

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

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 9, 2020

**XPRESSPA GROUP, INC.**

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or other jurisdiction  
of incorporation)

001-34785  
(Commission  
File Number)

20-4988129  
(I.R.S. Employer  
Identification No.)

254 West 31<sup>st</sup> Street, 11<sup>th</sup> Floor  
New York, New York 10001  
(Address of Principal Executive Offices and Zip Code)

Registrant's telephone number, including area code: (646) 525-4319

780 Third Avenue, 12<sup>th</sup> Floor  
New York, New York 10017  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

## **Item 1.01 Entry Into a Material Definitive Agreement.**

### Credit Cash Facility

On January 9, 2020, fifteen wholly-owned subsidiaries (the “Borrowers”) of XpresSpa Group, Inc. (the “Company”) entered into an accounts receivable advance agreement (the “Agreement”) with CC Funding, a division of Credit Cash NJ, LLC (the “Lender”). Pursuant to the terms of the Agreement, the Lender agreed to make an advance of funds in the amount of \$1,000,000 for aggregate fees of \$160,000, for a total repayment amount of \$1,160,000 (the “Collection Amount”). The Borrowers agreed to repay the Collection Amount on or before the twelve month anniversary of the funding date of the advance by authorizing the Lender to retain a fixed daily amount equal to \$4,461.54 from a collection account established for such purpose. The advance of funds is secured by substantially all of the assets of the Borrowers, including Borrowers’ existing and future accounts receivables and other rights to payment, including accounts receivable arising out of the Borrowers’ acceptance or other use of any credit cards, charge cards, debit cards or similar forms of payments. The funds received from advances may be used in the ordinary course of business consistent with past practices. The Agreement includes certain representations and warranties by the Borrowers, including but not limited to the accuracy of information provided by the Borrowers, the Borrowers’ authority to enter into the Agreement and the Borrowers’ solvency. The Agreement additionally includes certain stated events of default, upon which the Lender is entitled to increase the fixed daily payments made to the Lender and to increase the interest rate to 18% per annum.

The foregoing description is not intended to be complete and is qualified in its entirety by reference to the full text of the form of Agreement, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

### B3D Transaction

As compensation for the consent of existing creditor B3D, LLC (“B3D”) to the Agreement described above, on January 9, 2020, XpresSpa Holdings, LLC, a wholly-owned subsidiary of the Company, entered into a fifth amendment (the “Credit Agreement Amendment”) to its existing Credit Agreement with B3D in order to, among other provisions, (i) amend and restate its existing convertible promissory note (the “B3D Note”) in order to increase the principal amount owed to B3D from \$7.0 million to \$7.15 million, which additional \$150,000 in principal and any interest accrued thereon will be convertible, at B3D’s option, into shares of the Company’s common stock, par value \$0.01 per share (the “Common Stock”) subject to receipt of the approval of the Company’s stockholders in accordance with applicable law and the rules and regulations of the Nasdaq Stock Market (“Shareholder Approval”) and (ii) provide for the advance payment of 291,669 shares of Common Stock in satisfaction of the interest payable pursuant to the B3D Note for the months of October, November and December 2020 in shares of Common Stock (together, the “B3D Transaction”).

As previously disclosed in a Current Report on Form 8-K filed on July 8, 2019, the B3D Note is the senior secured obligation of the Company, secured by the personal property of the Company and its subsidiaries. Unless earlier converted or redeemed, the B3D Note will mature on May 31, 2021. The B3D Note bears interest at a rate of 9.00% per annum, calculated on a monthly basis. Interest only is payable in arrears on the last business date of each month (the “Monthly Interest”). At any time until the B3D Note is no longer outstanding, all or any portion of the outstanding principal amount of the B3D Note, plus any accrued and unpaid interest thereon, shall be convertible into Common Stock at the option of B3D at a conversion price equal to \$2.00 per share, subject to the receipt of Shareholder Approval with respect to the additional \$150,000 in principal and any interest accrued thereon.

In addition, the Company has the option to prepay the outstanding principal amount of the B3D Note in whole or in part. In the event the Company prepays the B3D Note in full before the date that is fifteen business days prior to the maturity date, the Company shall pay a premium equal to the greater of (i) 4% of the outstanding principal amount of the B3D Note that is prepaid or (ii) the Black Scholes value of the outstanding principal amount that is prepaid.

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The terms of the B3D Note provide for anti-dilution protection for issuances of Common Stock at a price per share less than the price equal to the conversion price. In the event of a “fundamental transaction” as defined in the B3D Note, upon any subsequent conversion of the B3D Note, B3D has the right to receive, for each share of Common Stock that would have been issuable upon such conversion immediately prior to the occurrence of such fundamental transaction, the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration receivable as a result of such fundamental transaction by a holder of the number of shares of Common Stock for which the B3D Note is convertible immediately prior to such fundamental transaction.

The B3D Note and the shares of Common Stock issuable pursuant to the B3D Note (the “Underlying B3D Shares”) were issued and sold in reliance upon the exemption from registration contained in Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated thereunder. B3D acquired the securities for investment and acknowledged that it is an accredited investor as defined by Rule 501 under the Securities Act. The Underlying B3D Shares have been registered for resale by B3D pursuant to an effective Registration Statement on Form S-3 (File No. 333-233419), which was declared effective by the Securities and Exchange Commission on December 12, 2019.

The foregoing descriptions of the Credit Agreement Amendment and B3D Note do not purport to be complete and are subject to and qualified in their entirety by reference to the full text of such documents, which are attached as Exhibits 10.2 and 4.1, respectively, to this Current Report on Form 8-K and are incorporated by reference herein.

#### **Item 2.02 Regulation FD Disclosure.**

On January 14, 2020, XpresSpa Group, Inc. (the “Company”) issued a press release announcing, among other things, certain preliminary, unaudited estimated results of operations for the fiscal quarter and year ended December 31, 2019. The text of the press release relating to such preliminary results is furnished pursuant to Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

#### **Forward-Looking Statements**

This press release includes forward-looking statements, which may be identified by words such as “believes,” “expects,” “anticipates,” “estimates,” “projects,” “intends,” “should,” “seeks,” “future,” “continue,” or the negative of such terms, or other comparable terminology. Forward-looking statements are statements that are not historical facts. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from the forward-looking statements contained herein. The forward looking statements in this press release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. There are a number of important factors that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including, but not limited to, the risks and uncertainties and other factors discussed from time to time in the Company’s filings with the Securities and Exchange Commission (“SEC”), including the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 filed with the SEC on April 1, 2019, as amended on April 30, 2019, and the Company’s Quarterly Report on Form 10-Q for the three months ended September 30, 2019, filed with the SEC on November 14, 2019. The Company expressly disclaims any obligation to publicly update any forward-looking statements contained herein, whether as a result of new information, future events or otherwise, except as required by law.

