrolling interests	13,952	9,458
Total equity (deficit)	5,743	(12,804)
Total liabilities, temporary equity and equity	$ 20,938	$ 11,217

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

XWELL, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)
(In thousands, except share and per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Revenue, net				
Services	$ 11,046	$ 6,482	$ 23,642	$ 19,807
Products	752	863	1,940	2,249
Total revenue, net	11,798	7,345	25,582	22,056
Cost of sales				
Labor	3,688	3,848	9,699	11,727
Occupancy	670	1,237	2,037	3,609
Products and other operating costs	2,260	767	3,364	2,134
Total cost of sales	6,618	5,852	15,100	17,470
Gross Profit	5,180	1,493	10,482	4,586
Depreciation and amortization	164	221	500	574
Impairment of long-lived assets	—	122	-	122
Loss on disposal of assets, net	310	7	549	7
Impairment of operating lease right-of-use assets	—	359	-	359
General and administrative	8,304	1,554	21,286	10,144
Total operating expenses	8,778	2,263	22,335	11,206
Operating loss	(3,598)	(770)	(11,853)	(6,620)
Change in fair value of derivative liabilities	—	233	(5,584)	512
Change in fair value of warrant liability	—	—	—	3,215
Loss on issuance of Series G Preferred Stock	—	-	—	(3,443)
Interest income (expense), net	9	490	(22)	695
Foreign exchange gain (loss)	38	(129)	217	(1,127)
(Loss) gain on investments, realized and unrealized	(56)	31	110	85
Other non-operating expense, net	(43)	(64)	(96)	(132)
Loss before income taxes	(3,650)	(209)	(17,228)	(6,815)
Income tax expense	(8)	(2)	(60)	(36)
Net loss	(3,658)	(211)	(17,288)	(6,851)
Net income attributable to noncontrolling interests	(539)	(513)	(1,147)	(861)
Net loss attributable to XWELL, Inc.	$ (4,197)	$ (724)	$ (18,435)	$ (7,712)
Net loss	$ (3,658)	$ (211)	(17,288)	(6,851)
Other comprehensive income (loss)	(59)	90	(178)	696
Comprehensive loss	$ (3,717)	$ (121)	$ (17,466)	$ (6,155)
Loss per share				
Preferred stock dividends	—	(167)	(82)	(424)
Preferred stock accretion and deemed contribution on Repurchase of Series G Preferred Stock	—	(582)	106	(1,664)
Net loss attributable to XWELL, Inc. common stockholders	$ (4,197)	$ (1,473)	$ (18,411)	$ (9,800)
Basic and diluted loss per share	$ (0.47)	$ (0.26)	$ (2.22)	$ (1.79)
Weighted-average number of shares outstanding				
Basic	9,006,646	5,761,486	8,302,639	5,482,332
Diluted	9,006,646	5,761,486	8,302,639	5,482,332

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

XWELL, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY (DEFICIT)
(Unaudited)
(In thousands, except share and per share data)

	Series G Convertible Preferred stock		Series H Convertible Preferred stock		Common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total Company equity	Non-controlling interests	Total equity (deficit)
	Shares	Amount	Shares	Amount	Shares	Amount						
January 1, 2026	196	$ 224	—	$ —	6,071,324	$ 61	$468,915	$ (489,697)	$ (1,541)	$(22,262)	$ 9,458	$ (12,804)
Issuance of common stock for Series G preferred stock installment redemption	—	—	—	—	1,855,442	18	525	—	—	543	—	543
Stock-based compensation[1]	—	—	—	—	—	—	886	—	—	886	581	1,467
Issuance of Series H Preferred Stock in private placement, net of transaction costs	—	—	31,333	—	—	—	28,269	—	—	28,269	—	28,269
Series G Preferred Stock dividends	—	—	—	—	—	—	(82)	—	—	(82)	—	(82)
Extinguishment of Series G Preferred Stock and convertible notes	(196)	(224)	—	—	—	—	4,356	—	—	4,356	—	4,356
Foreign currency translation	—	—	—	—	—	—	—	—	(141)	(141)	41	(100)
Issuance of XpresTest shares to noncontrolling interests[1]	—	—	—	—	—	—	(2,666)	—	—	(2,666)	2,666	—
Other comprehensive income, net	—	—	—	—	—	—	—	—	22	22	—	22
Net loss for the period[1]	—	—	—	—	—	—	—	(11,728)	—	(11,728)	135	(11,593)
March 31, 2026[1]	—	$ —	31,333	$ —	7,926,766	$ 79	$500,203	$ (501,425)	$ (1,660)	$ (2,803)	$12,881	$ 10,078
Issuance of common stock for vested stock awards	—	—	—	—	545,000	5	(5)	—	—	—	—	—
Stock-based compensation[1]	—	—	—	—	—	—	98	—	—	98	29	127
Common stock issued for services	—	—	—	—	—	—	—	—	—	—	—	—
Foreign currency translation	—	—	—	—	—	—	—	—	(123)	(123)	60	(63)
Issuance of XpresTest shares to noncontrolling interests[1]	—	—	—	—	—	—	262	—	—	262	(262)	—
Other comprehensive income, net	—	—	—	—	—	—	—	—	22	22	—	22
Net loss for the period[1]	—	—	—	—	—	—	—	(2,510)	—	(2,510)	473	(2,037)
June 30, 2026[1]	—	$ —	31,333	$ —	8,471,766	$ 84	$500,558	$ (503,935)	$ (1,761)	$ (5,054)	$13,181	$ 8,127
Issuance of common stock for vested stock awards	—	—	—	—	677,500	7	(7)	—	—	—	—	—
Common stock issued for services	—	—	—	—	478,000	5	487	—	—	492	—	492
Stock-based compensation	—	—	—	—	—	—	812	—	—	812	29	841
Conversion of Series H Convertible Preferred Stock into common stock	—	—	(467)	—	993,617	10	(10)	—	—	—	—	—
Issuance of XpresTest shares to noncontrolling interests	—	—	—	—	—	—	(169)	—	—	(169)	169	—
Foreign currency translation	—	—	—	—	—	—	—	—	(115)	(115)	34	(81)
Other comprehensive income, net	—	—	—	—	—	—	—	—	22	22	—	22
Net loss for the period	—	—	—	—	—	—	—	(4,197)	—	(4,197)	539	(3,658)
September 30, 2026	—	$ —	30,866	$ —	10,620,883	$ 106	$501,671	$ (508,132)	$ (1,854)	$ (8,209)	$13,952	$ 5,743

(1) As revised for management's revisions to stock issuances (see Note 17).

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

XWELL, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY (DEFICIT) (Continued)
(Unaudited)
(In thousands, except share and per share data)

	Series G Convertible 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						
January 1, 2025	—	$ —	5,261,024	$ 53	$ 473,824	$ (472,706)	$ (1,959)	$ (788)	$ 8,530	$ 7,742
Stock-based compensation	—	—	—	—	80	—	—	80	3	83
Issuance of Series G Preferred Stock in private placement, net of transaction costs	4,000	—	—	—	—	—	—	—	—	—
Series G Preferred Stock accretion	—	499	—	—	(499)	—	—	(499)	—	(499)
Series G Preferred Stock dividends	—	68	—	—	(68)	—	—	(68)	—	(68)
Foreign currency translation	—		—	—	—	—	199	199	(10)	189
Net loss for the period	—	—	—	—	—	(4,719)	—	(4,719)	131	(4,588)
March 31, 2025	4,000	$ 567	5,261,024	$ 53	$ 473,337	$ (477,425)	$ (1,760)	$ (5,795)	$ 8,654	$ 2,859
Stock-based compensation	—	—	—	—	599	—	—	599	—	599
Series G Preferred Stock accretion	—	583	—	—	(583)	—	—	(583)	—	(583)
Series G Preferred Stock dividends	—	81	—	—	(81)	—	—	(81)	—	(81)
Accrual of Series G Preferred Stock and dividend redemption	(667)	(816)	—	—	—	—	—	—	—	—
Deemed dividends on Preferred Stock	—	—	—	—	(108)	—	—	(108)	—	(108)
Reclass of warrant liability upon warrant modification	—	—	—	—	2,658	—	—	2,658	—	2,658
Foreign currency translation	—	—	—	—	—	—	390	390	19	409
Other comprehensive income, net	—	—	—	—	—	—	8	8	—	8
Net loss for the period	—	—	—	—	—	(2,269)	—	(2,269)	217	(2,052)
June 30, 2025	3,333	$ 415	5,261,024	$ 53	$ 475,822	$ (479,694)	$ (1,362)	$ (5,181)	$ 8,890	$ 3,709
Stock-based compensation	—	—	—	—	237	—	—	237	—	237
Issuance of restricted stock units	—	—	505,679	5	(5)	—	—	—	—	—
Series G Preferred Stock accretion	—	582	—	—	(582)	—	—	(582)	—	(582)
Series G Preferred Stock dividends	—	67	—	—	(67)	—	—	(67)	—	(67)
Accrual of Series G Preferred Stock and dividend redemption	(667)	(733)	—	—	—	—	—	—	—	—
Deemed dividends on Preferred Stock	—	—	—	—	(100)	—	—	(100)	—	(100)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(9)	(9)
Foreign currency translation	—	—	—	—	—	—	65	65	5	70
Other comprehensive income, net	—	—	—	—	—	—	19	19	—	19
Net loss for the period	—	—	—	—	—	(724)	—	(724)	513	(211)
September 30, 2025	2,666	$ 331	5,766,703	$ 58	$ 475,305	$ (480,418)	$ (1,278)	$ (6,333)	$ 9,399	$ 3,066

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

XWELL, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Nine months ended September 30,	
	2026	**2025**
Cash flows from operating activities		
Net loss	$ (17,288)	$ (6,851)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	500	574
Impairment of long-lived assets	—	122
Impairment of operating lease right-of-use assets	—	359
Unrealized gain on marketable securities	—	(35)
Foreign currency remeasurement (gain) loss	(217)	1,127
Gain on lease termination	(809)	(401)
Loss on disposal of assets, net	503	7
Amortization of operating lease right-of-use asset	236	717
Issuance of shares of common stock for services	492	—
Provision for credit losses	1	6
Stock-based compensation	2,435	919
Non-cash interest expense	53	—
Gain on equity investment	(110)	(50)
Change in fair value of derivative liability	5,584	(512)
Change in fair value of warrant liability	—	(3,215)
Loss on issuance of Series G Preferred Stock	—	3,443
Changes in assets and liabilities:		
Decrease (increase) in inventory	126	(15)
(Increase) decrease in accounts receivable	(589)	258
(Increase) in contract assets	(2,002)	—
Increase (decrease) in deferred revenue	1,926	(16)
Decrease (increase) in other assets, current and non-current	(242)	(3,678)
Increase (decrease) in other liabilities, current and non-current	(1,089)	(2,676)
(Decrease) increase in accounts payable	(885)	1,246
Net cash used in operating activities	(11,375)	(8,671)
Cash flows from investing activities		
Acquisition of property and equipment	(797)	(2,258)
Investment in marketable securities	—	(94)
Sale of marketable securities	7	7,158
Acquisition of intangibles	(11)	—
Net cash provided by (used in) investing activities	(801)	4,806
Cash flows from financing activities		
Payment of Series G Preferred Stock dividends	(76)	—
Payment for Repurchase of preferred stock, convertible notes and warrants	(9,000)	—
Proceeds from Series H Preferred Stock in private placement, net of offering costs	28,269	—
Proceeds from registered offering, net of offering costs	—	3,745
Redemption of preferred stock	—	(957)
Distributions to noncontrolling interests	—	(9)
Net cash provided by financing activities	19,193	2,779
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(78)	23
Increase in cash, cash equivalents and restricted cash	6,939	(1,063)
Cash, cash equivalents, and restricted cash at beginning of the year	2,868	5,301
Cash, cash equivalents, and restricted cash at end of the period	$ 9,807	$ 4,238
Cash paid for		
Income taxes	$ 60	$ 34
Non-cash investing and financing transactions		
Capital expenditures included in accounts payable, accrued expenses and other current liabilities	(145)	291
Accrual of Series G convertible preferred stock dividends	82	216
Accretion of Series G convertible preferred stock to redemption value	—	1,664
Initial fair value of warrant liability	—	5,873
Initial fair value of derivative liability	—	1,315
Accrued Series G convertible preferred stock redemption payable	—	800
Reclass of warrant liability upon warrant modification	—	2,658
Lease liability remeasurement due to modification	—	79
Right-of-use asset and lease liability recognized for new operating lease	674	204
Noncash conversion of Series G convertible preferred stock	543	—
Deemed dividend on Repurchase of Series G Preferred Stock	106	—
Fair value of Placement Agent warrants	7,152	—
Contribution on Repurchase of related party debt, net of warrant repurchase cost	4,250	—
Derecognition of right-of-use asset and operating lease liabilities upon termination of lease	47	—
Noncash reclassification between noncontrolling interests and additional paid-in capital resulting from changes in ownership interests in XpresTest	2,573	—

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

XWELL, Inc. and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(In thousands, except for share and per share data)

Note 1. Business Overview and Going Concern

Overview

XWELL ("XWELL" or the "Company") is a global wellness organization dedicated to delivering restorative and health-focused services to travelers through its three reportable operating segments: XpresSpa®, XpresTest®, and Naples Wax Center®. XpresSpa operates spa service locations in major airports, offering massage, skincare, and travel products. XpresTest transitioned from providing COVID-19 testing to supporting public health efforts through biosurveillance programs at international airports. Naples Wax Center provides upscale hair removal and skincare services through its branded locations.

Liquidity Analysis

The accompanying unaudited condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered recurring losses and negative cash flows from operations. Based on the Company's current liquidity, expected operating cash requirements and other obligations, management concluded that substantial doubt exists about the Company's ability to continue as a going concern for a period of one year following the date these unaudited condensed consolidated financial statements are issued.

The Company continues to focus on improving its overall profitability and liquidity. Management is implementing various strategic initiatives to manage operating expenses, preserve working capital and enhance cash flow. These include cost reduction efforts, capital spending controls, and financing options such as the February 2026 private placement (referenced below).

The Company's increase in liquidity during the nine months ended September 30, 2026 was primarily attributable to proceeds from a private placement of Series H Convertible Preferred Stock with accompanying warrants completed in February 2026 (the "February 2026 Private Placement"), which generated net proceeds of $28,269. During the nine months ended September 30, 2026, the Company used approximately $9,000 of these proceeds to repurchase outstanding Series G Preferred Stock, certain convertible notes, and related warrants as part of a strategic effort to simplify its capital structure and reduce future financing obligations. The remaining proceeds were used to support general corporate purposes and working capital needs.

The accompanying condensed consolidated financial statements, including the cash and cash equivalents and working capital balances as of September 30, 2026, do not reflect any anticipated proceeds from the proposed Sale (as defined in Note 16). If completed, the net proceeds from the Sale are expected to provide an additional source of liquidity to support the Company's retained operations. Closing of the Sale is anticipated during the fourth quarter of 2026, subject to satisfaction or waiver of the remaining closing conditions. There can be no assurance that the remaining closing conditions will be satisfied or waived or that the Sale will be consummated.

The Company's ability to continue as a going concern will depend on its ability to improve operating results, manage its operating and working capital requirements and, if necessary, obtain additional financing or other sources of liquidity. There can be no assurance that the Company will be successful in implementing these plans or that additional financing or other sources of liquidity will be available on acceptable terms, or at all. Accordingly, management's plans do not alleviate the substantial doubt about the Company's ability to continue as a going concern.

Note 2. Accounting and Reporting Policies

Basis of Presentation and Principles of Consolidation

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the instructions to Article 8-03 of Regulation S-X and should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2025, as amended. The condensed consolidated balance sheet as of December 31, 2025 was derived from the audited annual financial statements but does not include all information required by GAAP for annual financial statements. The 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 adjustments that, in the opinion of management, are necessary for a fair presentation for the periods presented have been reflected by the Company. Such adjustments are of a normal, recurring nature. The results of operations for the three and nine months ended September 30, 2026, are not necessarily indicative of the results that may be expected for the entire fiscal year or for any other interim period. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

The preparation of the accompanying unaudited condensed consolidated financial statements in conformity with 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 unaudited condensed 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, the valuation of stock-based compensation, fair value of warrants, derivative liability, deferred tax assets and liabilities, income tax uncertainties, and other contingencies.

