

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 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

(State or other jurisdiction of
incorporation or organization)

20-4988129

(I.R.S. Employer
Identification No.)

254 West 31st Street, 11th Floor, New York, NY

(Address of principal executive offices)

10001

(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 August 10, 2026, 8,589,266 shares of the registrant's common stock were outstanding.

XWELL, Inc. and Subsidiaries

Table of Contents

	<u>Page</u>
PART I. FINANCIAL INFORMATION	3
Item 1. Condensed Consolidated Financial Statements (Unaudited)	3
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	26
Item 3. Quantitative and Qualitative Disclosures About Market Risk	35
Item 4. Controls and Procedures	35
PART II. OTHER INFORMATION	37
Item 1. Legal Proceedings	37
Item 1A. Risk Factors	37
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	37
Item 3. Defaults Upon Senior Securities	37
Item 4. Mine Safety Disclosures	37
Item 5. Other Information	37
Item 6. Exhibits	38

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)

	June 30, 2026	December 31, 2025
Current assets		
Cash and cash equivalents	\$ 11,778	\$ 2,617
Marketable securities	—	7
Accounts receivable, net	1,824	1,560
Inventory	391	509
Other current assets	1,146	1,217
Total current assets	<u>15,139</u>	<u>5,910</u>
Restricted cash	568	251
Property and equipment, net	1,606	1,665
Intangible assets, net	20	101
Operating lease right-of-use assets, net	836	1,039
Security deposits	2,067	2,127
Other assets	290	124
Total assets	<u>\$ 20,526</u>	<u>\$ 11,217</u>
Current liabilities		
Accounts payable	\$ 1,618	\$ 2,836
Accrued expenses and other current liabilities	2,657	2,940
Accrued Series G convertible preferred stock redemption payable	—	538
Current portion of operating lease liabilities	1,685	1,862
Deferred revenue	708	1,126
Convertible senior secured note, net	—	3,590
Total current liabilities	<u>6,668</u>	<u>12,892</u>
Long-term liabilities		
Derivative liability	—	3,870
Operating lease liabilities	5,606	7,035
Total liabilities	<u>12,274</u>	<u>23,797</u>
Commitments and contingencies (see Note 8)		
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 June 30, 2026 and December 31, 2025, respectively; Liquidation preference of \$0 as of June 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; 31,333 and 0 shares issued and outstanding as of June 30, 2026 and December 31, 2025, respectively; Liquidation preference of \$31,333 as of June 30, 2026	—	—
Common stock, \$0.01 par value per share, 150,000,000 shares authorized; 8,471,766 and 6,071,324 shares issued and outstanding as of June 30, 2026 and December 31, 2025, respectively	84	61
Additional paid-in capital	502,962	468,915
Accumulated deficit	(503,139)	(489,697)
Accumulated other comprehensive loss	(1,761)	(1,541)
Total equity (deficit) attributable to XWELL, Inc.	<u>(1,854)</u>	<u>(22,262)</u>
Noncontrolling interests	10,106	9,458
Total equity (deficit)	<u>8,252</u>	<u>(12,804)</u>
Total liabilities, temporary equity and equity	<u>\$ 20,526</u>	<u>\$ 11,217</u>