#### **Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information set forth above under Item 1.01 is hereby incorporated by reference into this Item 2.03.

#### **Item 3.02 Unregistered Sales of Equity Securities.**

The information set forth above under Item 1.01 is hereby incorporated by reference into this Item 3.02.

#### **Item 3.03 Material Modification to Rights of Security Holders.**

The information set forth above under Item 1.01 is hereby incorporated by reference into this Item 3.03.

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**Item 7.01. Regulation FD Disclosure.**

The Company has prepared an investor presentation to be used in connection with a presentation made to the 22<sup>nd</sup> Annual ICR Conference on January 14, 2020, a copy which is attached to this Current Report on Form 8-K as Exhibit 99.2.

In accordance with General Instruction B.2 on Form 8-K, the information set forth in this Item 7.01 and the investor presentation attached to this report as Exhibit 99.2 is “furnished” and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, nor shall such information be deemed incorporated by reference in any filing under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

[4.1 Third Amended and Restated Convertible Promissory Note, January 9, 2020.](#)

[10.1 Form of Accounts Receivable Advance Agreement, dated January 9, 2020, by and between CC Funding, a division of Credit Cash NJ, LLC and the borrowers party thereto.](#)

[10.2 Fifth Amendment to Credit Agreement, dated as of January 9, 2020.](#)

[99.1 Press Release of XpresSpa Group, Inc., dated January 14, 2020.](#)

[99.2 Investor Presentation of XpresSpa Group, Inc., dated January 14, 2020.](#)

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**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 hereunto duly authorized.

**XPRESSPA GROUP, INC.**

Dated: January 14, 2020

By: /s/ Douglas Satzman  
Name: Douglas Satzman  
Title: Chief Executive Officer

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THIS NOTE AND THE SECURITIES ISSUABLE UPON THE CONVERSION OF ANY PORTION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS, NEITHER THIS NOTE NOR ANY SUCH SECURITIES, NOR ANY INTEREST IN ANY THEREOF, MAY BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, ASSIGNED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THIS NOTE OR SUCH SECURITIES UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS OR BLUE SKY LAWS.

## XPRESSPA HOLDINGS, LLC

## THIRD AMENDED AND RESTATED CONVERTIBLE PROMISSORY NOTE

\$7,150,000.00

January 9, 2020  
New York, New York

FOR VALUE RECEIVED, XPRESSPA HOLDINGS, LLC, a Delaware limited liability company (the “**Company**”), promises to pay to B3D, LLC, a North Carolina limited liability company (as assignee and successor in interest to ROCKMORE INVESTMENT MASTER FUND LTD.) (the “**Lender**”), or its registered and permitted assigns, in lawful money of the United States of America the principal sum of Seven Million One Hundred Thousand and No/100 Dollars (\$7,150,000.00), or, if less, the then outstanding principal amount of the Loan, together with interest thereon as hereinafter provided. This Note evidences the Loan made to the Company under that certain Credit Agreement dated April 22, 2015, as amended by the First Amendment to Credit Agreement and Waiver dated as of August 8, 2016, and as amended by a Second Amendment to Credit Agreement dated as of May 10, 2017, and as amended by a Third Amendment to Credit Agreement dated as of May 11, 2018, as amended by a Fourth Amendment to Credit Agreement dated July 8, 2019, and as amended by a Fifth Amendment to Credit Agreement and as of the date hereof (as further amended, restated, amended and restated, extended, renewed, replaced, supplemented or otherwise modified from time to time, collectively, the “**Credit Agreement**”) between the Company and the Lender. The Company shall pay such principal amount on the Maturity Date, whether at maturity, by acceleration or otherwise.

Capitalized terms used but not defined herein shall have the meanings given them in the Credit Agreement.

The Company further promises to pay interest to the Lender on the unpaid principal amount hereof from time to time outstanding from and including April 22, 2015 until paid in full (both before and after judgment and both before and after the occurrence of an Event of Default) at the rates and on the dates determined in accordance with, and calculated in the manner set forth herein and in the Credit Agreement. In no event shall interest exceed the maximum interest rate permitted by applicable law. This Note is secured by the Collateral defined in the Loan Documents.

Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, the payment shall be made on the next succeeding Business Day (except as otherwise provided in the Credit Agreement) and such extension of time shall be included in the computation of the amount of interest due hereunder.

This Note is the Note referred to in the Credit Agreement and shall be entitled to the benefit of all terms and conditions of, and the security of all security interests, liens and rights granted under or in connection with, the Credit Agreement and the other Loan Documents, and is subject to optional prepayment as provided therein. Upon the occurrence of any one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Note may be declared to be or may automatically become immediately due and payable as provided herein or in the Credit Agreement.

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The following is a statement of the rights of Lender and the conditions to which this Note is subject, and to which Lender, by the acceptance of this Note, agrees:

1. **Definitions.** As used in this Note, the following capitalized terms have the following meanings:

(a) **“Black Scholes Value”** means, upon the voluntary prepayment of all or a portion of this Note, the value of the amount subject to prepayment, based on the Black-Scholes Option Pricing Model obtained from the “OV” function on Bloomberg Financial Markets (“Bloomberg”) determined as of the day immediately preceding such voluntary prepayment, for pricing purposes and reflecting (i) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of this Note as of such date of request, (ii) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the day immediately preceding the voluntary prepayment, (iii) the VWAP of the Prepaid Conversion Amount, (iv) a zero cost of borrow and (v) a 360 day annualization factor.

(b) **“Business Day”** means a day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are required or permitted by law to close.

(c) **“Common Stock”** means the common stock of the Parent, par value \$0.01 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

(d) **“Common Stock Equivalents”** means any securities of the Parent or its subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

(e) **“Company”** includes the limited liability company initially executing this Note and any Person which shall succeed to or assume the obligations of the Company under this Note, with Lender’s prior written approval, at Lender’s sole discretion.

(f) **“Conversion”** shall have the meaning ascribed to such term in Section 7.

(g) **“Conversion Date”** shall have the meaning set forth in Section 7(a).

(h) **“Conversion Price”** shall have the meaning set forth in Section 7(b).

(i) **“Conversion Shares”** means, collectively, the shares of Common Stock issuable upon conversion of this Note in accordance with the terms hereof.

(j) **“Dilutive Issuance”** shall have the meaning set forth in Section 8(e).