Revenue recognition

XpresSpa and Naples Wax Center

The Company recognizes revenue from the sale of products and services when the services are rendered at XpresSpa and Naples Wax Centers locations 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. The Company recognizes revenue from Priority Pass services when an invoice is generated to Priority Pass detailing the number of services performed multiplied by the agreed upon price.

XpresTest

XpresTest began conducting biosurveillance monitoring in 2021 in collaboration with the Centers for Disease Control and Prevention ("CDC") and Concentric by Ginkgo Bioworks Holdings, Inc. ("Ginkgo Bioworks"). In February 2025, the program was extended through a three-year contract with a total base value of $22,200 over three years and a maximum ceiling value of $24,800 over the same period. Subsequent amendments in 2026 authorized additional funded services, expanded the scope of the program through new collection locations and surge testing activities, and increased the maximum contract value to approximately $28,600.

In July 2026, XpresTest entered into a separate contract with the CDC to provide Ebola-related entry-screening, emergency-response and other public-health support services. The contract includes an initial mobilization period, a five-month base operating period and a six-month government option, as well as reimbursement for certain travel and personal protective equipment costs. In September 2026, the contract was modified to add traveler-intervention and response-operations support and revise certain existing services and pricing. Following the modification, the total potential contract value was approximately $35,536, including amounts subject to the government option. The Company accounts for the services under the original contract and the additional services arising from the modification as two separate performance obligations.

The Company identified two performance obligations related to the Ebola arrangement with the CDC: one associated with the services under the original contract and a second associated with the additional services under the September 2026 contract modification. Each performance obligation consists of a series of recurring services that is satisfied over time because the CDC simultaneously receives and consumes the benefits of the services as they are performed. For each performance obligation, the contractual minimum consideration is recognized over the applicable service period using a time-elapsed measure of progress. Additional variable consideration is determined based on qualifying personnel and labor hours and is recognized as the related services are performed. Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal of cumulative revenue recognized will not occur. Revenue recognition is based on the satisfaction of the underlying performance obligation and the Company's entitlement to consideration and is not dependent upon the timing of invoicing or cash collection.

Note 3. Cash, Cash Equivalents, and Restricted Cash

A reconciliation of the Company's cash and cash equivalents in the unaudited condensed consolidated balance sheets to cash, cash equivalents and restricted cash in the unaudited condensed consolidated statements of cash flows as of September 30, 2026, and December 31, 2025 is as follows:

	September 30, 2026	December 31, 2025
Cash denominated in United States dollars	$ 7,604	$ 1,100
Cash denominated in currency other than United States dollars	1,800	1,451
Restricted cash	318	251
Credit and debit card receivables	85	66
Total cash, cash equivalents and restricted cash	$ 9,807	$ 2,868

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. 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.

Note 4. Other current assets

As of September 30, 2026, and December 31, 2025, other current assets consisted of the following:

	September 30, 2026	December 31, 2025
Prepaid expenses	$ 1,122	$ 1,217
Total other current assets	$ 1,122	$ 1,217

Prepaid expenses are predominantly comprised of financed and prepaid insurance policies, IT hosting services, and prepaid commissions related to the XpresTest Ebola program (see Note 15), which have terms of one year or less.

Note 5. Property and Equipment, net

Property and equipment are comprised of the following:

	September 30, 2026	December 31, 2025	Useful Life
Leasehold improvements	$ 4,015	$ 6,094	Average 5-8 years
Furniture and fixtures	314	468	3-4 years
Other operating equipment	914	1,028	Maximum 5 years
	5,243	7,590	
Accumulated depreciation	(3,828)	(5,925)	
Total property and equipment, net	$ 1,415	$ 1,665	

Depreciation expense was $144 and $399 for the three and nine months ended September 30, 2026, respectively. Depreciation expense was $144 and $344 for the three and nine months ended September 30, 2025, respectively.

Note 6. Leases

XWELL is contingently liable to a surety company under certain general indemnity agreements required by various airports relating to its lease agreements. XWELL 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.

During the nine months ended September 30, 2026, there were decreases to the lease terms for the Company's Bloomingdale Square, Waterford Lakes and Lakeside Winter Park locations, which were accounted for as lease modifications. The operating lease right-of-use assets and lease liabilities were remeasured at the respective modification dates, resulting in gains of approximately $638 associated with the remeasurement of the related lease balances.

During the nine months ended September 30, 2026, the leases for the Company's Midtown and Tri-City locations were terminated. The related operating lease right-of-use assets and lease liabilities were derecognized at the respective termination dates, resulting in a net gain of approximately $171.

The following is a summary of the activity in the Company's current and long-term operating lease liabilities for the nine months ended September 30, 2026 and 2025:

	Nine months ended September 30,	
	2026	**2025**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ (1,806)	$ (2,121)
Leased assets obtained in exchange for new and modified operating lease liabilities	$ 674	$ 283
Leased assets surrendered in exchange for termination of operating lease liabilities	$ 47	$ -

As of September 30, 2026, operating leases contain the following future minimum commitments:

Calendar Years ending December 31,	**Amount**
Remaining 2026	$ 557
2027	2,062
2028	1,538
2029	1,324
2030	1,186
Thereafter	1,786
Total future lease payments	**8,453**
Less: interest expense at incremental borrowing rate	(1,259)
Net present value of lease liabilities	**$ 7,194**

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

Weighted average remaining lease term:	5.01 years
Weighted average discount rate used to determine present value of operating lease liability:	6.67 %

Cash paid for minimum annual rental obligations during the three and nine months ended September 30, 2026, was $264 and $1,472, respectively. Cash paid for minimum annual rental obligations during the three and nine months ended September 30, 2025, was $505 and $1,745, respectively.

Variable lease payments calculated monthly as a percentage of product and services revenue, were $157 and $371 for the three months ended September 30, 2026, and 2025, respectively, and $381 and $1,035 for the nine months ended September 30, 2026, and 2025, respectively.

Note 7. Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy exists, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are:

Level 1: Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reported date.

Level 3: Unobservable inputs, that are supported by little or no market activity and are developed based on the best information available in the circumstances. For example, inputs derived through extrapolation or interpolation that cannot be corroborated by observable market data.

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 September 30, 2026 and December 31, 2025. Assets and liabilities that are measured at fair value on a nonrecurring basis relate primarily to tangible property and equipment, right-of-use assets, and other intangible assets, which are remeasured when the derived fair value is below carrying value in the consolidated balance sheets. Recoverability is based on estimated undiscounted cash flows or other relevant observable/unobservable measures. 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 of long-lived assets and Impairment of operating lease right-of-use assets on the condensed consolidated statements of operations and comprehensive loss.

Fair value measurements discussed herein are based upon certain market assumptions and pertinent information available to management as of and during the nine months ended September 30, 2026. The carrying amounts of cash equivalents, accounts receivable, and accounts payable approximated their fair values as of September 30, 2026 due to their short-term nature. The fair value of the bifurcated embedded derivative related to the convertible preferred stock and Note was estimated using a Monte Carlo simulation model, which uses as inputs the fair value of our common stock and estimates for the equity volatility of our common stock, the time to maturity of the convertible preferred stock, the risk-free interest rate for a period that approximates the time to maturity, dividend rate, a penalty dividend rate, and our probability of default.

		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 September 30, 2026:				
Recurring fair value measurements				
Equity and debt securities:				
Route1, Inc.	$ 222	$ —	$ 222	$ —
Total equity and debt securities	222	—	222	—
Total recurring fair value measurements	$ 222	$ —	$ 222	$ —
Nonrecurring fair value measurements				
Operating lease right-of-use asset	$ 1,430	$ —	$ —	$ 1,430
Total nonrecurring fair value measurements	$ 1,430	$ —	$ —	$ 1,430
As of December 31, 2025				
Recurring fair value measurements				
Equity and debt securities:				
Route1	$ 112	$ —	$ 112	$ —
Marketable securities	7	7	—	—
Total equity and debt securities	119	7	112	—
Derivatives:				
Derivative liability	3,870	—	—	3,870
Total derivatives	3,870	—	—	3,870
Total recurring fair value measurements	$ 3,989	$ 7	$ 112	$ 3,870
Nonrecurring fair value measurements				
Property, plant and equipment	$ 1,665	$ —	$ —	$ 1,665
Operating lease right-of-use asset	1,039	—	—	1,039
Convertible senior secured note	6,689	—	—	6,689
Total nonrecurring fair value measurements	$ 9,393	$ —	$ —	$ 9,393

The following table sets forth a summary of the change in the fair value of the bifurcated embedded derivative liabilities that are measured at fair value on a recurring basis:

Balance on January 1, 2026	3,870
Change in fair value of bifurcated embedded derivative	5,584
Extinguishment of convertible preferred stock with bifurcated embedded derivative	(9,454)
Balance on September 30, 2026	$ —

Note 8. Accrued expenses and other current liabilities

As of September 30, 2026, and December 31, 2025, accrued expenses and other current liabilities consisted of the following:

	September 30, 2026	December 31, 2025
Accrued compensation	$ 1,363	$ 905
Tax-related liabilities	972	527
Common area maintenance accruals	—	41
AP Accruals	203	78
Gift certificates	328	331
Other miscellaneous accruals	283	1,058
Total accrued expenses and other current liabilities	$ 3,149	$ 2,940

Note 9. 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 adjusts as appropriate. A 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.

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

November 2025 Employment Litigation

In November 2025, a former employee initiated an employment-related legal proceeding against the Company, as previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2025. During the three months ended March 31, 2026, the Company entered into a confidential settlement agreement to resolve the matter. The matter was settled for a de minimis amount, and the case has been dismissed with prejudice.

XpresSpa Holdings, LLC ("XpresSpa") v. Cordial Endeavor Concessions of Atlanta, LLC ("Cordial"), et al., Arbitration Case No. 2126399.

The Company's subsidiary, XpressSpa Holdings, LLC, is party to an arbitration proceeding (the "Arbitration") which was requested by the City of Atlanta relating to agreements by and between Cordial and XpresSpa for the operation of the XpresSpa locations in Hartsfield - Jackson Atlanta International Airport ("ATL") in ATL Terminal A and ATL Terminal C. The City of Atlanta filed an application to compel arbitration in the Superior Court of Fulton County, and on November 5, 2024, the court granted that application and ordered the parties to arbitrate their disagreements.

This dispute arises out of alleged breaches of contract between the parties as well as other alleged improper conduct relating to the agreements. The arbitration hearing was completed in March 2026, and the arbitrator issued a final award on June 3, 2026. On July 30, 2026, the Superior Court of Fulton County, Georgia confirmed the arbitration award and entered final judgment. The final judgment includes an award of approximately $118 payable by the Company. The Company subsequently satisfied its obligations under the arbitration award, and the matter is now concluded.

Other Arrangements

On May 16, 2025, the Company entered into a sales and marketing agreement with a vendor that obligates the Company to make payments totaling $662 over the next three years. Payments are due quarterly, with the first installment beginning in July 2025.

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.

Note 10. Stockholders' Equity and Warrants

Common Stock Issued for Services

During the nine months ended September 30, 2026, the Company issued shares of common stock to certain consultants and service providers as consideration for services. During the second quarter of 2026, the Company granted 100,000 shares of common stock to C&H Capital in consideration for consulting services. The grant-date fair value of approximately $125 was recognized as stock-based compensation expense within general and administrative expenses on the unaudited condensed consolidated statement of operations and comprehensive loss and accrued as a liability within accrued expenses and other current liabilities within the unaudited condensed consolidated balance sheets during the three months ended June 30, 2026. The shares were issued in the third quarter of 2026, at which time the accrued liability was settled through equity (see Note 17).

During the third quarter of 2026, the Company issued 125,000 fully vested shares of common stock to XWEL INV I, LLC in connection with an amended and restated consulting agreement (see Note 15). The grant-date fair value of the shares was approximately $119 and was recognized as stock-based compensation expense within general and administrative expenses on the unaudited condensed consolidated statement of operations and comprehensive loss during the three months ended September 30, 2026.

In addition, during the third quarter of 2026, the Company issued 253,000 shares of common stock to Koral Financial in consideration for advisory services. The Company recognized approximately $248 of stock-based compensation expense associated with the award, which is presented within general and administrative expenses on the unaudited condensed consolidated statement of operations and comprehensive loss, during the three months ended September 30, 2026.

February 2026 Private Placement

On February 24, 2026, the Company entered into the February 2026 Purchase Agreement with a certain accredited investor (the "February 2026 Purchaser") for the issuance and sale in a private placement of an aggregate of (i) 31,333 shares of the Company's newly-designated Series H Convertible Preferred Stock, par value of $0.01 per share and a stated value of $1,000 per share (the "Series H Preferred Stock"), initially convertible into up to 66,665,957 shares of common stock (the "Series H Conversion Shares"), at an initial conversion price of $0.47 per share, subject to adjustment for certain customary adjustments, and (ii) the warrants (the "Series H Warrants") to purchase up to 66,665,957 shares of common stock, at an initial exercise price of $0.345 per share, subject to adjustment for certain customary adjustments, for aggregate gross proceeds of approximately $31,300. The Series H Warrants expire three years from the date of issuance. The February 2026 Private Placement closed in two tranches, with 30,832 shares of Series H Preferred Stock and 65,600,000 Series H Warrants issued on February 27, 2026 (the "First Closing"), and 501 shares of Series H Preferred Stock and 1,065,957 Series H Warrants issued on March 3, 2026 (the "Second Closing", and collectively with the First Closing, the "Closing").

In connection with the February 2026 Private Placement, pursuant to a placement agency agreement (the "Placement Agency Agreement"), dated as of February 24, 2026, by and between the Company and Dominari Securities LLC (the "Placement Agent"), the Company engaged the Placement Agent to act as an exclusive placement agent in connection with the February 2026 Private Placement and agreed to (i) pay to the Placement Agent (a) a cash fee equal to 8% of the gross proceeds of the February 2026 Private Placement and (b) reimbursements and payments of certain expenses, including non-accountable expense allowance equal to 1% of the gross proceeds raised in the February 2026 Private Placement and reasonable out-of-pocket expenses, not to exceed $250, and (ii) issue to the Placement Agent warrants (the "Placement Agent Warrants") to purchase up to an aggregate number of shares of Common Stock equal to 8% of the

aggregate number of shares of common stock underlying the securities issued in the February 2026 Private Placement, with terms identical to the Series H Warrants, except that the Series H Placement Agent Warrants have a term of five (5) years from the date of issuance. The Placement Agency Agreement contains customary representations, warranties and agreements of the parties, and customary indemnification obligations of the Company.

Series H Preferred Stock

The terms of the Series H Preferred Stock are set forth in the Series H Certificate of Designations. The shares of Series H Preferred Stock are convertible into the Series H Conversion Shares at the election of the holders of the Series H Preferred Stock (the "Holders") at any time at an initial conversion price of $0.47 per share (the "Series H Conversion Price"). The Series H Conversion Price is subject to customary adjustments for stock dividends, stock splits, reclassifications, stock combinations and the like.

A Holder of the Series H Preferred Stock may not convert any portion of the Series H Preferred Stock to the extent that the Holder, together with its affiliates, would beneficially own more than 4.99% of the Company's outstanding shares of Common Stock immediately after conversion, except that upon at least 61 days' prior notice from the Holder to the Company, the Holder may increase the beneficial ownership limitation to up to 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to the conversion.