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 June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Revenue, net				
Services	\$ 6,531	\$ 6,905	\$ 12,596	\$ 13,325
Products	614	784	1,188	1,387
Total revenue, net	<u>7,145</u>	<u>7,689</u>	<u>13,784</u>	<u>14,712</u>
Cost of sales				
Labor	3,037	3,912	6,011	7,879
Occupancy	606	1,238	1,367	2,372
Products and other operating costs	554	764	1,104	1,367
Total cost of sales	<u>4,197</u>	<u>5,914</u>	<u>8,482</u>	<u>11,618</u>
Gross Profit	<u>2,948</u>	<u>1,775</u>	<u>5,302</u>	<u>3,094</u>
Depreciation and amortization	163	187	335	353
Loss on disposal of assets, net	239	—	239	—
General and administrative	4,650	4,280	12,246	8,591
Total operating expenses	<u>5,052</u>	<u>4,467</u>	<u>12,820</u>	<u>8,944</u>
Operating loss	<u>(2,104)</u>	<u>(2,692)</u>	<u>(7,518)</u>	<u>(5,850)</u>
Change in fair value of derivative liabilities	—	421	(5,584)	279
Change in fair value of warrant liability	—	625	—	3,215
Loss on issuance of Series G Preferred Stock	—	—	—	(3,443)
Interest income (expense), net	11	147	(32)	204
Foreign exchange gain (loss)	102	(543)	179	(998)
Gain on investments, realized and unrealized	188	58	166	54
Other non-operating expense, net	(29)	(34)	(55)	(67)
Loss before income taxes	<u>(1,832)</u>	<u>(2,018)</u>	<u>(12,844)</u>	<u>(6,606)</u>
Income tax expense	(51)	(34)	(51)	(34)
Net loss	<u>(1,883)</u>	<u>(2,052)</u>	<u>(12,895)</u>	<u>(6,640)</u>
Net income attributable to noncontrolling interests	(357)	(217)	(547)	(348)
Net loss attributable to XWELL, Inc.	<u>\$ (2,240)</u>	<u>\$ (2,269)</u>	<u>\$ (13,442)</u>	<u>\$ (6,988)</u>
Net loss	\$ (1,883)	\$ (2,052)	(12,895)	(6,640)
Other comprehensive income (loss)	(41)	417	(119)	606
Comprehensive loss	<u>\$ (1,924)</u>	<u>\$ (1,635)</u>	<u>\$ (13,014)</u>	<u>\$ (6,034)</u>
Loss per share				
Preferred stock dividends	—	(189)	(82)	(257)
Preferred stock accretion	—	(583)	—	(1,082)
Deemed contribution on Repurchase of Series G Preferred Stock	—	—	106	—
Net loss attributable to XWELL, Inc. common stockholders	<u>\$ (2,240)</u>	<u>\$ (3,041)</u>	<u>\$ (13,418)</u>	<u>\$ (8,327)</u>
Basic and diluted loss per share	<u>\$ (0.26)</u>	<u>\$ (0.56)</u>	<u>\$ (1.69)</u>	<u>\$ (1.56)</u>
Weighted-average number of shares outstanding				
Basic	8,487,425	5,417,271	7,944,801	5,340,442
Diluted	8,487,425	5,417,271	7,944,801	5,340,442

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		Series H Convertible		Common stock		Additional	Accumulated	Accumulated	Total	Non-	Total
	Preferred stock		Preferred stock		Shares	Amount	paid-	deficit	other	Company	controlling	equity (deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	in capital		comprehensive	equity	interests	
									loss			
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	—	—	—	—	—	—	886	—	—	886	—	886
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)
Other comprehensive income, net	—	—	—	—	—	—	—	—	22	22	—	22
Net loss for the period	—	—	—	—	—	—	—	(11,202)	—	(11,202)	190	(11,012)
March 31, 2026	—	\$ —	31,333	\$ —	7,926,766	\$ 79	\$ 502,869	\$ (500,899)	\$ (1,660)	\$ 389	\$ 9,689	\$ 10,078
Issuance of common stock for vested stock awards	—	—	—	—	545,000	5	(5)	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	98	—	—	98	—	98
Foreign currency translation	—	—	—	—	—	—	—	—	(123)	(123)	60	(63)
Other comprehensive income, net	—	—	—	—	—	—	—	—	22	22	—	22
Net loss for the period	—	—	—	—	—	—	—	(2,240)	—	(2,240)	357	(1,883)
June 30, 2026	—	\$ —	31,333	\$ —	8,471,766	\$ 84	\$ 502,962	\$ (503,139)	\$ (1,761)	\$ (1,854)	\$ 10,106	\$ 8,252

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	Additional comprehensive loss	Company equity	Accumulated other 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	<u>4,000</u>	<u>\$ 567</u>	<u>5,261,024</u>	<u>\$ 53</u>	<u>\$ 473,337</u>	<u>\$ (477,425)</u>	<u>\$ (1,760)</u>	<u>\$ (5,795)</u>	<u>\$ 8,654</u>	<u>\$ 2,859</u>
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	<u>3,333</u>	<u>\$ 415</u>	<u>5,261,024</u>	<u>\$ 53</u>	<u>\$ 475,822</u>	<u>\$ (479,694)</u>	<u>\$ (1,362)</u>	<u>\$ (5,181)</u>	<u>\$ 8,890</u>	<u>\$ 3,709</u>

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)