(k) **“Credit Agreement”** has the meaning specified in the introductory paragraph hereof.

(l) **“Event of Default”** has the meaning specified in the Credit Agreement.

(m) **“Exchange Act”** means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(n) **“Exempt Issuance”** means the issuance of (a) shares of Common Stock and options to officers, directors, employees or consultants of the Parent after the Note hereof pursuant to plans approved by the shareholders of the Parent and which issuances are approved by a majority of the independent members of a committee of the board of directors, (b) securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Note, provided that such securities and any term thereof have not been amended since the date of this Note to increase the number of such securities or to decrease the issue price, exercise price, exchange price or conversion price of such securities and which securities and the principal terms thereof are described in the reports, schedules, forms, statements and other documents required to be filed by the Parent under the Securities Act and the Exchange Act, (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Parent, provided that any such issuance shall only be to a Person (or to the equity holders of a Person) which is, itself or through its subsidiaries, an operating company or an owner of an asset in a business synergistic with the business of the Parent and shall be intended to provide to the Parent substantial additional benefits in addition to the investment of funds, but shall not include a transaction in which the Parent is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities, (d) up to 25,000 shares of Common Stock, (e) securities as payment for investment banking services provided to the Parent, (f) securities issued to third party vendors as payment for goods or services, (g) securities issued to the Parent’s Airport Concession Disadvantaged Business Enterprise partners up to a number of shares of Common Stock equal in value, upon the issuance thereof, to \$150,000, for each Airport Concession Disadvantaged Business Enterprise partner to whom they are issued, (h) securities issued or issuable to the Lender, and their assigns pursuant to the Credit Agreement, or the Notes, or upon exercise, conversion or exchange of any such securities and (i) securities issued or issuable pursuant to that certain letter agreement dated as of July 8, 2019 relating to the Company’s outstanding Class B Warrants and the potential issuance of new “reload” warrants.

(o) **“Fundamental Transaction”** shall have the meaning set forth in Section 8(e).

(p) **“Interest Deferral Date”** shall mean the earlier of (i) October 7, 2019 and (ii) the date on which Shareholder Approval is obtained.

(q) **“Lender”** shall mean the Person specified in the introductory paragraph of this Note or, subject to the terms and conditions of the Credit Agreement, any Person who shall at the time be the registered Lender of this Note.

(r) **“Notice of Conversion”** shall have the meaning set forth in Section 7(a).

(s) **“Original Effective Date”** shall mean April 22, 2015.

(t) **“Parent”** shall mean XpresSpa Group, Inc., a Delaware corporation.

(u) **“Person”** shall mean and include an individual, a partnership, a corporation (including a business trust), a joint stock company, a limited liability company, an unincorporated association, a joint venture or other entity or a governmental authority.

(v) **“Securities Act”** shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(w) **“Shareholder Approval”**. The consent of the Parent’s shareholders pursuant to Nasdaq Listing Rule 5635(d) that is required for the issuance of all the shares of its Common Stock that could be issued pursuant to Section 2 and Section 7.



(x) “**Trading Day**” means a day on which the principal Trading Market is open for trading.

(y) “**Trading Market**” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the NASDAQ Capital Market, the NASDAQ Global Market, the NASDAQ Global Select Market, the New York Stock Exchange, the OTC Bulletin Board, the OTCQB, or the OTCQX (or any successors to any of the foregoing).

(z) “**Variable Rate Transaction**” means (i) any equity line of credit (which shall include any transaction involving a written agreement between the Parent and an investor or underwriter whereby the Parent has the right to “put” its securities to the investor or underwriter over an agreed period of time and at an agreed price or price formula) or similar agreement or (ii) any floating or variable priced equity linked instruments (which shall include (A) any debt or equity securities which are convertible into, exercisable or exchangeable for, or carry the right to receive additional shares of Common Stock or Common Stock Equivalents or any of the foregoing at a price that can be reduced either (1) at any conversion, exercise or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for Common Stock at any time after the initial issuance of such debt or equity security, or (2) with a fixed conversion, exercise or exchange price that is subject to being reset at some future date at any time after the initial issuance of such debt or equity security due to a change in the market price of the Parent’s Common Stock since date of initial issuance, or upon the issuance of any debt, equity or Common Stock Equivalent, and (B) any amortizing convertible security which amortizes prior to its maturity date, where the Parent is required or has the option to (or any investor in such transaction has the option to require the Parent to) make such amortization payments in shares of Common Stock which are valued at a price that is based upon and/or varies with the trading prices of or quotations for Common Stock at any time after the initial issuance of such debt or equity security (whether or not such payments in stock are subject to certain equity conditions).

(aa) “**VWAP**” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if any of the NASDAQ markets or exchanges is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board, (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported on the OTCQX, OTCQB or OTC Pink Marketplace maintained by the OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the volume weighted average price of the Common Stock on the first such facility (or a similar organization or agency succeeding to its functions of reporting prices), or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to Lender, the fees and expenses of which shall be paid by Lender.

## 2. **Interest.**

(a) This Note shall bear interest at the rate of 9.00% per annum. Except as provided in Section 2(b) and in Section 2(c) below, interest only on the Loan shall be calculated on a monthly basis, which shall be payable in arrears on the last Business Day of each month (the “**Monthly Interest**”). All interest hereunder shall be computed on the basis of a year of 360 days, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) Notwithstanding Section 2(a) above, from the date hereof until the Interest Deferment Date, the Monthly Interest shall continue to accrue, shall be compounded monthly, and all unpaid amounts thereof shall be due and payable on the Interest Deferment Date.