Pursuant to the Series H Certificate of Designations, so long as any shares of the Series H Preferred Stock are outstanding, the Company may not, directly or indirectly, redeem, or declare or pay any cash dividend or distribution on, any securities of the Company without the prior express written consent of the Required Holders (as defined in the Series H Certificate of Designations). In the event that dividends are consented to by the Required Holders, the Holders of the Series H Preferred Stock shall be entitled to receive dividends on shares of the Series H Preferred Stock equal (on an as-if-converted-to-Common-Stock basis) to and in the same form as dividends actually paid on shares of the Common Stock when, as and if such dividends are paid on shares of the Common Stock. No other dividends may be paid on shares of the Series H Preferred Stock.

Except as otherwise provided in the Series H Certificate of Designations or as otherwise required by law, the Series H Preferred Stock will have no voting rights except as provided by law. However, as long as any shares of Series H Preferred Stock are outstanding, the Company may not, without the affirmative vote at a meeting duly called for such purpose, or the written consent without a meeting, of the Required Holders, voting together as a single class, (a) amend or repeal any provision of, or add any provision to, its charter documents, including, without limitation, its Certificate of Incorporation or bylaws, the Series H Certificate of Designation, or file any certificate of designations or articles of amendment of any series of shares of preferred stock, in each case, only if such action would adversely alter or change in any respect the preferences, rights, privileges or powers, or restrictions provided for the benefit, of the Series H Preferred Stock, regardless of whether any such action shall be by means of amendment to the Certificate of Incorporation or by merger, consolidation or otherwise; (b) increase or decrease (other than by conversion) the authorized number of shares of the Series H Preferred Stock; (c) create or authorize (by reclassification or otherwise) any new class or series of shares that has a preference over the Series H Preferred Stock with respect to dividends or the distribution of assets on the liquidation, dissolution or winding up of the Company; (d) pay dividends or make any other distribution on any shares of any capital stock of the Company junior in rank to the Series H Preferred Stock; or (e) whether or not prohibited by the terms of the Series H Preferred Stock, circumvent a right of the Series H Preferred Stock.

The Series H Preferred Shares are not mandatorily redeemable and do not embody an unconditional obligation to settle in a variable number of equity shares. As such, the Series H Preferred Stock are classified as permanent equity on the unaudited condensed consolidated balance sheets. The holder's contingent redemption right in the event of certain deemed liquidation events does not preclude permanent equity classification. The Series H Preferred Shares were determined to be more akin to an equity-like host than a debt-like host for purposes of assessing embedded derivative features for potential bifurcation. The embedded conversion feature is considered to be clearly and closely related to the associated convertible preferred stock host instrument and therefore was not bifurcated from the equity host.

During the three months ended September 30, 2026, Holders converted 467 shares of Series H Preferred Stock, with an aggregate stated value of $467, into 993,617 shares of the Company's common stock at the applicable conversion price of $0.47 per share. Following the conversion, 30,866 shares of Series H Preferred Stock remained issued and outstanding as of September 30, 2026.

Series H Warrants

The exercise price of the Series H Warrants is subject to customary adjustments for stock dividends, stock splits, reclassifications and the like. A holder of the Series H Warrants may not exercise any portion of such holder's Warrants to the extent that the holder, together with its affiliates, would beneficially own more than 4.99% of the Company's outstanding shares of Common Stock immediately after exercise, except that upon at least 61 days' prior notice from the holder to the Company, the holder may increase the beneficial ownership limitation to up to 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to the exercise.

The Company assessed the Series H Warrants under ASC 480 and ASC 815 and determined that they met the requirements to be classified in stockholders' equity upon issuance.

Pursuant to the Placement Agency Agreement, the Company issued to the Placement Agent the Series H Placement Agent Warrants to purchase 5,333,277 shares of Common Stock with the same terms as the Series H Warrants except that the Series H Placement Agent Warrants have a term of five (5) years from the date of issuance. The Series H Placement Agent Warrants are within the scope of ASC 718 pursuant to ASC 718-10-20 and were determined to qualify for equity classification upon issuance. The total aggregate fair value of the Series H Placement Agent Warrants between the First Closing and the Second Closing of approximately $7,152 was included as a component of total transaction costs for the February 2026 Private Placement and was accordingly recorded in equity. The issuance date fair value of the Series H Placement Agent Warrants issued in the First Closing of $7,048 was determined using the Black Scholes Model using the following weighted average assumptions: the fair value of the Company's common stock per share of $1.49; remaining term of 5 years; equity volatility of 101%; and a risk-free interest rate of 3.5%. The issuance date fair value of the Series H Placement Agent Warrants issued in the Second Closing of $104 was determined using the Black Scholes Model using the following weighted average assumptions: the fair value of the Company's common stock per share of $1.37; remaining term of 5 years; equity volatility of 100%; and a risk-free interest rate of 3.6%.

Transaction costs totaling $10,216 were incurred related to the February 2026 Private Placement consisting of cash expenses for placement agent fees, legal fees, and accounting costs related to the financing, as well as the fair value of Series H Placement Agent Warrants. Net proceeds from the February 2026 Private Placement totaled $28,269. As the Series H Preferred Stock and Series H Warrants were classified in permanent equity, all transaction costs were recorded as an offset to additional paid-in capital.

February 2026 Omnibus Agreement

On February 24, 2026, the Company entered into the Omnibus Agreement, by and between the Company and January 2025 Investors, pursuant to which, the Company agreed to (i) repurchase from the January 2025 Investors $3,468 of aggregate principal amount of the Notes, representing the entire outstanding principal amounts of the Notes and any accrued and unpaid interest thereon, (ii) redeem 196 shares of Series G Preferred Stock held by the January 2025 Investors with an aggregate Stated Value of $196 and $27 of accrued and unpaid dividends thereon, representing all outstanding shares of Series G Preferred Stock, and (iii) redeem all Amended and Restated Warrants held by the January 2025 Investors, representing all outstanding Series A Warrants and Series B Warrants, for an aggregate cash purchase price of $9,000 (collectively, the "Repurchase"). The Repurchase closed on March 2, 2026.

On March 4, 2026, the Company filed a Certificate of Elimination (the "Certificate of Elimination") with respect to its Series G Preferred Stock, with the Delaware Secretary of State. The Certificate of Elimination (i) eliminates the previous designation of 4,000 shares of Series G Preferred Stock, none of which were outstanding at the time of filing, (ii) causes such shares of Series G Preferred Stock to resume the status of authorized but unissued shares of preferred stock of the Company and (iii) eliminates all reference to the Series G Preferred Stock from the Company's Amended and Restated Certificate of Incorporation, as amended.

The Company allocated the total cash purchase price related to the Repurchase among the Series G Preferred Stock, the Notes, and the Amended and Restated Warrants using the relative fair value method on March 2, 2026 as summarized in the table below and accounted for each instrument in accordance with the relevant accounting guidance:

Instrument	Fair Value	Percentage of total fair value	Allocated consideration based on relative fair value
Series G Preferred	$ 398	1.57%	141
Notes	12,906	50.92%	4,582
Amended and Restated Warrants	12,044	47.51%	4,277
Total	$ 25,348	100.00%	9,000

Accounting Treatment – Redemption of Series G Preferred Stock

The following table summarizes the calculation of the net carrying value of the Series G Preferred Shares before the Repurchase:

Stated value of outstanding Preferred Shares	$ 196
Premium	27
Fair value of bifurcated derivative liability	22
Accrued Series G Convertible Preferred payable	2
	$ 247

During the three and nine months ended September 30, 2026 the Company incurred $0 and $82 respectively, in dividends, and paid $0 and $76 of dividends in cash related to the Series G Preferred Stock. Additionally, during the nine months ended September 30, 2026 the Company issued 1,855,442 shares of its common stock in conversion of Series G Preferred Shares for a total value of $543.

The Company estimated the $398 fair value of the remaining Series G Preferred Stock and the $22 fair value of the bifurcated embedded derivative related to the Series G Preferred Stock prior to the Repurchase on March 2, 2026 using a Monte Carlo simulation model, with the following inputs: the fair value of the Company's common stock of $1.70 on the valuation date, estimated equity volatility of 148%, the time to maturity of 0.87 years, a discounted market interest rate 6.3%, a risk-free rate of 3.51%, dividend rate of 8.0%, a penalty dividend rate of 15.0%, and probability of default of 3.9%. Prior to the Repurchase, the Company recognized a gain of $0 and $40 related to the change in the fair value of the derivative during the three and nine months ended September 30, 2026, respectively, which is recorded in change in fair value of derivative liabilities on the unaudited condensed consolidated statement of operations.

The Company treated the extinguishment of the Series G Convertible Preferred Stock as a redemption in accordance with ASC Topic 260, Earnings Per Share. Accordingly, the Company thus recognized a total of $106 representing the difference between the allocated consideration of $141 and the carrying amount of the Series G Preferred Shares of $247 as a deemed contribution, which is added to net loss attributable to common stockholders in the unaudited consolidated statement of operations and comprehensive loss for the nine months ended September 30, 2026 and recognized as additional paid-in capital.

Accounting Treatment – Extinguishment of the Notes

The following table summarizes the calculation of the net carrying value of the Notes before the Repurchase:

Outstanding principal	$ 3,387
Unamortized premium	210
Accrued interest payable	81
Fair value of bifurcated derivative liability	9,431
	$ 13,109

The Company recognized interest expense totaling approximately $0 and $53 during the three and nine months ended September 30, 2026 prior to the Repurchase, reflecting an effective interest rate of 8.80% and which was comprised of approximately $46 interest at the stated rate, and approximately $7 representing the amortization of the premium recognized at issuance.

The Company estimated the $12,906 fair value of the Notes and the $9,431 fair value of the bifurcated embedded derivative related to the Notes prior to the Repurchase on March 2, 2026 using a Monte Carlo simulation model, with the following inputs: the fair value of the Company's common stock of $1.70 on the valuation date, estimated equity volatility of 108%, the time to maturity of 3.03 years, a discounted market interest rate of 6.5%, a risk-free rate of 3.43%, and probability of default of 15.6%. Prior to the Repurchase, the Company recognized a loss of $0 and $5,624 related to the change in the fair value of the derivative during the three and nine months ended September 30, 2026, which is recorded in change in fair value of derivative liabilities on the unaudited condensed consolidated statement of operations.

The Company accounted for the repurchase of the Notes as a debt extinguishment in accordance with ASC Topic 470, Debt. Accordingly, the $8,527 difference between the allocated consideration of $4,583 and the carrying amount of the Notes of $13,109 was recognized as a capital contribution recognized in additional paid-in capital as the Notes were held by certain of the Company's investors.

Accounting Treatment – Repurchase of the Amended and Restated Warrants

The Company estimated the $12,044 fair value of the Amended and Restated Warrants prior to the Repurchase on March 2, 2026 using the Black Scholes Model using the following weighted average assumptions: the fair value of the Company's common stock per share of $1.70; remaining term of 3.87 years; equity volatility of 103%; and a risk-free interest rate of 3.49%.

The Company accounted for the repurchase of the Amended and Restated Warrants in accordance with the guidance in ASC Topic 815, Derivatives and Hedging, related to the repurchase of freestanding equity-classified instruments. Accordingly, the allocated consideration of $4,277 was recorded as reduction of additional paid-in capital.

The following table represents the activity related to the Company's warrants during the nine months ended September 30, 2026:

	No. of Warrants		Weighted average exercise price	Remaining contractual term (years)
December 31, 2025	9,045,000	$	1.00	4.18
Granted	71,999,234	$	0.35	—
Repurchased	(9,045,000)	$	1.00	—
September 30, 2026	71,999,234	$	0.35	2.56

All outstanding warrants were exercisable as of September 30, 2026 with an intrinsic value of $35,640.

Note 11. Stock-based Compensation

Stock-based compensation expense was $841 and $2,435 for the three and nine months ended September 30, 2026, respectively. For the three months ended September 30, 2026, this consisted of $812 related to restricted stock units and stock options of the Company, and $29 related to restricted stock awards of XpresTest. For the nine months ended September 30, 2026, this consisted of $1,796 related to restricted stock units and stock options of the Company, and $639 related to restricted stock awards of XpresTest.

Total stock-based compensation expense for the three and nine months ended September 30, 2025 was $237 and $919, respectively. All stock-based compensation is presented within general and administrative expense in the unaudited condensed consolidated statements of operations and comprehensive loss.

In February 2026, XpresTest issued an aggregate of 120 restricted stock awards (the "2026 RSAs") to certain officers of the Company, of which 50 shares were granted pursuant to the XpresTest, Inc. 2020 Equity Incentive Plan, as amended (the "XpresTest Plan"), and 70 shares were granted outside of the XpresTest Plan (see Note 17).

Related stock-based compensation expense associated with the 2026 RSAs was $29 and $639 for the three and nine months ended September 30, 2026, respectively. As of September 30, 2026, the Company had approximately $43 of unrecognized stock-based compensation cost related to the 2026 RSAs.

The Company estimated the grant-date fair value of the 2026 RSAs, which were granted on February 9 and February 13, 2026, using a market approach. XpresTest's enterprise value was estimated from an allocation of the Company's market-cap-implied enterprise value (adjusted for the convertible note, derivative liability, Series G preferred stock and cash) based on XpresTest's share (67%) of the Company's fiscal year 2025 cash flows by operating segment. The value allocated to XpresTest was then adjusted to a 100% equity basis for the Company's 74.1% ownership interest and for XpresTest's net cash, then divided by the XpresTest shares outstanding to calculate a per-share fair value. A discount for lack of marketability of 18.0%, based on an average of protective put and Asian - style put option models, was then applied. The aggregate grant - date fair value of the 2026 RSAs was approximately $682.

The following tables summarize information about stock options and RSU activity for the nine months ended September 30, 2026:

	RSUs		Stock options		
	No. of RSUs	Weighted average grant date fair value	No. of options	Weighted average exercise price	Weighted average remaining term
Outstanding as of December 31, 2025	55,000	$ 1.30	921,267	$ 4.24	8.63 years
Granted	1,300,000	1.19	—	—	
Exercised/Vested	(1,345,000)	1.19	—	—	
Forfeited	—	—	—	—	
Expired	—	—	(24,793)	14.65	
Outstanding as of September 30, 2026	10,000	$ 1.80	896,474	$ 3.95	7.98 years
Exercisable as of September 30, 2026	—		896,474	$ 3.95	7.98 years

There was no unrecognized stock-based payment cost related to non-vested stock options as of September 30, 2026.

Unrecognized stock-based payment cost related to non-vested RSUs as of September 30, 2026 was $17.

During the nine months ended September 30, 2026, XpresTest granted 120 restricted shares to officers and directors, of which 110 had vested as of September 30, 2026, including 5 shares that vested during the three months ended September 30, 2026. The remaining 10 shares were unvested as of September 30, 2026. The vested shares increased the total shares outstanding from 959.5 to 1,069.5 and increased the noncontrolling interest in XpresTest from 16.6% to 25.2%, including an increase from 24.9% to 25.2% during the three months ended September 30, 2026.

Note 12. Revenue

In July 2026, XpresTest entered into a contract with the U.S. Centers for Disease Control and Prevention ("CDC") to provide Ebola-related entry-screening, emergency-response and other public-health support services. The contract includes an initial mobilization period, a five-month base operating period and a six-month government option, as well as reimbursement for certain travel and personal protective equipment costs. In September 2026, the contract was modified to add traveler-intervention and response-operations support and to revise certain existing services and pricing. Following the modification, the total potential contract value was approximately $35,536, including amounts subject to the government option.

In September 2026, XpresTest entered into a cooperative agreement with the U.S. Department of State with a total award amount of $20,000 to support rapid outbreak response and infectious disease detection, containment and mitigation

activities. The period of performance under the agreement extends through September 2028. No revenue was recognized under the agreement during the three months ended September 30, 2026.

Disaggregation of Revenue

The following table provides information about disaggregated revenue from contracts with customers by the nature of products and services provided:

	Nine months ended September 30,	
	2026	**2025**
Revenue, point in time	$ 14,078	$ 15,693
Revenue, over time	11,504	6,363
Total Revenue	**$ 25,582**	**$ 22,056**

	Three months ended September 30,	
	2026	**2025**
Revenue, point in time	$ 4,681	$ 5,314
Revenue, over time	7,117	2,031
Total Revenue	**$ 11,798**	**$ 7,345**

As of September 30, 2026, the unrecognized committed amount of the Ginkgo/Bioworks contract is $4,220 and the unrecognized committed amount of the CDC Ebola contract is $29,678.