	Six months ended June 30,	
	2026	2025
Cash flows from operating activities		
Net loss	\$ (12,895)	\$ (6,640)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	335	353
Unrealized gain on marketable securities	—	(33)
Foreign currency remeasurement (gain) loss	(179)	998
Gain on lease termination	(501)	(401)
Loss on disposal of assets, net	239	—
Amortization of operating lease right-of-use asset	158	490
Provision for credit losses	(4)	6
Stock-based compensation	984	682
Non-cash interest expense	53	—
Gain on equity investment	(166)	(20)
Change in fair value of derivative liability	5,584	(279)
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	117	(59)
(Increase) decrease in accounts receivable	(259)	278
(Decrease) in deferred revenue	(417)	(106)
Decrease (increase) in other assets, current and non-current	96	(1,013)
(Decrease) in other liabilities, current and non-current	(1,196)	(1,287)
(Decrease) increase in accounts payable	(1,066)	239
Net cash used in operating activities	(9,117)	(6,564)
Cash flows from investing activities		
Acquisition of property and equipment	(559)	(1,313)
Investment in marketable securities	—	(84)
Sale of marketable securities	7	4,488
Net cash provided by (used in) investing activities	(552)	3,091
Cash flows from financing activities		
Payment of Series G Preferred Stock dividends	(76)	(95)
Payments for shares withheld on vesting	—	—
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	3,745
Net cash provided by financing activities	19,193	3,650
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(46)	36
Increase in cash, cash equivalents and restricted cash	9,478	213
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	\$ 12,346	\$ 5,514
Cash paid for		
Income taxes	\$ 51	\$ 34
Non-cash investing and financing transactions		
Capital expenditures included in accounts payable, accrued expenses and other current liabilities	(125)	16
Accrual of Series G convertible preferred stock dividends	82	162
Accretion of Series G convertible preferred stock to redemption value	—	1,082
Initial fair value of warrant liability	—	5,873
Initial fair value of derivative liability	—	1,315
Accrued Series G convertible preferred stock redemption payable	—	829
Reclass of warrant liability upon warrant modification	—	2,658
Derecognition of right-of-use asset and operating lease liabilities upon termination of lease	47	—
Lease liability remeasurement due to modification	—	79
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	—

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 bio-surveillance 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. While the Company has suffered recurring losses and negative cash flows from operations, management evaluated whether substantial doubt existed about the Company’s ability to continue as a going concern within one year after the date these unaudited condensed consolidated financial statements are issued.

The Company has significantly reduced operating and overhead expenses, while it continues to focus on returning to overall profitability. Management is implementing various strategic initiatives to reduce operating expenses, improve 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 six months ended June 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 six months ended June 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 Company continues to focus on managing operating expenses, optimizing working capital, and improving cash flows from operations. Based on its current cash position and expected operating cash flows, the Company believes it has sufficient liquidity to fund its operations and meet its obligations for at least the next twelve months.

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 six months ended June 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.

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 June 30, 2026, and December 31, 2025 is as follows:

	June 30, 2026	December 31, 2025
Cash denominated in United States dollars	\$ 10,187	\$ 1,100
Cash denominated in currency other than United States dollars	1,460	1,451
Restricted cash	568	251
Credit and debit card receivables	131	66
Total cash, cash equivalents and restricted cash	<u>\$ 12,346</u>	<u>\$ 2,868</u>

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

	June 30, 2026	December 31, 2025
Prepaid expenses	\$ 1,057	\$ 1,217
Other	89	—
Total other current assets	<u>\$ 1,146</u>	<u>\$ 1,217</u>

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

Note 5. Property and Equipment, net

Property and equipment are comprised of the following:

	June 30, 2026	December 31, 2025	Useful Life
Leasehold improvements	\$ 4,098	\$ 6,094	Average 5-8 years
Furniture and fixtures	314	468	3-4 years
Other operating equipment	901	1,028	Maximum 5 years
	5,313	7,590	
Accumulated depreciation	(3,707)	(5,925)	
Total property and equipment, net	<u>\$ 1,606</u>	<u>\$ 1,665</u>	

Depreciation expense was \$132 and \$255 for the three and six months ended June 30, 2026, respectively. Depreciation expense was \$110 and \$200 for the three and six months ended June 30, 2025, respectively.

Note 6. 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 June 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 six months ended June 30, 2026. The carrying amounts of cash equivalents, accounts receivable, and accounts payable approximated their fair values as of June 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 June 30, 2026:				
Recurring fair value measurements				
Equity and debt securities:				
Route1, Inc.	\$ 277	\$ —	\$ 277	\$ —
Total equity and debt securities	277	—	277	—
Total recurring fair value measurements	<u>\$ 277</u>	<u>\$ —</u>	<u>\$ 277</u>	<u>\$ —</u>
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	<u>119</u>	<u>7</u>	<u>112</u>	<u>—</u>
Derivatives:				
Derivative liability	3,870	—	—	3,870
Total derivatives	<u>3,870</u>	<u>—</u>	<u>—</u>	<u>3,870</u>
Total recurring fair value measurements	<u>\$ 3,989</u>	<u>\$ 7</u>	<u>\$ 112</u>	<u>\$ 3,870</u>
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	<u>\$ 9,393</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9,393</u>