(c) At Company's option, exercisable in writing by notice to the Company at any time, (i) not more than thirty (30) but not less than five (5) Business Days, prior to the Interest Deferral Date, at Company's sole discretion, all or any portion of the Monthly Interest that is payable on the Interest Deferral Date, or (ii) after the Interest Deferral Date, not more than twenty-one (21) Business Days but not less than five (5) Business Days, prior to the date upon which each payment of Monthly Interest is due, at Company's sole discretion, all or any portion of the Monthly Interest that is payable on such payment date (in each case, the "Share Portion"), shall be paid by way of issuance of duly authorized, validly issued, fully paid and non-assessable and tradeable shares of Common Stock (such number of Common Stock to be issued instead of cash payment, the "Interest Share Amount"). Notwithstanding anything to the contrary contained in this Section 2(b), until the Shareholder Approval is obtained, the Monthly Interest on \$150,000 of the principal of this Note, shall be payable by cash payment alone in accordance with Section 2(a) and may not be included in the Share Portion. The Interest Share Amount will be determined by dividing the amount of the Share Portion set forth in Lender's exercise notice by a price per share of Common Stock equal to ninety percent (90%) of the VWAP on the Trading Date immediately preceding the date of the exercise notice (the "Initial Interest Share Price"). The Parent shall deliver to Lender certificates evidencing the Interest Share Amount within two (2) Business Days after the date of the exercise notice. If ninety percent (90%) of the average VWAP for the 30 Trading Days prior to and including the applicable interest payment date or, if the applicable interest payment date is not a Trading Day, on the next succeeding Trading Day (such price, the "Make Whole Price"), is less than the Initial Interest Share Price, then the Lender shall be entitled to additional shares of Common Stock as partial (and additional) payment of the Interest Share Amount (such shares, the "Make Whole Shares"). The quantity of Make Whole Shares will be determined by (y) dividing the amount of the Share Portion set forth in Lender's exercise notice by the Make Whole Price, and (z) subtracting therefrom the Interest Share Amount. The Parent shall deliver to Lender certificates evidencing the Make Whole Shares within two (2) Business Days after the Interest Deferral Date. The Lender shall have the same rights and remedies with respect to the delivery of any such Interest Share Amount and the Make Whole Shares as if such shares were being issued pursuant to a voluntary conversion pursuant to Section 7(a).

(d) All Monthly Interest arising and accruing from and after the Interest Deferral Date, shall be paid in accordance with Section 2(a) above (except as set forth in Section 2(c) above).

3. **Default Rate.** Notwithstanding the foregoing, after the occurrence and during the continuance of an Event of Default, then, so long as such Event of Default is continuing, all principal of this Note and each fee and other amount then due and payable by the Company hereunder or under the Credit Agreement (whether at the stated maturity thereof, by acceleration or otherwise) shall bear interest at a rate per annum equal to six percent (6.00%) plus the rate otherwise applicable to this Note.

4. **Voluntary Prepayments.** The Company may, at its option, prepay this Note in full or in part at any time and from time to time by notifying the Lender in writing not later than the date of such prepayment specifying the principal amount of this Note to be prepaid and the date of prepayment. Each such notice shall be irrevocable and the amount specified in each such notice shall be due and payable on the date specified. Each partial prepayment of this Note pursuant to this Subsection shall be in an aggregate principal amount of \$100,000 or an integral multiple of \$50,000 in excess thereof, or, if less than \$100,000, the outstanding principal balance of this Note. In the event the Company prepays this Note in full before the date that is fifteen (15) Business Days prior to the Maturity Date, the Company shall pay a premium equal to the greater of (i) four percent (4%) or (ii) the Black Scholes Value of the outstanding principal amount subject to such prepayment. Notwithstanding anything to the contrary in the foregoing or in any other Loan Document, there shall be no premium or penalty payable by the Company in the event that the Company either (y) prepays this Note in full on or after the date that is fifteen (15) Business Days prior to the Maturity Date and before the Maturity Date or (z) repays this Note in full on the Maturity Date. Simultaneously with each prepayment of this Note, the Company shall prepay all accrued and unpaid interest on the amount prepaid through the date of prepayment. If no Event of Default exists and if the proceeds arising out of any insurance claim or series of related claims do not exceed \$250,000, loss payments in each instance will be applied by the applicable Credit Party to the repair and/or replacement of property with respect to which the loss was incurred to the extent reasonably feasible, and any loss payments or the balance thereof remaining, to the extent not so applied, shall be payable to the applicable Credit Party; provided, however, that payments received by any Credit Party after an Event of Default occurs and is continuing or in excess of \$250,000 for any occurrence or series of related occurrences shall be paid to the Lender for itself and on behalf of the secured parties under the Security Agreement and, if received by such Credit Party, shall be held in trust for the secured parties under the Security Agreement and immediately paid over to the Lender unless otherwise directed in writing by the Lender.

5. **Events of Default.**

Each of the following shall constitute an "Event of Default" hereunder:

- (a) The failure of the Company to make any payment of principal on the Loan on the date when due and payable; or
- (b) The failure of the Company to make any payment of interest, Fees, expenses or other amounts payable under any Loan Document which failure shall have continued unremedied for a period of three Business Days after the date when due and payable; or
- (c) The failure of the Company or the Parent to observe or perform any covenant or agreement contained in Article 7 of the Credit Agreement; or
- (d) The failure of any Credit Party to observe or perform any other term, covenant, or agreement contained in any Loan Document to which it is a party, which failure shall have continued unremedied for a period of 30 days after the occurrence thereof; or
- (e) Any representation, warranty, certification or statement made by any Credit Party (or any of its officers) in any Loan Document to which it is a party, or in any certificate, financial statement or other document delivered or to be delivered by it pursuant thereto, shall prove to have been incorrect or misleading in any material respect when made or deemed made; or
- (f) (i) Any Indebtedness of the Company, the Parent or any Subsidiary Guarantor (other than its obligations hereunder) in an amount in excess of \$100,000, whether as principal, guarantor, surety or other obligor (x) shall become or shall be declared to be due and payable prior to the expressed maturity thereof, or (y) shall not be paid when due or within any grace period for the payment thereof, or (ii) any holder of any obligation referred to in clause (i) of this Subsection (f) shall have the right to declare such obligation due and payable prior to the expressed maturity thereof; or
- (g) The Company, the Parent or any Subsidiary Guarantor shall (i) except as permitted by Section 7.03 or 7.07 of the Credit Agreement, suspend or discontinue its business, (ii) make an assignment for the benefit of creditors, (iii) generally not be paying its debts as such debts become due, (iv) admit in writing its inability to pay its debts as they become due, (v) file a voluntary petition in bankruptcy, (vi) become insolvent (however such insolvency shall be evidenced), (vii) file any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment of debt, liquidation or dissolution or similar relief under any present or future statute, law or regulation of any jurisdiction, (viii) petition or apply to any tribunal for any receiver, custodian or any trustee for any substantial part of its Property, (ix) be the subject of any such proceeding filed against it which remains undismissed for a period of 60 days, (x) file any answer admitting or not contesting the material allegations of any such petition filed against it or any order, judgment or decree approving such petition in any such proceeding, (xi) seek, approve, consent to, or acquiesce in, any such proceeding, or in the appointment of any trustee, receiver, sequestrator, custodian, liquidator, or fiscal agent for it, or any substantial part of its Property, or an order is entered appointing any such trustee, receiver, custodian, liquidator or fiscal agent and such order remains in effect for 60 days, or (xii) take any formal action for the purpose of effecting any of the foregoing or looking to the liquidation or dissolution of the Company or any Subsidiary Guarantor; or