Contract Costs

The Company incurred commission expense in connection with XpresTest's Ebola program during the three months ended September 30, 2026. Commissions paid exceeded commission expense recognized for the period; the excess is presented as prepaid commissions within prepaid expenses, and no commission accrual remained at September 30, 2026. See Note 15 for additional information regarding the commission arrangements, including arrangements with certain executive officers and directors of the Company.

The following table summarizes the activity in prepaid commissions during the three quarters ended September 30, 2026.

	Period Ended		
	March 31, 2026	**June 30, 2026**	**September 30, 2026**
Prepaid commissions, beginning of period	$ —	$ —	$ —
Commissions paid	—	—	1,753
Commission expense incurred	—	—	(1,599)
Prepaid commissions, end of period	$ —	$ —	$ 154

Contract Liabilities

Contract liabilities are classified as deferred revenue in the unaudited condensed consolidated balance sheets. The activity in deferred revenue for the nine months ended September 30, 2026 and for the year ended December 31, 2025, was as follows:

	Three months ended		
	March 31, 2026	**June 30, 2026**	**September 30, 2026**
Beginning of the period contract liability	$ 1,126	$ 790	$ 708
Revenue recognized from the contract liabilities included in the beginning balance	(431)	(120)	(63)
Increases due cash received net of amounts recognized revenue during the period	95	38	2,407
End of period contract liability	$ 790	$ 708	$ 3,052

Of the $1,126 outstanding as of December 31, 2025, $63 and $614 have been recognized as revenue for the three and nine months ended September 30, 2026, respectively.

The Company has elected not to include in unfulfilled performance obligations for contracts in which the amount of revenue it recognizes is equal to the amount which the Company has a right to invoice. No revenue was recognized in the reporting period from performance obligations satisfied in previous periods. The Company applies the right-to-invoice practical expedient for its Priority Pass revenue stream and recognizes revenue in the amount it is entitled to invoice when that amount corresponds directly with the value of the performance to date. For the Company's revenue in connection with the XpresTest Ebola program, amounts received in advance of the performance of services are recorded as deferred revenue and recognized as revenue over time as the related services are performed. Naples Wax Center offers prepaid wax packages that are either unlimited for one year or a set number of services. When the packages are purchased, the sales are recorded as deferred revenue, which was $688 and $837 as of September 30, 2026 and December 31, 2025, respectively. As services related to prepaid packages are used, revenue is recognized.

Contract Assets

Contract assets are classified as other assets in the unaudited condensed consolidated balance sheets. The activity in other assets as of September 30, 2026 and December 31, 2025, was as follows:

	Period Ended		
	March 31, 2026	**June 30, 2026**	**September 30, 2026**
Contract assets, beginning of period	$ —	$ —	$ 89
Revenue recognized in advance of billing	—	89	1,913
Amounts billed/reclassified to accounts receivable	—	—	—
Contract assets, end of period	$ —	$ 89	$ 2,002

Contract assets represent the Company's right to consideration for performance completed under customer contracts but not yet billable under the contractual terms. The increase over the nine months ended September 30, 2026 was primarily driven by revenue recognized under the Company's Ebola biosurveillance contract that was not yet billable as of September 30, 2026 due to contractual billing milestones. Contract assets are reclassified to accounts receivable when the Company's right to payment becomes unconditional.

Note 13. Segment Information

The CODM evaluates performance and allocates resources for all of its reportable segments based on segment revenues and operating income.

The CODM uses segment revenues and segment operating income, to allocate resources (including employees, property, and financial or capital resources) for each segment predominantly in the annual budget and forecasting process. The CODM considers budget-to-actual variances on a monthly basis using the segment revenues and segment operating income when making decisions about allocating capital and personnel to the segments. The CODM also uses the segment revenues and operating income to assess the performance for each segment by comparing the results and return on assets of each segment with one another and in the compensation of certain employees. Expenses that can be specifically identified with a segment have been included as deductions in determining operating income. The Company separately presents the costs associated with certain corporate functions as Corporate and Other, primarily consisting of unallocated operating expenses including costs that were not specific to a particular segment but are general to the group, expenses incurred for insurance, legal fees, public company administrative costs, and other similar corporate expenses.

The table below presents information about reported segments for the three and nine months ended September 30, 2026 and 2025:

	Three months ended September 30, 2026				
	XpreSpa	XpresTest	Naples Wax	Corporate and other	Total
Revenue	$ 4,336	$ 7,117	$ 345	$ —	$ 11,798
Operating income (loss)	$ 401	$ 1,760	$ (484)	$ (5,275)	$ (3,598)

	Three months ended September 30, 2025				
	XpreSpa	XpresTest	Naples Wax	Corporate and other	Total
Revenue	$ 4,819	$ 2,031	$ 495	$ —	$ 7,345
Operating income (loss)	$ (318)	$ 2,457	$ (387)	$ (2,522)	$ (770)

	Nine months ended September 30, 2026				
	XpreSpa	XpresTest	Naples Wax	Corporate and other	Total
Revenue	$ 12,706	$ 11,504	$ 1,372	$ —	$ 25,582
Operating income (loss)	$ (232)	$ 3,754	$ (58)	$ (15,317)	$ (11,853)

	Nine months ended September 30, 2025				
	XpreSpa	XpresTest	Naples Wax	Corporate and other	Total
Revenue	$ 13,999	$ 6,363	$ 1,694	$ —	$ 22,056
Operating income (loss)	$ 1,060	$ 3,767	$ (1,051)	$ (10,396)	$ (6,620)

A reconciliation of total segment revenues to total unaudited condensed consolidated revenue and of total segment operating (loss) income to total consolidated (loss) income, for the three and nine months ended September 30, 2026 and 2025, is as follows:

	Three months ended September 30, 2026				
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Revenue from external customers	$ 4,336	$ 7,117	$ 345	$ —	$ 11,798
Less: Significant Expenses (1):					
Cost of Goods Sold - Labor	2,131	1,373	184	—	3,688
Cost of Goods Sold - Products & Services	394	—	5	—	399
Occupancy Cost	595	18	57	—	670
Other Cost of Revenue	179	1,615	67	—	1,861
Depreciation and amortization	143	—	3	18	164
Loss on disposal of assets, net	50	—	260	—	310
Less: Other Segment Expenses (2):					
Other segment operating expenses	443	2,351	253	5,257	8,304
Segment operating income (loss)	$ 401	$ 1,760	$ (484)	$ (5,275)	$ (3,598)

	Three months ended September 30, 2025				
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Revenue from external customers	$ 4,819	$ 2,031	$ 495	$ —	$ 7,345
Less: Significant Expenses (1):					
Cost of Goods Sold - Labor	2,331	1,135	382	—	3,848
Cost of Goods Sold - Products & Services	404	—	6	—	410
Occupancy Cost	1,072	10	155	—	1,237
Other Cost of Revenue	228	60	69	—	357
Depreciation and amortization	114	3	86	18	221
Impairment of long lived assets	122	—	—	—	122
Impairment of operating lease right-of-use assets	359	—	—	—	359
Loss on disposal of assets, net	7	—	—	—	7
Less: Other Segment Expenses (2):					
Other segment operating expenses	500	(1,634)	184	2,504	1,554
Segment operating income (loss)	$ (318)	$ 2,457	$ (387)	$ (2,522)	$ (770)

	Nine months ended September 30, 2026				
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Revenue from external customers	$ 12,706	$ 11,504	$ 1,372	$ —	$ 25,582
Less: Significant Expenses (1):					
Cost of Goods Sold - Labor	6,255	2,696	748	—	9,699
Cost of Goods Sold - Products & Services	913	—	19	—	932
Occupancy Cost	1,793	48	196	—	2,037
Other Cost of Revenue	527	1,689	216	—	2,432
Depreciation and amortization	435	1	15	49	500
Loss on disposal of assets, net	254	—	295	—	549
Less: Other Segment Expenses (2):					
Other segment operating expenses	2,761	3,316	(59)	15,268	21,286
Segment operating income (loss)	$ (232)	$ 3,754	$ (58)	$ (15,317)	$ (11,853)

	Nine months ended September 30, 2025				
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Revenue from external customers	$ 13,999	$ 6,363	$ 1,694	$ —	$ 22,056
Less: Significant Expenses (1):					
Cost of Goods Sold - Labor	7,075	3,604	1,048	—	11,727
Cost of Goods Sold - Products & Services	1,004	—	26	—	1,030
Occupancy Cost	3,105	37	467	—	3,609
Other Cost of Revenue	668	164	272	—	1,104
Depreciation and amortization	319	7	200	48	574
Impairment of long-lived assets	122	—	—	—	122
Impairment of operating lease right-of-use assets	359	—	—	—	359
Loss on disposal of assets, net	7	—	—	—	7
Less: Other Segment Expenses (2):					
Other segment operating expenses	280	(1,216)	732	10,348	10,144
Segment operating income (loss)	$ 1,060	$ 3,767	$ (1,051)	$ (10,396)	$ (6,620)

(1) The significant expense amounts align with the expenses that the CODM is regularly provided with to assess performance and allocate resources.

(2) For all segments, SGA consists of the following:Salaries & Benefits, Rent & Utilities, Office Supplies & Shipping, Travel & Entertainment, IT & Telecom, Repairs & Maintenance, Accounting, Legal, Franchise/Property Tax, Management/DBE Fees, Advertising & Marketing, Insurance.

Other Significant Items

	Three months ended September 30, 2026				
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Stock-based compensation	$ —	$ 29	$ —	$ 812	$ 841
Shares issued for services	$ —	$ —	$ —	$ 367	$ 367

	Three months ended September 30, 2025				
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Stock-based compensation	$ 66	$ —	$ —	$ 171	$ 237
Impairment	$ 481	$ —	$ —	$ —	$ 481

	Nine months ended September 30, 2026				
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Stock-based compensation	$ —	$ 639	$ —	$ 1,796	$ 2,435
Shares issued for services	$ —	$ —	$ —	$ 492	$ 492

	Nine months ended September 30, 2025				
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Stock based compensation	$ 141	$ 3	$ —	$ 775	$ 919
Impairment	$ 481	$ —	$ —	$ —	$ 481

	September 30, 2026				
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Capital expenditures	$ 524	$ 4	$ 73	$ 67	$ 668
Assets	$ 10,841	$ 6,495	$ 1,302	$ 2,300	$ 20,938

	December 31, 2025				
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Capital expenditures	$ 1,780	$ —	$ 932	$ 147	$ 2,859
Assets	$ 6,884	$ 1,291	$ 1,013	$ 2,029	$ 11,217

The Company currently operates in two geographical regions: United States and all other countries, which include Netherlands, Turkey and United Arab Emirates. The following table represents the geographical revenue, and total long-lived asset information. There were no concentrations of geographical revenue and long-lived assets related to any single country outside of the United States that were material to the Company's unaudited condensed consolidated financial statements. Long-lived assets include property and equipment and right of use lease assets.

	Nine months ended September 30,	
	2026	**2025**
Revenue		
United States	$ 21,642	$ 18,349
All other countries	3,940	3,707
Total revenue	$ 25,582	$ 22,056

	Three months ended September 30,	
	2026	**2025**
Revenue		
United States	$ 10,348	$ 6,448
All other countries	1,450	897
Total revenue	$ 11,798	$ 7,345

Long-lived assets	**September 30, 2026**	**December 31, 2025**
United States	$ 2,690	$ 2,496
All other countries	155	208
Total long-lived assets	$ 2,845	$ 2,704

Note 14. Net Loss per Share of Common Stock

For the three and nine months ended September 30, 2026 and September 30, 2025, basic earnings per share has been calculated by dividing net earnings attributable to Common Stock by the weighted average number of shares of Common Stock outstanding for the same period. Shares of Common Stock are weighted for the portion of the period in which the shares were outstanding. Dilutive earnings per share has been calculated in a manner consistent with that of basic earnings per share while considering all potentially dilutive shares of Common Stock outstanding during the period.

The following table set forth the computation of basic and diluted earnings per share for the three and nine months ended September 30, 2026 and September 30, 2025.

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Basic numerator:				
Net loss attributable to XWELL, Inc.	$ (4,197)	$ (724)	$ (18,435)	$ (7,712)
Less: preferred stock dividends	—	(167)	(82)	(424)
Less: preferred stock accretion	—	(582)	—	(1,664)
Plus: deemed contribution on Repurchase of Series G Preferred Stock	—	—	106	—
Net loss attributable to common shareholders	$ (4,197)	$ (1,473)	$ (18,411)	$ (9,800)
Basic denominator:				
Basic weighted average shares outstanding	9,006,646	5,761,486	8,302,639	5,482,332
Basic loss per share	$ (0.47)	$ (0.26)	$ (2.22)	$ (1.79)
Net loss per share data presented above excludes from the calculation of diluted net loss, the following potentially dilutive securities, having an anti-dilutive impact, in case of net loss				
Options outstanding	896,474	944,304	896,474	944,304
Unvested RSUs to issue an equal number of shares of Common Stock	10,000	72,500	10,000	72,500
Warrants to purchase shares of Common Stock	71,999,234	—	71,999,234	—
Series A and Series B warrants to purchase shares of Common Stock	—	5,347,594	—	5,347,594
Series G Convertible Preferred Stock on an as converted basis	—	1,925,134	—	1,925,134
Series H Convertible Preferred Stock on an as converted basis	65,672,340	—	65,672,340	—
Total number of potentially dilutive securities excluded from the calculation of loss per share attributable to common shareholders	138,578,048	8,289,532	138,578,048	8,289,532

In accordance with ASC 260, 157,500 RSUs that were fully vested on September 30, 2026 were included in basic and dilutive earnings per share as there were no remaining contingencies for these shares to be issued as of September 30, 2026.

Note 15. Related Party

On January 30, 2025, the Company entered into a consulting agreement ("Consulting Agreement") with XWEL INV I, LLC ("XWEL INV I") and Jason Aintabi (the "Consultant") for the Consultant to provide advisory services to the Company. Mr. Aintabi serves as the Manager of XWEL INV I. The Consulting Agreement is deemed to be related party transaction as Mr. Aintabi is a greater than 5% beneficial owner of the Company's securities. The Consulting Agreement was further extended on May 12, 2025 for a total period of twelve (12) months from the effective date of the agreement in exchange for a total amount for both the original and amended agreements of $530. On December 15, 2025 the Consulting Agreement was further amended to increase the value of agreement by $250, increasing the total amount for original and amended agreements to $780. On January 1, 2026, the Consulting Agreement was further extended for a period of three months from the effective date of the extension in exchange for an additional amount of $500. Effective August 25, 2026, the Company entered into an amended and restated consulting agreement with the Consultant pursuant to which the Consultant agreed to provide additional advisory services to the Company. In consideration for these services, the Company paid the Consultant a one-time cash fee of $150 and granted the Consultant 125,000 fully vested restricted shares of common stock. During the three months ended September 30, 2026, the Company recognized $50 of the cash fee as general and administrative expense and recorded the remaining $100 as a prepaid expense as of September 30, 2026. The grant-date fair value of the shares was approximately $119 and was recognized as stock-based compensation expense during the three months ended September 30, 2026. For the three and nine months ended September 30, 2026, $169 and $751, respectively, under the consulting arrangements was recognized in general and administrative expenses.

XpresTest Commission Arrangements and Share Repurchases

During the third quarter of 2026, XpresTest entered into commission arrangements with certain employees and other individuals pursuant to which the recipients were eligible to receive commission-based compensation based on profits generated under XpresTest's contract to provide Ebola entry-screening and emergency-response services. The Company recognized approximately $1,599 of commission expense under these arrangements during the three and nine months ended September 30, 2026. Amounts paid under the commission arrangements exceeded commission expense recognized through September 30, 2026 by approximately $155, which was recorded in other current assets on the unaudited condensed consolidated balance sheets as of September 30, 2026. The recipients under the arrangements were executive officers and directors of the Company and therefore are related parties.