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 June 30, 2026	<u>\$ —</u>

Note 7. Accrued expenses and other current liabilities

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

	June 30, 2026	December 31, 2025
Accrued compensation	\$ 1,427	\$ 905
Tax-related liabilities	500	527
Common area maintenance accruals	10	41
AP Accruals	125	78
Gift certificates	332	331
Other miscellaneous accruals	263	1,058
Total accrued expenses and other current liabilities	<u>\$ 2,657</u>	<u>\$ 2,940</u>

Note 8. 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 has not received notice of any challenge to the award, and the deadline to seek appellate review is September 3, 2026.

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 9. Stockholders' Equity and Warrants

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.

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
	\$	<u>247</u>

During the three and six months ended June 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 six months ended June 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 six months ended June 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 six months ended June 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
	\$	<u>13,109</u>

The Company recognized interest expense totaling approximately \$0 and \$53 during the three and six months ended June 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 \$5,624 related to the change in the fair value of the derivative during the three and six months ended June 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 six months ended June 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	—
June 30, 2026	<u>71,999,234</u>	<u>\$ 0.35</u>	<u>2.81</u>

All outstanding warrants were exercisable as of June 30, 2026 with an intrinsic value of \$50,039.

Note 10. Stock-based Compensation

Total stock-based compensation for the three and six months ended June 30, 2026 was \$98 and \$984, respectively. Total stock-based compensation for the three and six months ended June 30, 2025 was \$599 and \$682, respectively. All stock-based compensation for the three and six months ended June 30, 2026 and June 30, 2025 is presented on the unaudited condensed consolidated statements of operations and comprehensive loss within general and administrative expense.

The following tables summarize information about stock options and RSU activity for the six months ended June 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	500,000	1.49	—	—	—
Exercised/Vested	(535,000)	1.46	—	—	—
Forfeited	—	—	—	—	—
Expired	—	—	(22,144)	—	—
Outstanding as of June 30, 2026	<u>20,000</u>	<u>\$ 1.80</u>	<u>899,123</u>	<u>\$ 3.94</u>	<u>8.28 years</u>
Exercisable as of June 30, 2026	<u>—</u>	<u>—</u>	<u>893,707</u>	<u>\$ 3.94</u>	<u>8.16 years</u>

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

Unrecognized stock-based payment cost related to non-vested RSUs as of June 30, 2026 was \$21.

Note 11. Revenue

Disaggregation of Revenue

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

	Six months ended June 30,	
	2026	2025
Revenue, point in time	\$ 9,397	\$ 10,379
Revenue, over time	4,387	4,333
Total Revenue	\$ 13,784	\$ 14,712

	Three months ended June 30,	
	2026	2025
Revenue, point in time	\$ 4,674	\$ 5,533
Revenue, over time	2,471	2,156
Total Revenue	\$ 7,145	\$ 7,689

As of June 30, 2026, the unrecognized committed amount of the Ginkgo/Bioworks contract is \$6,880.

Contract Costs

The Company has no contract costs related to the periods presented.

Contract Liabilities

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

	June 30, 2026	December 31, 2025
Beginning of the period contract liability	\$ 1,126	\$ 1,143
Revenue recognized from the contract liabilities included in the beginning balance	(551)	(709)
Increases due cash received net of amounts recognized revenue during the period	133	692
End of period contract liability	<u>\$ 708</u>	<u>\$ 1,126</u>

Of the \$1,126 outstanding as of December 31, 2025, \$120 and \$551 have been recognized as revenue for the three and six months ended June 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 XpresTest business unit, there are no portions of unfulfilled performance obligations, because the Company's efforts towards satisfying each of the performance obligations are expended evenly throughout the period of performance. 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 \$708 and \$837 as of June 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 June 30, 2026 and December 31, 2025, was as follows:

	June 30, 2026	December 31, 2025
Contract Asset	\$ 89	\$ —

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 six months ended June 30, 2026 was primarily driven by timing difference between revenue recognition and customer billing milestones. Contract assets are reclassified to accounts receivable when the Company's right to payment becomes unconditional.