(h) (i) An order for relief is entered under the United States bankruptcy laws, or (ii) any other decree or order is entered by a court having jurisdiction (A) adjudging the Company, the Parent or any Subsidiary Guarantor bankrupt or insolvent, (B) approving as properly filed a petition seeking reorganization, liquidation, arrangement, adjustment or composition of or in respect of the Company, the Parent or any Subsidiary Guarantor under the United States bankruptcy laws or any other applicable Federal or state law, (C) appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Company, the Parent or any Subsidiary Guarantor or of any substantial part of the Property thereof, or (D) ordering the winding up or liquidation of the affairs of the Company, the Parent or any Subsidiary Guarantor, and any such decree or order under this clause (ii) continues unstayed and in effect for a period of 60 days; or

(i) Judgments or other orders for the payment of money aggregating in excess of \$150,000 shall be rendered against the Company or any Subsidiary Guarantor and shall remain unpaid, unstayed on appeal, undischarged, unbonded or undismitted for a period of 30 days; or

(j) Any Loan Document shall cease, for any reason, to be in full force and effect, or the Company or any obligor thereunder shall so assert in writing or shall disavow any of its obligations thereunder or hereunder; or

(k) An ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect; or

(l) A Material Adverse Change shall have occurred; or

(m) A Change in Control shall have occurred; or

(n) A Change in Management shall have occurred; or

(o) Parent does not meet the current public information requirements under Rule 144; or

(p) Parent shall fail for any reason to deliver certificates to the Lender evidencing the Interest Share Amount pursuant to Section 2(b), or Parent shall provide at any time notice to the Lender, including by way of public announcement, of Parent's intention to not honor such obligation in accordance with the terms hereof; or

(q) Parent shall fail for any reason to deliver certificates to the Lender prior to the fifth Trading Day after a Conversion Date pursuant to Section 7(c) or Parent shall provide at any time notice to the Lender, including by way of public announcement, of Parent's intention to not honor requests for conversions of any Notes in accordance with the terms hereof; or not

(r) an event resulting in the Common Stock of the Parent no longer being listed or quoted on a Trading Market, or notification from a Trading Market that the Parent is not in compliance with the conditions for such continued quotation and such non-compliance continues for twenty (20) days following such notification; or

(s) a Commission or judicial stop trade order or suspension from the Parent's principal Trading Market; or

(t) the Parent effectuates a reverse split of its Common Stock without ten (10) days prior written notice to the Lender.

6. **Remedies.**

Upon the occurrence of an Event of Default or at any time thereafter during the continuance thereof, (a) if such event is an Event of Default specified in Section 8.01(g) or Section 8.01(h) of the Credit Agreement, (i) the Loan, all accrued and unpaid interest thereon and all other amounts owing under the Loan Documents shall immediately become due and payable, (ii) the Commitment shall immediately terminate and (iii) the Lender may exercise any and all remedies and other rights provided in the Loan Documents, and (b) if such event is any other Event of Default, any or all of the following actions may be taken: (i) the Lender may by notice to the Company, (x) declare the Loan, all accrued and unpaid interest thereon and all other amounts owing under any Loan Documents to be due and payable, whereupon the same shall immediately become due and payable, and (y) declare the Commitment to be immediately terminated, and (ii) the Lender may exercise any and all remedies and other rights provided in the Loan Documents, presentment, demand, protest and all other notices of any kind being in each case hereby expressly waived by the Company.

7. **Conversion.**

(a) **Voluntary Conversion.** At any time after the receipt of Shareholder Approval until this Note is no longer outstanding, all or any portion of the outstanding principal amount of this Note, plus any accrued and unpaid interest on such amount that is outstanding on the Conversion Date shall be convertible, in whole or in part, into shares of Common Stock at the option of the Lender, at any time and from time to time (subject to the conversion limitations set forth in Section 7(d) hereof). The Lender shall effect conversions by delivering to Parent a Notice of Conversion, the form of which is attached hereto as Annex A (each, a “Notice of Conversion”), specifying therein the principal amount of this Note and accrued interest, if any, to be converted and the date on which such conversion shall be effected (each such date, a “Conversion Date”). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion is deemed delivered hereunder. To effect conversions hereunder, the Lender shall not be required to physically surrender this Note to Parent unless the entire principal amount of this Note has been so converted. Conversions hereunder shall have the effect of lowering the outstanding principal amount of this Note in an amount equal to the applicable conversion. The Lender and Parent shall maintain records showing the principal amount(s) converted and the date of such conversion(s). Parent may deliver an objection to any Notice of Conversion within one (1) Business Day of delivery of such Notice of Conversion. In the event of any dispute or discrepancy, the records of the Lender shall be controlling and determinative in the absence of manifest error. **The Lender, and any assignee by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of the Note, the unpaid and unconverted principal amount of this Note may be less than the amount stated on the face hereof.**

(b) **Conversion Price.** The conversion price for the principal and interest, if any, in connection with voluntary conversions by the Lender pursuant to clause (a) above shall be two dollars (\$2.00) per share of Common Stock, subject to adjustment herein (the “Conversion Price”).

(c) **Mechanics of Conversion.**

(i) **Conversion Shares Issuable Upon Conversion of Principal Amount.** The number of Conversion Shares issuable upon a conversion hereunder shall be determined by the quotient obtained by dividing (x) the amount to be converted plus interest, if any, elected by the Lender to be converted by (y) the Conversion Price.

(ii) **Delivery of Certificate Upon Conversion.** Not later than two (2) Trading Days after each Conversion Date (the “Share Delivery Date”), Parent shall deliver, or cause to be delivered, to the Lender a certificate or certificates representing the Conversion Shares, which, on the Share Delivery Date shall be free of restrictive legends and trading restrictions representing the number of Conversion Shares being acquired upon the conversion of this Note. Parent shall use its best efforts to deliver any certificate or certificates required to be delivered by Parent under this Section 7(c) electronically through the Depository Trust Company or another established clearing corporation performing similar functions.

(iii) Failure to Deliver Certificates. If, in the case of any Notice of Conversion, such certificate or certificates are not delivered to or as directed by the applicable Lender by the Share Delivery Date, the Lender shall be entitled to elect by written notice to Parent at any time on or before its receipt of such certificate or certificates, to rescind such Conversion, in which event Parent shall promptly return to the Lender any original Note delivered to Parent and the Lender shall promptly return to Parent the Common Stock certificates issued to such Lender pursuant to the rescinded Conversion Notice.