In October 2026, XpresTest entered into amended and restated commission arrangements with certain current and former members of management pursuant to which the recipients forfeited their rights to commission compensation under the original arrangements and were required to repay certain commission amounts previously paid by XpresTest. In connection with the amended arrangements, XpresTest also repurchased certain shares of XpresTest common stock previously issued to the recipients for aggregate consideration of approximately $2,693. Of the total consideration, $1,753 was to repurchase shares held by members of management.

Note 16. Subsequent Events

Asset Sale

On July 6, 2026, the Company entered into a Securities Purchase Agreement by and among the Company, XpresSpa, XpresTest (together with XpresSpa, the "Target Companies"), and Express Wellness Group, LLC, a Delaware limited liability company (the "Buyer"), pursuant to which the Company agreed to sell all of its equity interests in the Target Companies, which comprise substantially all of the Company's airport-based operations, for aggregate cash consideration of approximately $13,000, subject to customary working capital and other purchase price adjustments (the "Sale"). At the closing of the Sale, $2,650 of the purchase price will be deposited into escrow accounts to secure certain post-closing purchase price adjustment and indemnification obligations. On October 28, 2026, the Company's stockholders approved the proposal to approve the Sale and the transactions contemplated by the Purchase Agreement (the "Sale Proposal") at a special meeting. The Sale remains subject to the satisfaction or waiver of the remaining closing conditions. Each of the Company and the Buyer may, under certain circumstances specified in the Purchase Agreement, be required to pay a termination fee equal to the greater of (A) $1,300 and (B) $650 plus documented out-of-pocket expenses, subject to a $2,000 cap on such expenses.

If completed, the Sale will represent a significant strategic shift because the Company will divest substantially all of its airport-based operations and retain its non-airport operations. The Company expects to incur additional transaction and separation costs and may remain subject to post-closing purchase price adjustments, indemnification obligations, transition service obligations and other contractual commitments. The timing and amount of these items cannot be determined until the transaction closes and the related post-closing arrangements are finalized.

Note 17. Revision of Previously Issued Financial Statements

During the preparation of the Company's unaudited condensed consolidated financial statements for the quarter ended September 30, 2026, the Company identified errors in its previously issued unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2026 and as of and for the three and six months ended June 30, 2026. The errors related to the accounting for share-based compensation and the related allocation of earnings and equity between the Company and noncontrolling interests.

The Company had not recognized compensation expense associated with restricted stock awards granted by XpresTest, Inc., a consolidated subsidiary, in February 2026. The awards included immediately vested and service-based awards. The correction resulted in the recognition of additional general and administrative expense for the three months ended March 31, 2026 and June 30, 2026, respectively. Because XpresTest is not wholly owned, the correction also affected the allocation of net loss between XWELL, Inc. and noncontrolling interests and the presentation of additional paid-in capital, accumulated deficit, equity attributable to XWELL, Inc. and noncontrolling interests in the affected periods.

In addition, the Company had not recognized compensation expense for 100,000 shares of XWELL common stock granted to C&H Capital in May 2026 in exchange for consulting services. The shares became due upon execution of the consulting agreement in May 2026 and, accordingly, the Company should have recognized the $125 fair value of the award as general and administrative expense during the three months ended June 30, 2026, with a corresponding increase to accrued expenses and other current liabilities. These omissions resulted in an understatement of general and administrative expense and net loss in the affected periods. The C&H error also resulted in an understatement of accrued expenses and other current liabilities, and an overstatement of total equity, of $125 as of June 30, 2026. Upon issuance of the shares in the third quarter of 2026, the accrued liability was reclassified to additional paid-in capital.

The Company evaluated the errors individually and in the aggregate and concluded that they were not material to its previously issued interim financial statements and not material if recorded in the current period interim financial statements. However, the Company has voluntarily revised the affected prior-period financial information presented in this Quarterly Report on Form 10-Q to correct the errors and enhance comparability between periods. The corrections had no effect on total cash flows from operating, investing or financing activities.

The following tables present the effects of the revisions on the Company's unaudited condensed consolidated balance sheets as of March 31, 2026 and June 30, 2026, statements of operations for the three months ended March 31, 2026 and the three and six months ended June 30, 2026, and statements of cash flows for the three months ended March 31, 2026 and six months ended June 30, 2026. The effects of the revisions on stockholders' equity have been reflected in the applicable prior-period activity presented in the Company's unaudited condensed consolidated statements of stockholders' equity included in this Quarterly Report on Form 10-Q.

	As of March 31, 2026		
	As Previously Reported	Adjustment	As Revised
Equity (Deficit)			
Additional paid-in capital	$ 502,869	(2,666)	500,203
Accumulated deficit	(500,899)	(526)	(501,425)
Total equity (deficit) attributable to XWELL, Inc.	**$ 389**	**(3,192)**	**(2,803)**
Noncontrolling interests	9,689	3,192	12,881
Total equity (deficit)	**$ 10,078**	**—**	**$ 10,078**
Total liabilities, temporary equity and equity	**$ 24,992**	**—**	**$ 24,992**

	As of June 30, 2026		
	As Previously Reported	Adjustment	As Revised
Current liabilities			
Accrued expenses and other current liabilities	2,657	125	2,782
Total current liabilities	**6,668**	**125**	**6,793**
Total liabilities	**12,274**	**125**	**12,399**
Equity (Deficit)			
Additional paid-in capital	$ 502,962	(2,404)	500,558
Accumulated deficit	(503,139)	(796)	(503,935)
Total equity (deficit) attributable to XWELL, Inc.	**$ (1,854)**	**(3,200)**	**(5,054)**
Noncontrolling interests	10,106	3,075	13,181
Total equity (deficit)	**$ 8,252**	**(125)**	**$ 8,127**
Total liabilities, temporary equity and equity	**$ 20,526**	**—**	**$ 20,526**

	Three months ended March 31, 2026		
	As Previously Reported	Adjustment	As Revised
General and administrative	$ 7,595	581	8,176
Total operating expenses	7,767	581	8,348
Operating loss	(5,414)	(581)	(5,995)
Loss before income taxes	(11,012)	(581)	(11,593)
Net loss	$ (11,012)	(581)	(11,593)
Net (income) loss attributable to noncontrolling interests	(190)	55	(135)
Net loss attributable to XWELL, Inc.	$ (11,202)	(526)	$ (11,728)
Comprehensive loss	$ (11,090)	(581)	$ (11,671)
Loss per share			
Net loss attributable to XWELL, Inc. common stockholders	$ (11,178)	(526)	$ (11,704)
Basic and diluted loss per share	$ (1.51)	(0.07)	$ (1.58)

	Three months ended June 30, 2026		
	As Previously Reported	Adjustment	As Revised
General and administrative	$ 4,650	154	4,804
Total operating expenses	5,052	154	5,206
Operating loss	(2,104)	(154)	(2,258)
Loss before income taxes	(1,832)	(154)	(1,986)
Net loss	$ (1,883)	(154)	(2,037)
Net (income) loss attributable to noncontrolling interests	(357)	(116)	(473)
Net loss attributable to XWELL, Inc.	$ (2,240)	(270)	$ (2,510)
Net loss	(1,883)	(154)	$ (2,037)
Loss per share			
Net loss attributable to XWELL, Inc. common stockholders	$ (2,240)	(270)	$ (2,510)
Basic and diluted loss per share	$ (0.26)	(0.04)	$ (0.30)

	Six months ended June 30, 2026		
	As Previously Reported	Adjustment	As Revised
General and administrative	$ 12,246	735	12,981
Total operating expenses	12,820	735	13,555
Operating loss	(7,518)	(735)	(8,253)
Loss before income taxes	(12,844)	(735)	(13,579)
Net loss	$ (12,895)	(735)	(13,630)
Net (income) loss attributable to noncontrolling interests	(547)	(61)	(608)
Net loss attributable to XWELL, Inc.	$ (13,442)	(796)	$ (14,238)
Net loss	(12,895)	(735)	$ (13,630)
Net loss attributable to XWELL, Inc. common stockholders	$ (13,418)	(796)	$ (14,214)
Basic and diluted loss per share	$ (1.69)	(0.10)	$ (1.79)

	Three months ended March 31, 2026		
Cash flows from operating activities	**As Previously Reported**	**Adjustment**	**As Revised**
Net loss	$ (11,012)	(581)	$ (11,593)
Adjustments to reconcile net loss to net cash used in operating activities:			
Items included in net loss not affecting operating cash flows:			
Stock-based compensation	$ 886	581	$ 1,467

	Six months ended June 30, 2026		
Cash flows from operating activities	**As Previously Reported**	**Adjustment**	**As Revised**
Net loss	$ (12,895)	(735)	$ (13,630)
Adjustments to reconcile net loss to net cash used in operating activities:			
Items included in net loss not affecting operating cash flows:			
Stock-based compensation	$ 984	610	$ 1,594
Stock issued for services	$ —	125	$ 125

	Three months ended March 31, 2026		
Statement of equity (deficit)	**As Previously Reported**	**Adjustment**	**As Revised**
Additional paid-in capital			
Stock-based compensation	886	—	886
Issuance of XpresTest shares to noncontrolling interest	—	(2,666)	(2,666)
Balance as of March 31, 2026	**502,869**	**(2,666)**	**500,203**
Accumulated deficit			
Net loss for the period	(11,202)	(526)	(11,728)
Balance as of March 31, 2026	**(500,899)**	**(526)**	**(501,425)**
Total equity (deficit) attributable to XWELL, Inc.	**389**	**(3,192)**	**(2,803)**
Noncontrolling interests			
Stock-based compensation	—	581	581
Issuance of XpresTest shares to noncontrolling interest	—	2,666	2,666
Net loss for the period	190	(55)	135
Balance as of March 31, 2026	**9,689**	**3,192**	**12,881**
Total equity (deficit)	**10,078**	**—**	**10,078**

	Three months ended June 30, 2026		
Statement of equity (deficit)	**As Previously Reported**	**Adjustment**	**As Revised**
Additional paid-in capital			
Balance as of March 31, 2026	**502,869**	**(2,666)**	**500,203**
Stock-based compensation	98	—	98
Issuance of XpresTest shares to noncontrolling interest	—	262	262
Balance as of June 30, 2026	**502,962**	**(2,404)**	**500,558**
Accumulated deficit			
Balance as of March 31, 2026	**(500,899)**	**(526)**	**(501,425)**
Net loss for the period	(2,240)	(270)	(2,510)
Balance as of June 30, 2026	**(503,139)**	**(796)**	**(503,935)**
Total equity (deficit) attributable to XWELL, Inc.	**(1,854)**	**(3,200)**	**(5,054)**
Noncontrolling interests			
Balance as of March 31, 2026	**9,689**	**3,192**	**12,881**
Stock-based compensation	—	29	29
Issuance of XpresTest shares to noncontrolling interest	—	(262)	(262)
Net loss for the period	357	116	473
Balance as of June 30, 2026	**10,106**	**3,075**	**13,181**
Total equity (deficit)	**8,252**	**(125)**	**8,127**

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q contains "forward-looking statements" that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. 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 be," "plans," "projects," "seeks," "should," "targets," "will," "would," and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties 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. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission (the "SEC") on April 1, 2026, as subsequently amended on April 30, 2026 (the "Annual Report") and this Quarterly Report on Form 10-Q and any future reports we file with the SEC. The forward-looking statements set forth herein speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

All references in this Quarterly Report on Form 10-Q to "we," "us" and "our" refer to XWELL, Inc., a Delaware corporation, and its consolidated subsidiaries.

Overview

XWELL is a global wellness company operating multiple brands and focused on bringing restorative, regenerative and reinvigorating products and services to travelers. As of the date of this Quarterly Report on Form 10-Q, XWELL currently has three reportable operating segments: XpresSpa®, XpresTest®, and Naples Wax Center®

On October 25, 2022, the Company changed its name to XWELL, Inc. ("XWELL" or the "Company") from XpresSpa Group, Inc. The Company's common stock, par value $0.01 per share, which had previously been listed under the trading symbol "XSPA" on Nasdaq, now trades under the trading symbol "XWEL". The Company filed an amended and restated certificate of incorporation with the Delaware Secretary of State on October 24, 2022 (as amended, the "Amended and Restated Certificate") reflecting the name change. Rebranding to XWELL aligned the Company's corporate strategy to build a pure-play wellness services company, in both the airport and off-airport marketplaces.

All amounts are in thousands, except share, per share, or as otherwise specifically noted.

XpresSpa

XWELL'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.

As of September 30, 2026, there were 16 domestic XpresSpa locations in total. The Company also had nine international locations operating as of September 30, 2026, including two XpresSpa locations in the Dubai International Airport in the United Arab Emirates, one XpresSpa location in the Zayad International Airport in Abu Dhabi, United Arab Emirates, two XpresSpa locations in the Schiphol Amsterdam Airport in the Netherlands and four XpresSpa locations in the Istanbul Airport in Turkey.

XpresTest

The Company, in partnership with certain COVID-19 testing partners, successfully launched its XpresCheck Wellness Centers, in June of 2020, through its XpresTest, Inc. subsidiary ("XpresTest"), which offered COVID-19 and other medical to the traveling public, as well as airline, airport and concessionaire employees, and TSA and U.S. Customs and Border Protection agents during the pandemic. As of December 31, 2023, the Company closed all XpresCheck locations and XpresTest no longer provides diagnostic testing services. XpresTest began conducting biosurveillance monitoring with the Centers for Disease Control and Prevention (CDC) in collaboration with Concentric by Ginkgo Bioworks Holdings, Inc. ("Ginkgo Bioworks") in 2021.

The program was renewed through August 2024. The revenue to XpresTest from such one-year extension totaled approximately $7,044. In January 2024, the program funding and scope were expanded, a revenue increase of $4,000, to an estimated $11,044 in revenue for XpresTest with new collection locations at U.S. international airports and the roll out of multi-pathogen testing across the program. In July 2024, the contract was further amended to extend the time period for services by two weeks (extension period August 12, 2024 to August 25, 2024). An increase of $293 in revenue for the two week extension brought total revenue to $11,337. The program was again extended in August 2024 through February 25, 2025. The funding was expanded with a revenue increase of $3,763, to an estimated $15,100 in revenue for XpresTest. In February 2025, the program was extended through a three-year contract with a total base value of $22,200 over three years, and a maximum ceiling value of $24,800 within the same timeframe. Subsequent amendments in 2026 authorized additional funded services, expanded the scope of the program through new collection locations and surge testing activities, and increased the maximum contract value to approximately $28,600.

In July 2026, XpresTest entered into a separate contract with the CDC to provide Ebola entry-screening, emergency-response and related public-health support services. The contract became effective on July 6, 2026 and includes airport-based operations, personnel and other operating support. In September 2026, the contract was modified to expand the scope of services to include traveler-intervention and response-operations support, among other changes. The contract, as modified, provides for a total potential contract value of approximately $35,536, subject to the exercise of applicable options and other contractual terms.

Naples Wax Center

XWELL's subsidiary Naples Wax, LLC, d/b/a Naples Wax Centers ("Naples Wax Center" or "Naples Wax") operates a group of upscale hair removal locations with core products and service offerings from face and body waxing to a range of skincare and cosmetic products. Naples Wax Center represents the Company's primary non-airport retail wellness platform and continues to serve customers through its branded service and product offerings.

Naples Wax Center's strategy is focused on driving customer acquisition and retention, expanding retail product sales, and enhancing operational efficiency across its existing locations. The Company continues to evaluate opportunities to strengthen the Naples Wax Center brand and expand its wellness offerings where appropriate.