Note 12. 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 six months ended June 30, 2026 and 2025:

Three months ended June 30, 2026					
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Revenue	\$ 4,171	\$ 2,471	\$ 503	\$ —	\$ 7,145
Operating income (loss)	\$ (42)	\$ 1,536	\$ 379	\$ (3,977)	\$ (2,104)

Three months ended June 30, 2025					
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Revenue	\$ 4,886	\$ 2,156	\$ 647	\$ —	\$ 7,689
Operating income (loss)	\$ 579	\$ 689	\$ (240)	\$ (3,720)	\$ (2,692)

Six months ended June 30, 2026					
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Revenue	\$ 8,370	\$ 4,387	\$ 1,027	\$ —	\$ 13,784
Operating income (loss)	\$ (633)	\$ 2,603	\$ 427	\$ (9,915)	\$ (7,518)

Six months ended June 30, 2025					
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Revenue	\$ 9,180	\$ 4,333	\$ 1,199	\$ —	\$ 14,712
Operating income (loss)	\$ 1,378	\$ 1,308	\$ (663)	\$ (7,873)	\$ (5,850)

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 six months ended June 30, 2026 and 2025, is as follows:

Three months ended June 30, 2026					
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Revenue from external customers	\$ 4,171	\$ 2,471	\$ 503	\$ —	\$ 7,145
Less: Significant Expenses (1):					
Cost of Goods Sold - Labor	2,102	695	240	—	3,037
Cost of Goods Sold - Products & Services	256	—	9	—	265
Occupancy Cost	520	17	69	—	606
Other Cost of Revenue	168	40	81	—	289
Depreciation and amortization	142	—	6	15	163
Loss on disposal of assets, net	204	—	35	—	239
Less: Other Segment Expenses (2):					
Other segment operating expenses	821	183	(316)	3,962	4,650
Segment operating income (loss)	<u>\$ (42)</u>	<u>\$ 1,536</u>	<u>\$ 379</u>	<u>\$ (3,977)</u>	<u>\$ (2,104)</u>

Three months ended June 30, 2025					
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Revenue from external customers	\$ 4,886	\$ 2,156	\$ 647	\$ —	\$ 7,689
Less: Significant Expenses (1):					
Cost of Goods Sold - Labor	2,388	1,180	344	—	3,912
Cost of Goods Sold - Products & Services	353	—	10	—	363
Occupancy Cost	1,057	21	160	—	1,238
Other Cost of Revenue	224	41	136	—	401
Depreciation and amortization	110	2	59	16	187
Less: Other Segment Expenses (2):					
Other segment operating expenses	175	223	178	3,704	4,280
Segment operating income (loss)	<u>\$ 579</u>	<u>\$ 689</u>	<u>\$ (240)</u>	<u>\$ (3,720)</u>	<u>\$ (2,692)</u>

Six months ended June 30, 2026					
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Revenue from external customers	\$ 8,370	\$ 4,387	\$ 1,027	\$ —	\$ 13,784
Less: Significant Expenses (1):					
Cost of Goods Sold - Labor	4,124	1,323	564	—	6,011
Cost of Goods Sold - Products & Services	519	—	14	—	533
Occupancy Cost	1,198	31	138	—	1,367
Other Cost of Revenue	348	74	149	—	571
Depreciation and amortization	292	—	12	31	335
Loss on disposal of assets, net	204	—	35	—	239
Less: Other Segment Expenses (2):					
Other segment operating expenses	2,318	356	(312)	9,884	12,246
Segment operating income (loss)	\$ (633)	\$ 2,603	\$ 427	\$ (9,915)	\$ (7,518)

Six months ended June 30, 2025					
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Revenue from external customers	\$ 9,180	\$ 4,333	\$ 1,199	\$ —	\$ 14,712
Less: Significant Expenses (1):					
Cost of Goods Sold - Labor	4,743	2,470	666	—	7,879
Cost of Goods Sold - Products & Services	600	—	20	—	620
Occupancy Cost	2,033	27	312	—	2,372
Other Cost of Revenue	440	104	203	—	747
Depreciation and amortization	205	4	114	30	353
Less: Other Segment Expenses (2):					
Other segment operating expenses	(219)	420	547	7,843	8,591
Segment operating income (loss)	\$ 1,378	\$ 1,308	\$ (663)	\$ (7,873)	\$ (5,850)

- (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 June 30, 2026					
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Stock-based compensation	\$ —	\$ —	\$ —	\$ 98	\$ 98

Three months ended June 30, 2025					
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Stock-based compensation	\$ 39	\$ —	\$ —	\$ 560	\$ 599

Six months ended June 30, 2026					
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Stock-based compensation	\$ -	\$ -	\$ —	\$ 984	\$ 984

Six months ended June 30, 2025					
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Stock based compensation	\$ 75	\$ 3	\$ —	\$ 604	\$ 682

June 30, 2026					
	XpresSpa	XpresTest	Naples Wax	Corporate and other	Total
Capital expenditures	\$ 129	\$ 3	\$ -	\$ 8	\$ 140
Assets	\$ 13,906	\$ 3,271	\$ 1,262	\$ 2,087	\$ 20,526

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.