(iv) Obligation Absolute; Partial Liquidated Damages. Parent's obligations to issue and deliver the Conversion Shares upon conversion of this Note in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Lender to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Lender or any other Person of any obligation to Parent or any violation or alleged violation of law by the Lender or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of Parent to the Lender in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by Parent of any such action Parent may have against the Lender. In the event the Lender of this Note shall elect to convert any or all of the outstanding principal amount hereof, Parent may not refuse conversion based on any claim that the Lender or anyone associated or affiliated with the Lender has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice to Lender, restraining and or enjoining conversion of all or part of this Note shall have been sought and obtained, and Parent posts a surety bond for the benefit of the Lender in the amount of 150% of the outstanding principal amount of this Note, which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to the Lender to the extent it obtains judgment. In the absence of such injunction, Parent shall issue Conversion Shares or, if applicable, cash, upon a properly noticed conversion. If Parent fails for any reason to deliver to the Lender such certificate or certificates pursuant to Section 7(c)(ii) by the Share Delivery Date, Parent shall pay to the Lender, in cash, as liquidated damages and not as a penalty, for each \$1,000 of principal amount being converted, \$10 per Trading Day (increasing to \$20 per Trading Day on the fifth (5<sup>th</sup>) Trading Day after such liquidated damages being to accrue) for each Trading Day after such Share Delivery Date until such certificates are delivered or Lender rescinds such conversion. Nothing herein shall limit a Lender's right to pursue actual damages or declare an Event of Default pursuant to Section 8 hereof for Parent's failure to deliver Conversion Shares within the period specified herein and the Lender shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit the Lender from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

(v) Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Conversion. In addition to any other rights available to the Lender, if Parent fails for any reason to deliver to the Lender such certificate or certificates by the Share Delivery Date pursuant to Section 7(c)(ii), and if after such Share Delivery Date the Lender is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Lender or Lender's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Lender of the Conversion Shares which the Lender was entitled to receive upon the conversion relating to such Share Delivery Date (a "Buy-In"), then Parent shall (A) pay in cash to the Lender (in addition to any other remedies available to or elected by the Lender) the amount, if any, by which (x) the Lender's total purchase price (including any brokerage commissions) for the Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that the Lender was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of the Lender, either reissue (if surrendered) this Note in a principal amount equal to the principal amount of the attempted conversion (in which case such conversion shall be deemed rescinded) or deliver to the Lender the number of shares of Common Stock that would have been issued if Parent had timely complied with its delivery requirements under Section 7(c)(ii). For example, if the Lender purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted conversion of this Note with respect to which the actual sale price of the Conversion Shares (including any brokerage commissions) giving rise to such purchase obligation was a total of \$10,000 under clause (A) of the immediately preceding sentence, Parent shall be required to pay the Lender \$1,000. The Lender shall provide Parent written notice indicating the amounts payable to the Lender in respect of the Buy-In and, upon request of Parent, evidence of the amount of such loss. Nothing herein shall limit a Lender's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to Parent's failure to timely deliver certificates representing shares of Common Stock upon conversion of this Note as required pursuant to the terms hereof.

(vi) Reservation of Shares Issuable Upon Conversion. Parent covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of this Note as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Lender (and the other holders of the Notes), not less than 125% of the aggregate number of shares of the Common Stock as shall be issuable (taking into account the adjustments and restrictions of Section 8) upon the conversion of the then outstanding principal amount of this Note and interest which has accrued and would accrue on such principal amount assuming such principal amount was not converted through the Maturity Date. Parent covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

(vii) Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of this Note. As to any fraction of a share which the Lender would otherwise be entitled to purchase upon such conversion, Parent shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

(viii) Transfer Taxes and Expenses. The issuance of certificates for shares of the Common Stock on conversion of this Note shall be made without charge to the Lender hereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificates, provided that, Parent shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Lender of this Note so converted and Parent shall not be required to issue or deliver such certificates unless or until the Person or Persons requesting the issuance thereof shall have paid to Parent the amount of such tax or shall have established to the satisfaction of Parent that such tax has been paid. Parent shall pay all Transfer Agent fees required for same-day processing of any Notice of Conversion.

#### 8. ***Certain Adjustments.***

(a) Stock Dividends and Stock Splits. If Parent, at any time while this Note is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any Common Stock Equivalents (which, for avoidance of doubt, shall not include any shares of Common Stock issued by Parent upon conversion of the Notes), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of Parent, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of Parent) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(b) *Subsequent Equity Sales.* If, at any time while this Note is outstanding, the Parent or any Subsidiary, as applicable, sells or grants any option to purchase or sells or grants any right to reprice, or otherwise disposes of or issues (or announces any sale, grant or any option to purchase or other disposition), any Common Stock or Common Stock Equivalents entitling any Person to acquire Common Stock at an effective price per share that is lower than the Conversion Price (such lower price, the “Base Conversion Price” and such issuances, collectively, a “Dilutive Issuance”) (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive Common Stock at an effective price per share that is lower than the Conversion Price, such issuance shall be deemed to have occurred for less than the Conversion Price on such date of the Dilutive Issuance), then the Conversion Price shall be reduced to equal the Base Conversion Price, subject to adjustment for reverse and forward stock splits and the like. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued. Notwithstanding the foregoing, no adjustment will be made under this Section 8(b) in respect of an Exempt Issuance. If the Parent enters into a Variable Rate Transaction, the Parent shall be deemed to have issued Common Stock or Common Stock Equivalents at the lowest possible conversion price at which such securities may be converted or exercised. Notwithstanding anything herein to the contrary, this Section 8(b) shall not apply until receipt of the Shareholder Approval pursuant to Nasdaq Listing Rule 5635(d) unless the Parent is not then subject to Nasdaq Listing Rule 5635(d). The Company and the Parent shall notify the Lender in writing, no later than the Trading Day following the issuance of any Common Stock or Common Stock Equivalents subject to this Section 8(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice, the “Dilutive Issuance Notice”). For purposes of clarification, whether or not the Parent provides a Dilutive Issuance Notice pursuant to this Section 8(b), upon the occurrence of any Dilutive Issuance, the Lender is entitled to receive a number of Conversion Shares based upon the Base Conversion Price on or after the date of such Dilutive Issuance, regardless of whether the Lender accurately refers to the Base Conversion Price in the Notice of Conversion.