Recent Developments

July 2026 Securities Purchase Agreement

On July 6, 2026, the Company entered into a Securities Purchase Agreement (as amended, the "July Purchase Agreement") by and among the Company, XpresSpa, XpresTest (together with XpresSpa, the "Target Companies"), and Express Wellness Group, LLC, a Delaware limited liability company (the "Buyer") to sell its ownership interests in the Target Companies, which together comprise substantially all of the Company's airport-based operations, for aggregate cash consideration of approximately $13,000 (the "Base Purchase Price"), subject to customary working capital and other purchase price adjustments(the "Sale"). At the closing of the Sale, a portion of the Purchase Price, equal to $2,650 in the aggregate, will be deposited into escrow accounts to secure certain of the Company's post-closing obligations with respect to any purchase price adjustments or indemnities.

On October 28, 2026, the Company's stockholders approved the proposal to approve the Sale and the transactions contemplated by the July Purchase Agreement (the "Sale Proposal") at a special meeting. The Sale remains subject to the satisfaction or waiver of the remaining closing conditions.

Each of the Company and the Buyer may, under certain circumstances, be required to pay a termination fee equal to the greater of (A) $1,300 and (B) $650 plus documented out-of-pocket expenses (capped at $2,000 for expenses).

The proposed transaction represents a significant strategic shift for the Company and is intended to streamline operations and increase the Company's focus on its non-airport wellness businesses. When completed, the Sale will result in the disposition of substantially all of the Company's airport-based operations, including XpresSpa and XpresTest. The Company expects to incur additional transaction, separation and transition costs in connection with the Sale.

CDC Ebola Contract and Related Commission Arrangements

XpresTest previously entered into commission arrangements with Bruce Bernstein, Chairman of the Company's Board of Directors (the "Board"), Ezra Ernst, Chief Executive Officer, Ian Brown, Chief Financial Officer, and Patti Ward, in connection with XpresTest's pursuit of a government contract opportunity with the U.S. Centers for Disease Control and Prevention ("CDC") to provide for Ebola screening, emergency response and related public health support services.

On July 6, 2026, XpresTest entered into a contract with the CDC for such services with an initial term value of up to $18.1 million, subject to a government option to extend the contract for an additional six-month period. Under the terms of the commission arrangements, after the consummation of the Sale, Mr. Bernstein, Mr. Ernst, Mr. Brown and Ms. Ward will be entitled to receive commissions based on the profits, if any, generated by XpresTest under the CDC contract. Subsequent to September 30, 2026, each of Mr. Bernstein, Mr. Ernst, Mr. Brown and Ms. Ward waived his or her right to receive any commissions for periods during which XpresTest remains under the Company's ownership prior to the closing of the Sale.

To the extent that the CDC contract has not been terminated or fully performed prior to the closing of the Sale, the CDC contract and the related commission arrangements will transfer to the Buyer as part of the Divestiture Group and will not remain with, or be an obligation of, the Company. As described in the Company's definitive proxy statement filed with the SEC on October 8, 2026 (the "October Proxy"), following the closing of the Sale, Mr. Bernstein is expected to provide consulting services to the Divestiture Group, and Messrs. Ernst and Brown and Ms. Ward are expected to continue as employees of the divestiture group pursuant to the Sale.

The CDC contract is terminable by the government at any time, and amounts payable under the contract depend on services actually performed. Accordingly, there can be no assurance that the contract will generate any particular level of revenue.

On September 25, 2026, XpresTest and the CDC entered into a modification to the contract that expanded the scope of services to include traveler-intervention and response-operations support, among other changes. The contract, as modified, has a total potential contract value of approximately $35,536, subject to the exercise of applicable options and other contractual terms.

Nasdaq Minimum Bid Price Rule

On October 7, 2026, we received a letter (the "Letter") from the Listing Qualifications staff of The Nasdaq Stock Market LLC indicating that, based upon the closing bid price of our common stock for the 30 consecutive business days from August 25, 2026 through October 6, 2026, we did not meet the minimum bid price of $1.00 per share required for continued listing on Nasdaq pursuant to Nasdaq Listing Rule 5550(a)(2) (the "Minimum Bid Price Requirement"). The Letter provides us with a compliance period of 180 calendar days, or until April 5, 2027, to regain compliance with the Minimum Bid Price Requirement. The Letter has no immediate effect on the listing or trading of our common stock, and we intend to monitor the closing bid price of our common stock and consider available options to regain compliance.

Resignation and Appointment of Director

On August 3, 2026, Ezra T. Ernst, the President, Chief Executive Officer and director of the Company, notified the Company of his resignation as a director of the Company's Board of Directors (the "Board") and all committees of the Board, effective as of the same date. Mr. Ernst's resignation from the Board was not in connection with any disagreement

with the Company on any matter relating to the Company's operations, policies or practices. Mr. Ernst will continue to serve as President and Chief Executive Officer of the Company.

On August 3, 2026, the Board appointed Gerard Reid as a director of the Board, effective as of the same date, to fill the vacancy resulting from Mr. Ernst's resignation.

February 2026 Private Placement

On February 24, 2026, the Company entered into the February 2026 Purchase Agreement with the a certain accredited investor (the "February 2026 Purchaser") for the issuance and sale in a private placement of an aggregate of (i) 31,333 shares of the Company's newly-designated Series H Convertible Preferred Stock, par value of $0.01 per share and a stated value of $1,000 per share (the "Series H Preferred Stock"), initially convertible into up to 66,665,957 shares of common stock (the "Series H Conversion Shares"), at an initial conversion price of $0.47 per share, subject to adjustment for certain customary adjustments, and (ii) the warrants (the "Series H Warrants") to purchase up to 66,665,957 shares of common stock, at an initial exercise price of $0.345 per share, subject to adjustment for certain customary adjustments, for aggregate gross proceeds of approximately $31,300. The Series H Warrants expire three years from the date of issuance. The February 2026 Private Placement closed in two tranches, with 30,832 shares of Series H Preferred Stock and 65,600,000 Series H Warrants issued on February 27, 2026 (the "First Closing"), and 501 shares of Series H Preferred Stock and 1,065,957 Series H Warrants issued on March 3, 2026 (the "Second Closing", and collectively with the First Closing, the "Closing").

In connection with the February 2026 Private Placement, pursuant to a placement agency agreement (the "Placement Agency Agreement"), dated as of February 24, 2026, by and between the Company and Dominari Securities LLC (the "Placement Agent"), the Company engaged the Placement Agent to act as an exclusive placement agent in connection with the February 2026 Private Placement and agreed to (i) pay to the Placement Agent (a) a cash fee equal to 8% of the gross proceeds of the February 2026 Private Placement and (b) reimbursements and payments of certain expenses, including non-accountable expense allowance equal to 1% of the gross proceeds raised in the February 2026 Private Placement and reasonable out-of-pocket expenses, not to exceed $250, and (ii) issue to the Placement Agent warrants (the "Placement Agent Warrants") to purchase up to an aggregate number of shares of Common Stock equal to 8% of the aggregate number of shares of common stock underlying the securities issued in the February 2026 Private Placement, with terms identical to the Series H Warrants, except that the Series H Placement Agent Warrants have a term of five (5) years from the date of issuance. The Placement Agency Agreement contains customary representations, warranties and agreements of the parties, and customary indemnification obligations of the Company.

In connection with the February 2026 Private Placement, the Company entered into a registration rights agreement (the "Registration Rights Agreement") with the February 2026 Purchaser and the Placement Agent, pursuant to which the Company has agreed to prepare and file a registration statement with the SEC registering the resale of the shares of common stock underlying the Series H Preferred Stock and shares of common stock underlying the Series H Warrants and the Series H Placement Agent Warrants no later than the earlier of (a) 50 days after the later of (1) the closing date of the February 2026 Private Placement or (2) the Escrow Release Date (as defined in the Registration Rights Agreement) and (b) the second trading day following the date on which the Company files its Annual Report on Form 10-K for the year ended December 31, 2025 (the "Filing Deadline"), and to use best efforts to have the registration statement declared effective as promptly as practical thereafter, and in any event no later than 60 days following the Filing Deadline (or 90 days following the Filing Deadline in the event of a "full review" by the SEC). Such registration statement was filed on April 1, 2026, with the SEC and declared effective on April 15, 2026.

The Company used the net proceeds from the February 2026 Private Placement, in part, to repurchase certain outstanding indebtedness, redeem previously issued preferred equity and warrants in the Repurchase (see below February 2026 Omnibus Agreement).

February 2026 Omnibus Agreement

On February 24, 2026, the Company entered into the Omnibus Agreement, by and between the Company and January 2025 Investors, pursuant to which, the Company agreed to (i) repurchase from the January 2025 Investors $3,468 of aggregate principal amount of the Notes, representing the entire outstanding principal amounts of the Notes and any accrued and unpaid interest thereon, (ii) redeem 196 shares of Series G Preferred Stock held by the January 2025 Investors,

with an aggregate Stated Value of $196 and $27 of accrued and unpaid dividends thereon, representing all outstanding shares of Series G Preferred Stock, and (iii) redeem all Amended and Restated Warrants held by the January 2025 Investors, representing all outstanding Series A Warrants and Series B Warrants, for an aggregate cash purchase price of $9,000 (collectively, the "Repurchase"). The Repurchase closed on March 2, 2026.

On March 4, 2026, the Company filed a Certificate of Elimination (the "Certificate of Elimination") with respect to its Series G Preferred Stock, with the Delaware Secretary of State. The Certificate of Elimination (i) eliminates the previous designation of 4,000 shares of Series G Preferred Stock, none of which were outstanding at the time of filing, (ii) causes such shares of Series G Preferred Stock to resume the status of authorized but unissued shares of preferred stock of the Company and (iii) eliminates all reference to the Series G Preferred Stock from the Company's Amended and Restated Certificate of Incorporation, as amended.

Series H Preferred Stock

The terms of the Series H Preferred Stock are set forth in the Series H Certificate of Designations. The shares of Series H Preferred Stock are convertible into the Conversion Shares at the election of the holders of the Series H Preferred Stock (the "Holders") at any time at an initial conversion price of $0.47 per share (the "Conversion Price"). The Conversion Price is subject to customary adjustments for stock dividends, stock splits, reclassifications, stock combinations and the like.

A Holder of the Series H Preferred Stock may not convert any portion of the Series H Preferred Stock to the extent that the Holder, together with its affiliates, would beneficially own more than 4.99% of the Company's outstanding shares of Common Stock immediately after conversion, except that upon at least 61 days' prior notice from the Holder to the Company, the Holder may increase the beneficial ownership limitation to up to 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to the conversion.

Pursuant to the Series H Certificate of Designations, so long as any shares of the Series H Preferred Stock are outstanding, the Company may not, directly or indirectly, redeem, or declare or pay any cash dividend or distribution on, any securities of the Company without the prior express written consent of the Required Holders (as defined in the Certificate of Designations). In the event that dividends are consented to by the Required Holders, the Holders of the Series H Preferred Stock shall be entitled to receive dividends on shares of the Series H Preferred Stock equal (on an as-if-converted-to-Common-Stock basis) to and in the same form as dividends actually paid on shares of the Common Stock when, as and if such dividends are paid on shares of the Common Stock. No other dividends may be paid on shares of the Series H Preferred Stock.

Except as otherwise provided in the Series H Certificate of Designations or as otherwise required by law, the Series H Preferred Stock will have no voting rights except as provided by law. However, as long as any shares of Series H Preferred Stock are outstanding, the Company may not, without the affirmative vote at a meeting duly called for such purpose, or the written consent without a meeting, of the Required Holders, voting together as a single class, (a) amend or repeal any provision of, or add any provision to, its charter documents, including, without limitation, its Certificate of Incorporation or bylaws, the Series H Certificate of Designation, or file any certificate of designations or articles of amendment of any series of shares of preferred stock, in each case, only if such action would adversely alter or change in any respect the preferences, rights, privileges or powers, or restrictions provided for the benefit, of the Series H Preferred Stock, regardless of whether any such action shall be by means of amendment to the Certificate of Incorporation or by merger, consolidation or otherwise; (b) increase or decrease (other than by conversion) the authorized number of shares of the Series H Preferred Stock; (c) create or authorize (by reclassification or otherwise) any new class or series of shares that has a preference over the Series H Preferred Stock with respect to dividends or the distribution of assets on the liquidation, dissolution or winding up of the Company; (d) pay dividends or make any other distribution on any shares of any capital stock of the Company junior in rank to the Series H Preferred Stock; or (e) whether or not prohibited by the terms of the Series H Preferred Stock, circumvent a right of the Series H Preferred Stock.

There is no established public trading market for the Preferred Stock and the Company does not intend to list the Series H Preferred Stock on any national securities exchange or nationally recognized trading system.

Results of Operations

Revenue

We recognize revenue from the sale of XpresSpa and Naples Wax 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.

XpresTest, in partnership with Ginkgo Bioworks, provides support to the CDC to conduct traveler-based biosurveillance. We recognize revenue over time for both sample collection performance obligations, using the input method based on time elapsed to measure progress towards satisfying each of the performance obligations. The Company recognizes revenue ratably (straight line basis) over the term of the contract. In July 2026, XpresTest entered into a separate contract with the CDC to provide Ebola entry-screening, emergency-response and related public-health support services. Revenue from the recurring services provided under the Ebola contract is recognized over time as the services are performed because the CDC simultaneously receives and consumes the benefits of those services.

Cost of sales

Cost of sales for our XpresSpa, XpresTest, and Naples Wax segments consist of location and segment level costs. Location and segment level costs include all costs that are directly attributable to operations, primarily payroll and related benefit costs for personnel, occupancy costs and cost of products sold.

General and administrative expenses

General and administrative expenses include management and administrative personnel, overhead and occupancy costs, insurance, salaries, and various professional fees, as well as stock-based compensation for directors, management and administrative personnel.

Three months ended September 30, 2026, compared to the three months ended September 30, 2025

Revenue

	Three months ended September 30,		
	2026	2025	Inc/(Dec)
Total revenue, net	$ 11,798	$ 7,345	$ 4,453

Revenue increased by $4,453, or 61%, to $11,798 for the three months ended September 30, 2026, from $7,345 for the three months ended September 30, 2025. The increase was primarily attributable to an increase in XpresTest revenue, driven by revenue recognized under the new CDC Ebola entry-screening and emergency-response contract and continued services under the traveler-based biosurveillance program.

Cost of sales

	Three months ended September 30,		
	2026	2025	Inc/(Dec)
Total cost of sales	$ 6,618	$ 5,852	$ 766

Cost of sales increased by $766, or 13%, to $6,618 for the three months ended September 30, 2026, from $5,852 for the three months ended September 30, 2025. The increase was primarily attributable to higher products and labor costs associated with the increased XpresTest activity.

Depreciation and amortization

	Three months ended September 30,		
	2026	2025	Inc/(Dec)
Depreciation and amortization	$ 164	$ 221	$ (57)

The decrease in depreciation and amortization of approximately $57 or 26% for the three months ended September 30, 2026, was not individually significant and was primarily attributable to normal changes in the Company's depreciable asset base compared to the three months ended September 30, 2025.

General and administrative expenses

	Three months ended September 30,		
	2026	2025	Inc/(Dec)
General and administrative	$ 8,304	$ 1,554	$ 6,750

General and administrative expenses increased by $6,750 to $8,304 for the three months ended September 30, 2026, from $1,554 for the three months ended September 30, 2025. The increase was primarily attributable to approximately $1,599 of commission expense associated with the XpresTest Ebola program, a $604 increase in stock-based compensation expense, a $367 increase in stock issued for services, and a combination of increases in legal, accounting and advisory costs, primarily associated with the proposed Sale.

Other non-operating expenses

	Three months ended September 30,		
	2026	2025	Inc/(Dec)
Foreign exchange gain (loss)	$ 38	$ (129)	$ 167
Other non-operating expense, net	(43)	(64)	21

The increase in foreign exchange gain of $167 was primarily due to fluctuations in foreign exchange rates in Turkey. The decrease in other non-operating expense of $21, net was primarily driven by a decrease in finance expenses related to bank fees and charges.

The following is a summary of the transactions included in other non-operating expense, net for the three months ended September 30, 2026 and 2025:

	Three months ended September 30,	
	2026	2025
Bank fees and financing charges	$ (43)	$ (32)
Other	—	(32)
Total	$ (43)	$ (64)

The change in other non-operating expense, net for the period was immaterial.