Six months ended June 30,			
	2026		2025
Revenue			
United States	\$ 11,294	\$	11,902
All other countries	2,490		2,810
Total revenue	<u>\$ 13,784</u>	<u>\$</u>	<u>14,712</u>

Three months ended June 30,			
	2026		2025
Revenue			
United States	\$ 5,937	\$	6,197
All other countries	1,208		1,492
Total revenue	<u>\$ 7,145</u>	<u>\$</u>	<u>7,689</u>

	June 30, 2026	December 31, 2025
Long-lived assets		
United States	\$ 2,271	\$ 2,496
All other countries	171	208
Total long-lived assets	<u>\$ 2,442</u>	<u>\$ 2,704</u>

Note 13. Net Loss per Share of Common Stock

For the three and six months ended June 30, 2026 and June 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. Share 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 six months ended June 30, 2026 and June 30, 2025.

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Basic numerator:				
Net loss attributable to XWELL, Inc.	\$ (2,240)	\$ (2,269)	\$ (13,442)	\$ (6,988)
Less: preferred stock dividends	—	(189)	(82)	(257)
Less: preferred stock accretion	—	(583)	—	(1,082)
Plus: deemed contribution on Repurchase of Series G Preferred Stock	—	—	106	—
Net loss attributable to common shareholders	<u>\$ (2,240)</u>	<u>\$ (3,041)</u>	<u>\$ (13,418)</u>	<u>\$ (8,327)</u>
Basic denominator:				
Basic weighted average shares outstanding	<u>8,487,425</u>	<u>5,417,271</u>	<u>7,944,801</u>	<u>5,340,442</u>
Basic loss per share	<u>\$ (0.26)</u>	<u>\$ (0.56)</u>	<u>\$ (1.69)</u>	<u>\$ (1.56)</u>

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

Both vested and unvested options to purchase an equal number of shares of Common Stock	899,123	944,554	899,123	944,554
Unvested RSUs to issue an equal number of shares of Common Stock	20,000	30,000	20,000	30,000
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	—	2,406,417	—	2,406,417
Series H Convertible Preferred Stock on an as converted basis	<u>66,665,957</u>	<u>—</u>	<u>66,665,957</u>	<u>—</u>
Total number of potentially dilutive securities excluded from the calculation of loss per share attributable to common shareholders	<u>139,584,314</u>	<u>8,728,565</u>	<u>139,584,314</u>	<u>8,728,565</u>

Note 14. 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. For the three and six months ended June 30, 2026, \$20 and \$582, respectively, of this contract was recognized in general and administrative expenses on the unaudited condensed consolidated statement of operations. There have been no further amendments or extensions to the Consulting Agreement, and there was no remaining prepaid balance related to this arrangement as of June 30, 2026.

Note 15. 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”) to sell its ownership interests in the Target Companies, which comprise substantially all of the Company's airport-based operations, for aggregate cash consideration of approximately \$13,000,000 (the “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 \$2,650,000 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.

The consummation of the Sale requires the affirmative vote of holders of a majority of the outstanding shares of the Company’s common stock (the “Stockholder Approval”). The Company was required to file a preliminary proxy statement (the “Proxy Statement”) with the SEC within 20 days following the date of the Purchase Agreement.

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

The transaction will represent a strategic shift in the Company's operations, as the Company intends to divest substantially all of its airport-based business activities while retaining certain non-airport operations. The transaction is subject to customary closing conditions, including approval by the holders of a majority of the Company's outstanding common stock, and is expected to close during the fourth quarter of 2026.

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 June 30, 2026, there were 16 domestic XpresSpa locations in total. The Company also had nine international locations operating as of June 30, 2026, including two XpresSpa locations in the Dubai International Airport in the United Arab Emirates, one XpresSpa location in the Zayed 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 bio surveillance 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.

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 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 \$13.0 million (the “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 \$2,650,000 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.

The consummation of the Sale requires the affirmative vote of holders of a majority of the outstanding shares of the Company’s common stock (the “Stockholder Approval”). The Company is required to file a preliminary proxy statement (the “Proxy Statement”) with the SEC within 20 days following the date of the Purchase Agreement.

Each of the Company and the Buyer may, under certain circumstances, be required to pay a termination fee equal to the greater of (A) \$1,300,000 and (B) \$650,000 plus documented out-of-pocket expenses (capped at \$2,000,000 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. Following the completion of the transaction, the Company expects its operations to be primarily comprised of its non-airport wellness activities, including Naples Wax Center. The transaction remains subject to customary closing conditions and approvals and is expected to close during the fourth quarter of 2026.