(c) *Subsequent Rights Offerings.* In addition to any adjustments pursuant to Sections 8(a) and (b) above, if at any time Parent grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the “Purchase Rights”), then the Lender will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Lender could have acquired if the Lender had held the number of shares of Common Stock acquirable upon complete conversion of this Note (without regard to any limitations on exercise hereof, if any) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(d) *Pro Rata Distributions.* During such time as this Note is outstanding, if Parent shall declare or make any dividend whether or not permitted, or makes any other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a “Distribution”), at any time after the issuance of this Note, then, in each such case, the Lender shall be entitled to participate in such Distribution to the same extent that the Lender would have participated therein if the Lender had held the number of shares of Common Stock acquirable upon complete exercise of this Note (without regard to any limitations on exercise hereof, if any) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution.



(e) *Fundamental Transaction.* If, at any time while this Note is outstanding, (i) Parent, directly or indirectly, in one or more related transactions effects any merger or consolidation of Parent with or into another Person, (ii) Parent, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by Parent or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) Parent, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, (v) Parent, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a “Fundamental Transaction”), then, upon any subsequent conversion of this Note, the Lender shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 7(d) on the conversion of this Note), the number of shares of Common Stock of the successor or acquiring corporation or of Parent, if it is the surviving corporation, and any additional consideration (the “Alternate Consideration”) receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Note is convertible immediately prior to such Fundamental Transaction (without regard to any limitation in Section 7(d) on the conversion of this Note). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one (1) share of Common Stock in such Fundamental Transaction, and Parent shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Lender shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Note following such Fundamental Transaction. Parent shall cause any successor entity in a Fundamental Transaction in which Parent is not the survivor (the “Successor Entity”) to assume in writing all of the obligations of Parent under this Note, the Credit Agreement, the Security Agreement, the Parent Guaranty, and the other Loan Documents (as defined in the Credit Agreement) in accordance with the provisions of this Section 8(e) pursuant to written agreements in form and substance reasonably satisfactory to the Lender and approved by the Lender (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the holder of this Note, deliver to the Lender in exchange for this Note a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Note which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of this Note (without regard to any limitations on the conversion of this Note) prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Note immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Lender. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Note and the other Transaction Documents referring to the “Parent” shall refer instead to the Successor Entity), and may exercise every right and power of Parent and shall assume all of the obligations of Parent under this Note and the other Transaction Documents with the same effect as if such Successor Entity had been named as Parent herein.

(f) *Calculations.* All calculations under this Section 8 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 8, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of Parent) issued and outstanding.

(g) *Notice to the Lender.*

(i) Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 8, Parent shall promptly deliver to each Lender a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

(ii) Notice to Allow Conversion by Lender. If (A) Parent shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) Parent shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) Parent shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of Parent shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which Parent is a party, any sale or transfer of all or substantially all of the assets of Parent, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) Parent shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of Parent, then, in each case, Parent shall cause to be filed at each office or agency maintained for the purpose of conversion of this Note, and shall cause to be delivered to the Lender at its last address as it shall appear upon the Note Register, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding Parent or any of the Subsidiaries, Parent shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Lender shall remain entitled to convert this Note during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

(h) *Nasdaq Approval.* Until the Parent receives the approval of its shareholders for the issuance of the Conversion Shares pursuant to Nasdaq Listing Rule 5635(d) and for so long as such requirement is applicable to the Parent, the Parent may not issue any Interest Share Amount in violation of such Listing Rule nor additional Conversion Shares resulting from a Dilutive Issuance in excess of the amount of Conversion Shares issuable prior to the reduction of the Conversion Price due to the Dilutive Issuance adjustment.

9. [Reserved]

10. **Lender Voting Rights; Rights to Receive Distributions.** Except as otherwise specifically provided herein, prior to the issuance to the Lender of the Conversion Shares to which the Lender is then entitled to receive upon the due exercise of the Conversion Right, the Lender shall not be entitled to vote or receive distributions or dividends or be deemed the holder of Common Stock of the Parent for such purposes, nor shall anything contained herein be construed to confer upon the Lender, as such, any right to vote, give or withhold consent to any action, receive notice of meetings or other actions by stockholders of Parent, receive distributions, dividends or subscription rights, or otherwise. In addition, nothing contained herein shall be construed as imposing any liabilities on the Lender to purchase any securities (upon exercise of the Conversion Right or otherwise) or as a stockholder of the Parent, whether such liabilities are asserted by the Company or by creditors of the Parent or the Company. Notwithstanding this Section 10, the Parent shall provide the Lender with copies of the same notices and other information given to the stockholders of the Parent generally, contemporaneously with the giving thereof to its stockholders.

11. **Successors and Assigns.** Subject to the restrictions on transfer described in Sections 13 and 14 hereof, the rights and obligations of the Company and Lender shall be binding upon and benefit the successors, permitted assigns and transferees of the parties.

12. **Waiver and Amendment.** Any provision of this Note may be amended, waived or modified only upon the written consent of the Company and the Lender.

13. **Transfer of this Note by Lender.** Subject to the transfer conditions referred to in the legend endorsed hereon, this Note may be transferred by Lender only in accordance with Section 9.03 of the Credit Agreement.

14. **Assignment by the Company.** Neither this Note nor any of the rights, interests or obligations hereunder may be assigned, by operation of law or otherwise, in whole or in part, by the Company without the prior written consent of Lender.

15. **Notices.** All notices, requests, demands, consents, instructions or other communications pursuant to this Note shall be in writing, either by letter (delivered by nationally recognized overnight courier service or sent by registered or certified mail, return receipt requested), facsimile transmission or other electronic means to each party at the respective addresses, facsimile numbers and email addresses of the parties as set forth in the Credit Agreement. Any notice, request, demand or other communication hereunder shall be deemed to have been given on: (x) the day on which it is sent by facsimile transmission or other electronic means to such party at its facsimile number or email address specified above (provided such notice shall be effective only if followed by one of the other methods of delivery set forth herein) or delivered by a nationally recognized overnight courier service to such party at its address specified above, or (y) on the third Business Day after the day deposited in the mail, postage prepaid, if sent by mail. Any party hereto may change the Person, address or facsimile number to whom or which notices are to be given hereunder, by notice duly given hereunder; provided that any such notice shall be deemed to have been given hereunder only when actually received by the party to which it is addressed.

16. **Payment.** Payment shall be made in lawful tender of the United States.

17. **Expenses.** If action is instituted to collect this Note after the occurrence of any Event of Default, the Company promises to pay all costs and expenses, including, without limitation, reasonable attorneys' fees and costs, incurred in connection with such action, in each case to the extent required by Section 9.06 of the Credit Agreement.

18. **Governing Law.** This Note and all actions arising out of or in connection with this Note shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflicts of law provisions of the State of New York, or of any other state.