Change in fair value of warrants and derivatives

	Three months ended September 30,	
	2026	2025
Change in fair value of derivative liability	$ —	$ 233

Following the repurchase of the Series G Preferred Stock during the first quarter of 2026, these liabilities were extinguished and no subsequent fair value adjustments were recognized during the three months ended September 30, 2026.

Interest income (expense), net

	Three months ended September 30,		
	2026	2025	Inc/(Dec)
Interest income (expense), net	$ 9	$ 490	$ (481)

The decrease of $481 for the three months ended September 30, 2026 was primarily attributable to $473 of interest income recognized in the prior-year period associated with the Employee Retention Credit, as well as lower interest earned on cash balances and the recognition of interest expense in the current period.

Nine months ended September 30, 2026, compared to the nine months ended September 30, 2025

Revenue

	Nine months ended September 30,		
	2026	2025	Inc/(Dec)
Total revenue, net	$ 25,582	$ 22,056	$ 3,526

Revenue increased by $3,526, or 16%, to $25,582 for the nine months ended September 30, 2026, from $22,056 for the nine months ended September 30, 2025. The increase was primarily attributable to higher XpresTest revenue, driven by revenue recognized under the CDC Ebola entry-screening and emergency-response contract and increased funded services under the traveler-based biosurveillance program, partially offset by lower XpresSpa and Naples Wax Center revenue.

Cost of sales

	Nine months ended September 30,		
	2026	2025	Inc/(Dec)
Total cost of sales	$ 15,100	$ 17,470	$ (2,370)

Cost of sales decreased by $2,370, or 14%, to $15,100 for the nine months ended September 30, 2026, from $17,470 for the nine months ended September 30, 2025. The decrease was primarily attributable to lower occupancy costs and lower labor costs related to the Hyperpointe business unit, which ceased operations during 2025. These decreases were partially offset by higher products and labor costs associated with increased XpresTest activity, including the CDC Ebola program.

Depreciation and amortization

	Nine months ended September 30,		
	2026	2025	Inc/(Dec)
Depreciation and amortization	$ 500	$ 574	$ (74)

Depreciation and amortization decreased by $74, or 13%, to $500 for the nine months ended September 30, 2026, from $574 for the nine months ended September 30, 2025. The decrease was primarily attributable to changes in the depreciable asset base, including assets retired or disposed of during the period.

General and administrative expenses

	Nine months ended September 30,		
	2026	2025	Inc/(Dec)
General and administrative	$ 21,286	$ 10,144	$ 11,142

General and administrative expenses increased by $11,142 to $21,286 for the nine months ended September 30, 2026, from $10,144 for the nine months ended September 30, 2025. The increase was primarily attributable to approximately $1,599 of commission expense associated with the XpresTest Ebola program, a $1,516 increase in stock-based

compensation expense, a $492 increase in stock issued for services, and a combination of increases in legal, accounting and advisory costs, primarily associated with the proposed Sale.

Other non-operating expenses

	Nine months ended September 30,		
	2026	2025	Inc/(Dec)
Foreign exchange gain (loss)	$ 217	$ (1,127)	$ 1,344
Other non-operating expense, net	(96)	(132)	36

The increase in foreign exchange of $1,344 was primarily due to fluctuations in foreign exchange rates in Turkey. The decrease in other non-operating expense of $36, net was primarily driven by a decrease in finance expenses related to bank fees and charges.

The following is a summary of the transactions included in other non-operating expense, net for the nine months ended September 30, 2026 and 2025:

	Nine months ended September 30,	
	2026	2025
Bank fees and financing charges	$ (96)	$ (93)
Other	—	(39)
Total	$ (96)	$ (132)

The change in other non-operating expense, net for the period was immaterial.

Change in fair value of warrants and derivatives

	Nine months ended September 30,	
	2026	2025
Change in fair value of derivative liability	$ (5,584)	$ 512
Change in fair value of warrant liability	—	3,215
Loss on issuance of Series G Preferred Stock	—	(3,443)

During the nine months ended September 30, 2026, the Company recognized a $5,584 loss related to the change in fair value of the derivative liability associated with the Series G Preferred Stock and convertible notes prior to the Repurchase. On March 2, 2026, the Company completed the Repurchase of the outstanding Series G Preferred Stock, convertible notes and related warrants. Following the Repurchase, the related derivative and warrant liabilities were extinguished and no additional fair value adjustments were recognized. In the prior-year period, the Company recognized a $512 gain from the change in fair value of the derivative liability, a $3,215 gain from the change in fair value of the warrant liability and a $3,443 loss on issuance of Series G Preferred Stock.

Interest income (expense), net

	Nine months ended September 30,		
	2026	2025	Inc/(Dec)
Interest income (expense), net	$ (22)	$ 695	$ (717)

The decrease of $717 for the nine months ended September 30, 2026 was primarily driven by the recognition of $473 of interest income associated with the Employee Retention Credit in the prior-year period, as well as lower interest earned on cash balances and the recognition of interest expense in the current period.

Cash and Liquidity Analysis

As of September 30, 2026, the Company had cash and cash equivalents of $9,489, excluding restricted cash, no marketable securities and total current assets of $15,145. Total current liabilities were $9,727 as of September 30, 2026, compared with $12,892 as of December 31, 2025. Accordingly, working capital was $5,418 as of September 30, 2026, compared with a working capital deficit of $6,982 as of December 31, 2025.

The Company has incurred recurring losses and negative cash flows from operations and expects to continue to incur operating losses and use cash in its operations in the near term. Based on the Company's current liquidity, expected operating cash requirements and other obligations, management has concluded that substantial doubt exists about the Company's ability to continue as a going concern for a period of one year following the issuance of these unaudited condensed consolidated financial statements.

The Company has taken actions to improve its overall cash position by right-sizing its corporate structure and streamlining its operations, while continuing to pursue profitability and strategic opportunities intended to strengthen the long-term profitability of the business. Management continues to evaluate additional actions to improve liquidity, including further cost reductions, working capital initiatives and potential sources of additional financing; however, there can be no assurance that these actions will be sufficient to alleviate the conditions that raise substantial doubt about the Company's ability to continue as a going concern.

The increase in liquidity during the nine months ended September 30, 2026 was primarily attributable to $28,269 of net proceeds from the February 2026 Private Placement. In March 2026, the Company used approximately $9,000 of these proceeds to repurchase all outstanding Series G Preferred Stock, the convertible notes and the related warrants. The remaining net proceeds have been used to support working capital and general corporate purposes.

As discussed in Note 1, the Company has concluded that substantial doubt exists about its ability to continue as a going concern for a period of one year following the issuance of these unaudited condensed consolidated financial statements.

The accompanying condensed consolidated financial statements, including the cash and cash equivalents and working capital balances as of September 30, 2026, do not reflect any anticipated proceeds from the proposed Sale. If completed, the net proceeds from the Sale are expected to provide an additional source of liquidity to support the Company's retained operations. Closing of the Sale is anticipated during the fourth quarter of 2026, subject to satisfaction or waiver of the remaining closing conditions. There can be no assurance that the remaining closing conditions will be satisfied or waived or that the Sale will be consummated.

Off-balance sheet arrangements

We do not invest in any off-balance sheet vehicles that provide liquidity, capital resources, market or credit risk support, or engage in any activities that expose us to any liability that is not reflected in our condensed consolidated financial statements.

Critical Accounting Estimates

Except as described below, there have been no material changes to the Company's critical accounting estimates from those disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

During 2026, the Company estimated the grant-date fair value of restricted stock awards issued by XpresTest, a consolidated subsidiary whose common stock is not publicly traded. The valuation was determined using a market approach under which XpresTest's enterprise value was estimated based on an allocation of the Company's market-cap-implied enterprise value using XpresTest's relative operating segment cash flows. The resulting value was adjusted for the Company's partial ownership interest, XpresTest's net cash and a discount for lack of marketability. The valuation requires judgment in determining the appropriate allocation methodology and discount for lack of marketability. Changes in these assumptions could materially affect the estimated fair value of the awards and the related stock-based compensation expense. See Note 11, for additional information.

Known Trends, Events and Uncertainties

Ongoing conflicts in Russia and Ukraine, the Middle East, and Israel and Palestine, including related sanctions and countermeasures, are difficult to predict, and could adversely impact geopolitical and macroeconomic conditions, the global economy, and contribute to increased market volatility, which may in turn adversely affect our business and operations. We may not be able to raise sufficient additional capital and may tailor our business and operations based on the amount of funding we are able to raise in the future. Nevertheless, there is no assurance that these initiatives will be successful. Our ability to operate 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 at airports. The number of airline travelers at any given time is volatile and subject to change based on various conditions, including but not limited to market and other conditions, prices of travel fare, and oil and gas prices. Additionally, the US government shutdown, recent changes to U.S. policy implemented by the U.S. Congress, the Trump administration or any new administration have impacted and may in the future impact, among other things, the U.S. and global economy, tariffs, international trade relations, unemployment, immigration, healthcare, taxation, the U.S. regulatory environment, inflation and other areas. Although we cannot predict the impact, if any, of these changes to our business, they could adversely affect our business.

Other than as discussed above and elsewhere in this report, we are not aware of any trends, events or uncertainties that are likely to have a material effect on our financial condition.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-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 Chief Executive Officer and Chief Financial Officer (Principal Financial and Accounting Officer), as appropriate, to allow timely decisions regarding required disclosure.

As of September 30, 2026, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. Based upon that evaluation, our management concluded that our disclosure controls and procedures were not effective as of September 30, 2026, due to the following material weaknesses:

1) The Company did not properly design, implement, and consistently operate effective controls over the completeness and accuracy of its accounting for leases under ASC 842.

2) The Company did not properly design or maintain effective entity level monitoring controls over the financial close and reporting process.

3) The Company did not design or maintain effective controls over its service organizations and IT vendors. More specifically, the Company did not have controls in place to review the applicable complementary user entity controls described in the service organizations' reports for their potential impact on the Company's financial reporting.

4) The Company did not design, implement, and consistently operate effective controls over the revenue process. The Company's controls surrounding the revenue reports and reconciliations were not designed and did not operate at a level of precision that would prevent or detect a material misstatement.

5) The Company did not design, implement, and consistently operate effective controls over its' foreign subsidiaries.

6) The Company did not properly design, implement, and consistently operate effective controls over the completeness and accuracy of its accounting for share-based payments and stock issuances.

This type of evaluation is performed on a quarterly basis so that conclusions of management, including our Chief Executive Officer and the Chief Financial Officer, concerning the effectiveness of the disclosure controls can be reported in our periodic reports on Form 10-Q and Form 10-K. The overall goals of these evaluation activities are to monitor our disclosure controls and to modify them as necessary. We intend to maintain the disclosure controls as dynamic systems that we adjust as circumstances merit. Based on the foregoing, our Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of September 30, 2026.

Remediation Plan for Material Weakness in Internal Control over Financial Reporting

Management is committed to the remediation of the Company's material weaknesses, as well as the continued improvement of the Company's internal control over financial reporting. Management has implemented, and continues to implement, the actions described below to remediate the underlying causes of the control deficiencies that gave rise to the material weaknesses. Until the remediation efforts described below, including any additional measures management identifies as necessary, are completed, the material weaknesses described above will continue to exist. We cannot provide any assurance that the below remediation efforts will be successful or that our internal control over financial reporting will be effective as a result of these efforts. Management has commenced the following actions and will continue to assess additional opportunities for remediation on an ongoing basis:

1) The Company has turned on the multi-currency features related to its cloud-based accounting systems.

2) The Company has engaged outside service providers to assist with the valuation, accounting, and recording of key reporting areas such as leases, revenue recognition and stock compensation expense.

3) The Company has contracted an independent consulting firm to assist with the preparation of the Financial Statements and U.S. GAAP accounting research.

4) The Company has engaged outside service providers to review the applicable complementary user entity controls described in the service organizations' reports for their potential impact on the Company's financial reporting.

Changes in Internal Control over Financial Reporting

Other than as set forth in the foregoing paragraph, there have been no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended September 30, 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be involved in certain claims and litigation arising out of the ordinary course and conduct of business. Management assesses such claims and, if it considers that it is probable that an asset had been impaired or a liability had been incurred and the amount of loss can be reasonably estimated, provisions for loss are made based on management's assessment of the most likely outcome.

The information set forth in Note 9 Commitments and Contingencies of the Notes to unaudited condensed consolidated financial statements of this Quarterly Report on Form 10-Q is incorporated by reference herein.

There are no other material proceedings in which any of our directors, officers, affiliates, any registered or beneficial stockholder of more than 5% of our common stock, or any associate of any of the foregoing is an adverse party or has a material interest adverse to our interest.

Item 1A. Risk Factors.

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described in Part I, Item 1A under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025, in addition to the risk factors incorporated by reference herein and other information included or incorporated by reference to this Quarterly Report on Form 10-Q before making an investment decision regarding our common stock. If any of these risks actually occur, our business, financial condition, or operating results would likely suffer, possibly materially, the trading price of our common stock could decline, and you could lose part or all of your investment.

Risks Related to Capital Stock

There is no assurance that we will satisfy Nasdaq's continued listing standards, and our common stock could be delisted.

On October 7, 2026, we received a notice from Nasdaq stating that we were not in compliance with Nasdaq Listing Rule 5550(a)(2) because the closing bid price of our common stock had remained below $1.00 per share for 30 consecutive business days. We have until April 5, 2027 to regain compliance with the minimum bid price requirement. We cannot assure you that we will regain compliance within the applicable compliance period. If necessary, we may consider available alternatives, including a reverse stock split, to regain compliance. If we fail to regain compliance within the applicable compliance period, our common stock could be subject to delisting, which could adversely affect the liquidity and market price of our common stock and our ability to raise additional capital.

Risk Factors Relating to the Sale Proposal

If we fail to complete the Sale, our business may be harmed.

We cannot provide assurances that the Sale will be completed. The closing of the Sale is subject to a number of conditions, including, among others, the absence of any action or order preventing the Sale, the accuracy of the parties' respective representations and warranties, performance in all material respects by the parties of their respective covenants under the July Purchase Agreement, the absence of any Material Adverse Effect with respect to the Divestiture Group since the date of the July Purchase Agreement, completion of the Pre-Closing Reorganization, satisfaction of certain minimum cash requirements, and the receipt of certain third-party consents, including consents identified on specific disclosure schedules and "Required Lease Consents" with respect to the real property leases and concession agreements underlying the XpresSpa Airport Business locations. Because these consents depend in part on the cooperation of airport landlords and other third parties outside our control, there is no assurance that they will be obtained on a timely basis or at all.

If the July Purchase Agreement is terminated in specified circumstances, we may be required to pay the Buyer the Buyer Termination Fee. The Stockholder Meeting was held on October 28, 2026, and stockholder approval was obtained; the contractual right to terminate the July Purchase Agreement to accept a Superior Proposal applied only before that approval.

As a result of the announcement and pendency of the Sale, our business relationships, operating results, and business generally may be adversely affected. New or existing customers and business partners may prefer to enter into agreements with competitors that have not announced a pending sale transaction, and any failure to maintain existing business relationships or enter into new ones could adversely affect our business, results of operations, and financial condition. In addition, the pendency of the Sale may create uncertainty for employees, including risks related to retention of employees, diversion of management's attention from ongoing business operations, and our ability to operate the Retained Ex-Airport Business following the closing.

If the Sale is not completed, our directors, executive officers, and other employees may have expended extensive time and effort and experienced significant distractions during the pendency of the Sale, and we may have incurred significant third-party transaction costs, in each case without any commensurate benefit. If the Sale is not completed, we may explore other potential transactions involving the Company, in whole or in part. The terms of any alternative transaction may be more or less favorable to us than the terms of the Sale, and there can be no assurance that we will be able to reach agreement with, or complete an alternative transaction with, another party.

The Buyer's obligation to close is not conditioned on the Buyer having obtained financing, but our ability to compel Buyer to close is limited.