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 bio-surveillance. 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.

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 June 30, 2026, compared to the three months ended June 30, 2025

Revenue

	Three months ended June 30,		
	2026	2025	Inc/(Dec)
Total revenue, net	<u>\$ 7,145</u>	<u>\$ 7,689</u>	<u>\$ (544)</u>

The decrease in revenue of \$544 or 7%, for the three months ended June 30, 2026, was primarily driven by the absence of revenues from the HyperPointe operations, which ceased operations as of December 31, 2025. Additionally, for XpresTest, there were moderate growth in revenues in three months ended June 30, 2026 over the three months ended June 30, 2025 driven by increased funding related to its partnership with the CDC.

Cost of sales

	Three months ended June 30,		
	2026	2025	Inc/(Dec)
Total cost of sales	\$ 4,197	\$ 5,914	\$ (1,717)

The decrease in cost of sales of \$1,717 or 29%, for the three months ended June 30, 2026, was primarily driven by the absence of costs associated with the HyperPointe operations, which ceased operations as of December 31, 2025. The Company also experienced lower labor and related operating costs due to reduced sales activity and a smaller workforce compared to the prior period.

Depreciation and amortization

	Three months ended June 30,		
	2026	2025	Inc/(Dec)
Depreciation and amortization	\$ 163	\$ 187	\$ (24)

The decrease in depreciation and amortization of approximately \$24 or 13% for the three months ended June 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 June 30, 2025.

General and administrative expenses

	Three months ended June 30,		
	2026	2025	Inc/(Dec)
General and administrative	\$ 4,650	\$ 4,280	\$ 370

The net change in General and administrative expense for the period was an overall increase of \$370 driven primarily by an increase in legal expenses related to the July 2026 Purchase Agreement for the three months ended June 30, 2026 compared to the three months ended June 30, 2025.

Other non-operating expenses

	Three months ended June 30,		
	2026	2025	Inc/(Dec)
Foreign exchange gain (loss)	\$ 102	\$ (543)	\$ 645
Other non-operating expense, net	(29)	(34)	5

The increase in foreign exchange of \$645 was primarily due to the fluctuation of the foreign exchange rate in Turkey, creating a remeasurement gain on our lease liability. The decrease in other non-operating expense of \$5, 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 June 30, 2026 and 2025:

	Three months ended June 30,	
	2026	2025
Bank fees and financing charges	\$ (30)	\$ (32)
Other	1	(2)
Total	\$ (29)	\$ (34)

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

Change in fair value of warrants and derivatives

	Three months ended June 30,	
	2026	2025
Change in fair value of derivative liability	\$ —	\$ 421
Change in fair value of warrant liability	—	625

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 June 30, 2026.

Interest income (expense), net

	Three months ended June 30,		
	2026	2025	Inc/(Dec)
Interest income (expense), net	\$ 11	\$ 147	\$ (136)

The decrease of \$136 for the three months ended June 30, 2026 was primarily driven by a reduction in interest income and the recognition of interest expense in the current period.

Six months ended June 30, 2026, compared to the six months ended June 30, 2025

Revenue

	Six months ended June 30,		
	2026	2025	Inc/(Dec)
Total revenue, net	\$ 13,784	\$ 14,712	\$ (928)

The decrease in revenue of \$928 or 6%, for the six months ended June 30, 2026, was primarily driven by the absence of revenues from the HyperPointe operations, which ceased operations as of December 31, 2025 and a slight decrease in Naples Wax revenue over the same period.

Cost of sales

	Six months ended June 30,		
	2026	2025	Inc/(Dec)
Total cost of sales	\$ 8,482	\$ 11,618	\$ (3,136)

The decrease in cost of sales of \$3,136 or 27%, for the six months ended June 30, 2026, was primarily driven by the lower labor cost directly associated with the HyperPointe operations, which ceased operations as of December 31, 2025. Salaries also decreased across the remaining operations and a decrease in occupancy cost which is consistent with the decrease in revenues for the six months ended June 30, 2026.

Depreciation and amortization

	Six months ended June 30,		
	2026	2025	Inc/(Dec)
Depreciation and amortization	\$ 335	\$ 353	\$ (18)

The decrease in depreciation and amortization of approximately \$18 or 5% for the six months ended June 30, 2026, was not individually significant and was primarily attributable to normal changes in the Company's depreciable asset base compared to the six months ended June 30, 2025.

General and administrative expenses

	Six months ended June 30,		
	2026	2025	Inc/(Dec)
General and administrative	\$ 12,246	\$ 8,591	\$ 3,655

The increase of approximately \$3,655 for the six months ended June 30, 2026, was primarily attributable to increased legal cost related to the July 2026 Securities Purchase Agreement, increased franchise taxes, and increased public company administrative costs when compared to the six months ended June 30, 2025.

Other non-operating expenses

	Six months ended June 30,		
	2026	2025	Inc/(Dec)
Foreign exchange gain (loss)	\$ 179	\$ (998)	\$ 1,177
Other non-operating expense, net	(55)	(67)	12

The increase in foreign exchange of \$1,177 was primarily due to the fluctuation of the foreign exchange rate in Turkey, creating a remeasurement loss on our lease liability. The increase in other non-operating expense of \$12, 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 six months ended June 30, 2026 and 2025:

	Six months ended June 30,	
	2026	2025
Bank fees and financing charges	\$ (55)	\$ (62)
Other	—	(5)
Total	\$ (55)	\$ (67)

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

Change in fair value of warrants and derivatives

	Six months ended June 30,	
	2026	2025
Change in fair value of derivative liability	\$ (5,584)	\$ 279
Change in fair value of warrant liability	—	3,215
Loss on issuance of Series G Preferred Stock	—	(3,443)

The derivative liability and warrant liability were associated with the Company's Series G Preferred Stock. During the first quarter of 2026, the Company repurchased the outstanding Series G Preferred Stock and extinguished the related derivative and warrant liabilities. As a result, no gain or loss related to the remeasurement of Series G derivative or warrant liabilities was recognized during the six months ended June 30, 2026. The loss on issuance of Series G Preferred Stock of \$3.4 million recognized during the six months ended June 30, 2025 related to the January 2025 Securities Purchase Agreement and there was no comparable transaction during the six months ended June 30, 2026.

Interest income (expense), net

	Six months ended June 30,		
	2026	2025	Inc/(Dec)
Interest income (expense), net	\$ (32)	\$ 204	\$ (236)

The decrease of \$236 for the six months ended June 30, 2026 was primarily driven by a reduction in interest income and the recognition of interest expense in the current period.

Cash and Liquidity Analysis

As of June 30, 2026, the Company had cash and cash equivalents of \$11,778 (excluding restricted cash), \$0 in marketable securities, and total current assets of \$15,139. The Company's total current liabilities balance, which includes accounts payable, deferred revenue, accrued expenses, and operating lease liabilities was \$6,668 as of June 30, 2026, and \$12,892 as of December 31, 2025. The working capital surplus was \$8,471 as of June 30, 2026, compared to a working capital deficit of \$6,982 as of December 31, 2025.

The Company has taken actions to improve its overall cash position, right sizing its corporate structure and streamlining its operations, while at the same time the Company is aggressively trying to get the company to profitability. The Company continues to pursue strategic partnerships that the Company expects will further strengthen the long-term profitability of the business.

The increase in liquidity during the period 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 six months ended June 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.

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.

As of the date of this Quarterly Report on Form 10-Q, the Company believes it has sufficient liquidity to fund its operations and meet its obligations for at least the next twelve months.

Critical Accounting Estimates

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.

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 June 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 June 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.

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 June 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 June 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 8 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 Relating to the Sale Proposal

You should carefully consider the risk factors related to our business described under the heading "Risks Relating to the Sale Proposal" beginning on page 32 of our preliminary proxy statement on PREM 14A, filed with the SEC on July 27, 2026, which such section and risk factors incorporated herein by reference.

Risk Factors Relating to Our Business Following the Sale

You should carefully consider the risk factors related to our business described under the heading "Risks Relating to the Our Business Following the Sale" beginning on page 35 of our preliminary proxy statement on PREM 14A, filed with the SEC on July 27, 2026, which such section and risk factors incorporated herein by reference.

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

There were no unregistered sales of equity securities during the quarter ended June 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 June 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: August 14, 2026 By: /s/ Ezra T. Ernst
Ezra T. Ernst
Chief Executive Officer
(Principal Executive Officer)

Date: August 14, 2026 By: /s/ Ian Brown
Ian Brown
Chief Financial Officer
(Principal Financial and Accounting Officer)

**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: August 14, 2026

/s/ EZRA T. ERNST

Chief Executive Officer

(Principal Executive Officer)

**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: August 14, 2026

/s/ IAN BROWN

Chief Financial Officer

(Principal Financial and Accounting Officer)

**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 June 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: August 14, 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)