The July Purchase Agreement does not require the Buyer to have obtained a debt commitment letter or an equity commitment letter as a condition to signing, and the July Purchase Agreement expressly provides that the failure to obtain such financing does not, by itself, constitute a breach of the Buyer's representations regarding its financial ability to consummate the transaction or a failure of any closing condition, provided the Buyer is communicating in good faith with potential financing sources. Although the Buyer represents that it will have sufficient funds available at the closing of the Sale, subject to funding of anticipated debt financing and equity capital, there is no assurance that the Buyer will be able to obtain the financing necessary to fund the purchase price. Since the date of the July Purchase Agreement, the Company has been informed by the Buyer that the Buyer has been in active discussions with multiple lending institutions that have conducted preliminary due diligence and have expressed a willingness to provide financing for the Sale. However, these discussions have not resulted in definitive financing commitments, and there can be no assurance that such commitments will be obtained on acceptable terms or at all. Moreover, our right to seek specific performance to compel Buyer to consummate the closing of the Sale is conditioned upon, among other things, the proceeds of the debt financing having been received in full by the Buyer or the applicable debt financing sources having irrevocably confirmed in writing that such proceeds will be funded at the closing of the Sale. If the Buyer is unable to obtain the financing necessary to consummate the Sale, and we are unable to compel specific performance, the Sale may not be completed, and our remedies may be limited to receipt of the Seller Termination Fee described in Note 16, which may not fully compensate us for the harm caused by such failure to close.

We may not receive any competing transaction proposals or Superior Proposals, and the July Purchase Agreement limits our ability to pursue alternatives to the Sale.

The July Purchase Agreement provides that, in certain circumstances, we may be required to pay the Buyer Termination Fee, including if we terminate the July Purchase Agreement to enter into a definitive agreement with respect to a Superior Proposal. The amount and structure of the Buyer Termination Fee may have the effect of causing other potential third-party buyers not to submit a proposal to acquire the Divestiture Group, the XpresSpa Airport Business, the XpresTest Business, or other Company assets at a higher price or on more favorable terms.

The July Purchase Agreement also contains provisions that make it more difficult for us to sell the Divestiture Group, the XpresSpa Airport Business, the XpresTest Business, or other Company assets to a party other than the Buyer. These provisions restrict our ability to solicit, initiate, knowingly encourage, or knowingly facilitate inquiries or proposals regarding an alternative transaction, to participate in discussions or negotiations regarding an alternative transaction, to furnish nonpublic information in connection with an alternative transaction, or to enter into agreements relating to an alternative transaction, subject to specified exceptions for unsolicited proposals that may constitute, or reasonably be expected to lead to, a Superior Proposal. The July Purchase Agreement also requires us to notify the Buyer of alternative transaction proposals, keep the Buyer reasonably informed of the status of such proposals, provide the Buyer with certain nonpublic information furnished to other bidders, and, before making an adverse recommendation change, give the Buyer prior written notice and negotiate in good faith with the Buyer if requested. In addition, we may be obligated to pay the

Buyer Termination Fee if the July Purchase Agreement is terminated following certain alternative transaction proposals and we subsequently consummate an alternative transaction within twelve months of such termination. These provisions could discourage a third party that might have an interest in acquiring the Divestiture Group from considering or proposing an alternative transaction and could make it more difficult for us to complete an alternative transaction with another party.

We will incur significant expenses in connection with the transactions contemplated by the July Purchase Agreement, regardless of whether the Sale is completed, and, in certain circumstances, may be required to pay a termination fee to the Buyer.

We expect to incur significant expenses related to the transactions contemplated by the July Purchase Agreement, including financial advisory and opinion fees and expenses, legal fees, accounting fees and expenses, certain employee expenses, filing fees, printing expenses, and other related fees and expenses. Many of these expenses will be payable by us regardless of whether the Sale is completed. In addition, if the July Purchase Agreement is terminated in certain circumstances, we will be required to pay the Buyer the Buyer Termination Fee. See Note 16 for a description of the termination fees payable under the July Purchase Agreement.

We may be subject to litigation challenging the Sale, which could be expensive, could divert our attention, and could delay or prevent completion of the Sale.

We may become subject to securities or other litigation in connection with the Sale, including litigation seeking to enjoin, delay, or unwind the transaction, in addition to any class action or derivative litigation alleging inadequate disclosure or breach of fiduciary duty in connection with the Board's recommendation. Such litigation could result in substantial costs, including costs associated with the indemnification of our directors and officers, and could divert management's attention from completing the Sale and operating our business. If a plaintiff is successful in obtaining an injunction prohibiting completion of the Sale, the Sale may be delayed or may not be completed at all.

The amount of net proceeds that we will receive from the Sale is subject to uncertainties, and our ability to recover amounts held in escrow is limited by the survival and exclusive-remedy provisions of the July Purchase Agreement.

The cash consideration from the Sale is based on a Base Purchase Price of $13,000,000, subject to customary adjustments for net working capital, closing indebtedness, sale expenses, and closing cash. Accordingly, the net proceeds from the Sale, after giving effect to the purchase price adjustment process, the payment or discharge of estimated closing indebtedness, the payment of estimated sale expenses, and the deposit of escrow amounts, are subject to uncertainty and may be materially less than the Base Purchase Price. At the closing of the Sale, $2,650,000 of the purchase price will be deposited into escrow accounts to secure certain post-closing obligations of the Company with respect to purchase price adjustments, indemnities, and expenses associated with a specified pre-existing arbitration award. Sale expenses may include certain sale, change in control, severance, deferred compensation, stay or retention bonus or similar payment obligations, transaction-related investment banking, accounting, legal and other professional fees, tail policy costs, escrow agent costs, and data room costs.

The final Purchase Price will not be determined until after closing, when Buyer prepares a proposed calculation of closing net working capital, the net working capital adjustment, closing indebtedness, closing cash, sale expenses, and the resulting Purchase Price, subject to our review and dispute rights under the July Purchase Agreement. We may receive additional amounts, if any, in connection with any positive final Purchase Price adjustment, payments relating to certain non-U.S. deposits, and the release of any remaining escrow funds. As a result, the amount of net proceeds from the Sale is subject to substantial uncertainty, and it is possible that the net proceeds from the Sale will be materially less than we expect.

Our recovery of the Seller Termination Fee, and Buyer's performance generally, depend in part on the creditworthiness of Buyer's guarantor.

Buyer's payment obligations under the July Purchase Agreement, including the Seller Termination Fee, are supported by a limited guaranty from the Guarantor. Our ability to recover amounts owed to us in the event of the Buyer's breach or failure to close may depend on the continued creditworthiness of the Guarantor and the enforceability of the Limited Guaranty. There is no assurance that the Guarantor will have sufficient assets to satisfy its obligations under the Limited Guaranty if called upon to do so.

Our stockholders will not receive any of the proceeds of the Sale.

The proceeds from the Sale will be paid directly to us, not to our stockholders. Although the Board intends to use the proceeds from the Sale, together with other cash on hand, to fund the continued operation of the Retained Ex-Airport Business and to pursue transformative strategic acquisition or business combination opportunities, as of November 20, 2026 the Company has not entered into any definitive agreement providing for such an extraordinary corporate transaction. The Company will have broad discretion over the use of proceeds from the Sale and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our Common Stock. The failure by the Company to apply these funds effectively could result in financial losses that could have a material adverse effect on our business or cause the price of our Common Stock to decline. The absence of a definitive plan for the use of proceeds also means that stockholders cannot evaluate with certainty, at the time of voting on the Sale, the ultimate use to which the proceeds will be put.

The unaudited pro forma condensed combined financial information and financial projections included in the October Proxy are preliminary, and our actual financial position and operations after the Sale may differ materially from such information.

The unaudited pro forma financial information and financial projections included in the October Proxy are presented for illustrative purposes only and are not necessarily indicative of our actual financial condition or results of operations for future periods, or of our financial condition or results of operations following the Sale. Our actual results and financial position after the Sale may differ materially and adversely from the unaudited pro forma financial information and financial projections included in the October Proxy.

The opinion of our financial advisor does not reflect changes in circumstances since the date of the opinion.

The opinion of our financial advisor was necessarily based upon financial, economic, market, and other conditions in effect on, and the information made available as of, the date of the opinion. Changes in the operations and prospects of the Company, general market and economic conditions, and other factors that may be beyond our control, and which may be outside the period reviewed by our financial advisor, may alter the relevance of the opinion at the time you vote on the Sale Proposal. Our Board has not obtained, and does not currently intend to obtain, an updated opinion prior to completion of the Sale.

Risk Factors Relating to Our Business Following the Sale

Following the Sale, our business will be smaller and less diversified, and the risks affecting our remaining business will be magnified.

Upon the closing of the Sale, the size of our business operations will be substantially reduced and our sources of revenue will be more limited and concentrated in the Retained Ex-Airport Business. Because our remaining business will represent a smaller and less diversified enterprise than we operate today, adverse developments affecting the Retained Ex-Airport Business could have a proportionally greater effect on our overall financial condition and results of operations than would have been the case prior to the Sale. There can be no assurance that we will be successful in operating the Retained Ex-Airport Business on a standalone basis or in generating sufficient revenue following the closing of the Sale. A failure to secure additional sources of revenue following the closing of the Sale could negatively impact the value and liquidity of our Common Stock.

We will lose all of our senior management team in connection with the Sale, and we may be unable to operate the Retained Ex-Airport Business effectively without them.

We expect that all of our current corporate management team will transfer to, or otherwise become employed by, the Buyer or its affiliates in connection with the Sale, and will not continue in their current roles with the Company following the closing of the Sale. Following the closing of the Sale, we will need to rely, at least temporarily, on services provided by the Buyer under the Transition Services Agreement, or on newly hired corporate management personnel, to operate the Retained Ex-Airport Business, oversee our public company reporting obligations, and pursue any new business strategy. Our success following the Sale will depend in substantial part on our ability to identify, recruit, and retain qualified

executive officers and other key personnel on acceptable terms and on a timely basis. We can provide no assurance that we will be able to do so, that any Transition Services Agreement will provide adequate coverage for the functions previously performed by our departing management team, or that a newly constituted management team will have the experience necessary to operate the Retained Ex-Airport Business or execute any new business strategy successfully. The loss of our senior management team could have a material adverse effect on our business, financial condition, and results of operations.

We may be unable to successfully execute a new business strategy following the Sale, and our post-Sale strategic direction is not yet determined.

The Sale is intended to be a significant step in a broader change to our business, operations, and strategic direction. As of the date of the October Proxy, our Board has not finally determined our post-Sale business strategy, new lines of business, acquisitions, or other strategic alternatives. To the extent that we identify and pursue a new strategic direction, we may lack the capital, personnel, industry expertise, or operating history necessary to execute that strategy successfully, and any new business we pursue will carry its own risks and uncertainties that are not reflected in our historical risk factor disclosure. If we are unable to identify or execute a viable strategy following the Sale, or if any new business we enter into underperforms our expectations, our business, financial condition, and the market price of our Common Stock could be materially and adversely affected.

We may be unable to identify, negotiate, or consummate acquisitions or other strategic transactions using the proceeds of the Sale, particularly if we pursue opportunities outside of our historical industry.

We intend to use some or all of the net proceeds of the Sale to pursue acquisitions or other strategic transactions, potentially in industries in which we have little or no prior operating experience. Identifying, evaluating, negotiating, and completing an acquisition is a time-consuming and costly process, and we may compete with other potential acquirers, including strategic and financial buyers with greater resources, industry knowledge, and experience than we have. We cannot assure you that we will be able to identify suitable acquisition targets on acceptable terms, that we will have access to sufficient capital to complete any transaction we identify, or that we will be able to negotiate and close any such transaction at all. If we are unable to identify or evaluate potential targets accurately, including with respect to unfamiliar industries, we may fail to consummate an acquisition, or we may consummate an acquisition on terms that do not maximize, or that diminish, stockholder value. Even if we successfully complete an acquisition, we may be unable to integrate or operate the acquired business successfully, and the anticipated benefits of any such transaction may not be realized. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, and the market price of our Common Stock.

We will be required to change our corporate branding following the Sale, which could adversely affect our business.

Under the July Purchase Agreement, we are required to cease all use of the XPRESSPA, XPRESTEST, and XWELL trademarks, and to remove, de-brand, or destroy all signage, packaging, marketing collateral, digital assets, and other materials bearing those trademarks, within thirty days after the closing of the Sale, other than limited nominative fair use to describe historical facts or archived materials retained for legal, tax, or compliance purposes. As a result, we will need to adopt and transition to new corporate branding, including a new company name and marketing identity, in a short period of time following the closing of the Sale. This rebranding could result in loss of brand recognition and customer confusion, and the costs and disruption associated with rebranding could be greater than we currently anticipate.

We will depend on the Buyer for transition services following the closing of the Sale, and any disruption in those services could adversely affect our ability to operate.

In connection with the Sale, we expect to enter into a Transition Services Agreement with the Buyer, pursuant to which certain services will be provided following the closing of the Sale for a limited period. If the Buyer fails to perform its obligations under the Transition Services Agreement, or if the Transition Services Agreement is terminated due to an uncured breach, we may be unable to obtain these services from the Buyer or an alternative provider on comparable terms, which could disrupt our operations during the transition period.

We will be subject to non-competition or non-solicitation restrictions following the Sale that could limit our strategic and operational flexibility.

The July Purchase Agreement contains restrictive covenants that may limit our ability to compete with the divested Business or solicit certain employees or customers of the divested Business following the closing of the Sale. These restrictions could limit the range of strategic alternatives available to us as we pursue a new business direction and could adversely affect our ability to capitalize on opportunities related to our historical in-airport businesses.

We will continue to incur the expense of complying with public company reporting requirements following the closing of the Sale, and our smaller size following the Sale may make it more difficult to satisfy Nasdaq's continued listing requirements.

After the Sale, we will continue to be required to comply with the applicable reporting requirements of the Exchange Act, even though compliance with such reporting requirements may be economically burdensome relative to the reduced scale of our post-Sale operations. In addition, because the Sale will significantly reduce the size of our business and our assets, we may be at greater risk of failing to satisfy the continued listing requirements of the Nasdaq Stock Market, including requirements relating to market value of listed securities, stockholders' equity, or minimum bid price. If we fail to satisfy Nasdaq's continued listing requirements and our Common Stock is delisted, the liquidity and market price of our Common Stock could be materially and adversely affected.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no unregistered sales of equity securities during the quarter ended September 30, 2026, other than as reported in our Current Reports on Form 8-K filed with the SEC.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information

None of the Company's officers or directors adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended September 30, 2026, as such terms are defined under Item 408(a) of Regulation S-K.

Item 6. Exhibits.

Exhibit No.	Description
2.1	Securities Purchase Agreement, dated as of July 6, 2026, by and among XWELL, Inc., XpresSpa Holdings, LLC, XpresTest, Inc. and Express Wellness Group, LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on July 9, 2026).
10.1	Limited Guaranty, dated as of July 6, 2026, by and between Face Haus LLC and XWELL, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 9, 2026).
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
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herein.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

XWELL, Inc.

Date: November 23, 2026 By: /s/ Ezra Ernst

Ezra Ernst
Executive Chairman
(Principal Executive Officer)

Date: November 23, 2026 By: /s/ Ian Brown

Ian Brown
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Ezra T. Ernst, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of XWELL, 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 first 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 my 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.

Dated: November 23, 2026

/s/ EZRA T. ERNST

Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Ian Brown, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of XWELL, 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 first 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 my 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.

Dated: November 23, 2026

/s/ IAN BROWN

Chief Financial Officer

(Principal Financial and Accounting Officer)

Exhibit 32

CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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), the undersigned officer of XWELL, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report for the quarter ended September 30, 2026 (the "Form 10-Q") 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-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 23, 2026

/s/ EZRA T. ERNST

Ezra T. Ernst

Chief Executive Officer

(Principal Executive Officer)

/s/ IAN BROWN

Ian Brown

Chief Financial Officer

(Principal Financial and Accounting Officer)