19. **Amendment and Restatement of Existing Note.** This Note amends and restates that certain Amended And Restated Promissory Note issued to the Lender by the Company on August 8, 2018 in the original principal amount of \$6,500,000 (the “**Existing Note**”) in its entirety. Upon the issuance of this Note, the Existing Note shall be deemed superseded by this Note without any further action by the Lender or the Company. The indebtedness evidenced by the Existing Note is continuing indebtedness, and nothing in this Note shall be deemed to constitute a payment, settlement or novation of the Existing Note, or the release of, or otherwise adversely affect any lien or security interest securing such indebtedness or any rights of Lender against the undersigned, or any guarantor of this Note or the Existing Note. Upon receipt of this Note Lender, at the Company’s request shall surrender the Existing Note to the Company. All of the obligations of the Company and all Guarantors and the Parent shall, from and after execution and delivery of this Note by the Company, continue in full force and effect as set forth herein.

*(Signature Page Follows)*

IN WITNESS WHEREOF, the Company has caused this Note to be issued as of the date first written above.

**XPRESSPA HOLDINGS, LLC**

By: /s/ Douglas Satzman

Name: Douglas Satzman

Its: President

***[Signature Page to 3rd Amended & Restated Convertible Promissory Note]***

[FORM OF NOTICE OF CONVERSION]

The undersigned hereby elects to convert principal under the Third Amended And Restated Convertible Promissory Note dated January [●], 2020, of XPRESSPA HOLDINGS, LLC, a Delaware limited liability company (the “**Company**”), promises to pay to B3D, LLC, a North Carolina limited liability company, into shares of common stock (the “**Common Stock**”), of the Company’s Parent XpresSpa Group, Inc., a Delaware corporation (the “**Parent**”), according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by Parent in accordance therewith. No fee will be charged to the holder for any conversion, except for such transfer taxes, if any.

The undersigned agrees to comply with the prospectus delivery requirements under the applicable securities laws in connection with any transfer of the aforesaid shares of Common Stock. Conversion calculations:

Date to Effect Conversion:

Principal Amount of Note to be Converted:  
\$ \_\_\_\_\_

Accrued Interest to be Converted, if any: \$ \_\_\_\_\_

Conversion Price: \$ \_\_\_\_\_

Number of shares of Common Stock to be issued:  
\_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address for Delivery of Common Stock Certificates:

\_\_\_\_\_  
Or  
DWAC Instructions: \_\_\_\_\_

Broker No: \_\_\_\_\_

Account No: \_\_\_\_\_

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**FORM OF ACCOUNTS RECEIVABLE ADVANCE AGREEMENT**

This Accounts Receivable Advance Agreement (the "Agreement") is made as of January 9, 2020, between CC FUNDING a division of CREDIT CASH NJ, LLC, a Delaware limited liability company with an operating office located at 505 Park Avenue, 6<sup>th</sup> Floor, New York, NY 10022 (the "Lender"), and each of the following limited liability companies listed immediately below:

XpresSpa JFK Terminal 1, LLC, a New York limited liability company  
 XpresSpa S.F. International, LLC a New York limited liability company  
 XpresSpa at Term. 4 JFK, LLC a New York limited liability company  
 XpresSpa Pittsburgh A, LLC a New York limited liability company  
 XpresSpa Philadelphia Airport, LLC a New York limited liability company  
 Spa Products Import & Distribution Co., LLC a New York limited liability company  
 XpresSpa Las Vegas Airport, LLC a New York limited liability company  
 XpresSpa MSP Airport, LLC a New York limited liability company  
 XpresSpa LAX Airport, LLC a New York limited liability company  
 XpresSpa Salt Lake City, LLC a New York limited liability company  
 XpresSpa John Wayne Airport, LLC a New York limited liability company  
 XpresSpa Orlando, LLC a New York limited liability company  
 XpresSpa Washington Reagan, LLC a New York limited liability company  
 XpresSpa Houston Hobby, LLC a New York limited liability company

Each company having its chief operating office located at 780 Third Avenue, 12<sup>th</sup> Floor, New York, NY 10017 (individually and collectively, jointly and severally the "Borrower").age

*Preliminary Statements*

(a) The Borrower has requested that the Lender periodically make Advances (as defined below) to the Borrower. Each such Advance is to be secured by a security interest in favor of the Lender in, among other property, the Collateral, including but not limited to all of the Borrower's existing and future accounts receivables and other rights to payment, including but not limited to, accounts receivable arising out of the Borrower's acceptance or other use of any credit cards, charge cards, debit cards or similar forms of payments ("Credit Card Receivables" and collectively with all of the Borrower's existing and future accounts receivables and other rights to payment, "Accounts Receivable").

(b) Each Advance is to be evidenced by a separate Advance Schedule (as defined below), which is to set forth the key economic terms applicable to the Advance. Each Advance Schedule is to be issued pursuant to and is to be subject to all terms and conditions set forth in this Agreement; it being understood that this Agreement is to act as a master agreement for all Advances and Advance Schedules, if any, outstanding at any time.

(c) The Borrower has agreed to cause all or certain of its Accounts Receivable to be electronically remitted directly to the Collection Account (as defined below).

(d) The Lender and the Borrower now desire to enter into this Agreement to memorialize their understanding regarding the Advances and the parties' respective rights and obligations relating thereto.

NOW, THEREFORE, the parties agree as follows:

1. Advances and Advance Schedules.

(a) Advances. The Lender may, in the exercise of its sole and absolute discretion, periodically advance monies to or for the benefit of the Borrower. Each such advance is referred to in herein as an "Advance," and all such advances are collectively referred to herein as "Advances."

(b) Advance Schedules. If the Lender elects to make an Advance to the Borrower, the Borrower agrees to execute and deliver to the Lender an advance schedule in form and substance acceptable to Lender (each, an "Advance Schedule"). Each Advance Schedule shall be subject to all terms and conditions set forth in this Agreement and shall set forth, in addition to any other matters set forth therein, the following:

(i) the "Advance Amount," shall be the amount of funds agreed to by the Lender and the Borrower in the Advance Schedule which the Lender is to advance to or for the benefit of the Borrower under the Advance Schedule;

(ii) the "Collection Amount," shall be the amount of funds agreed to by the Lender and the Borrower in the Advance Schedule which the Borrower is to remit or cause to be remitted to the Lender with respect to the Advance described in the Advance Schedule (Note: the Collection Amount does not include any Reimbursable Expenses (as defined below) which the Borrower may owe the Lender with respect to the related Advance or otherwise);

(iii) the "Collection Date," shall be the date agreed to by the Lender and the Borrower in the Advance Schedule by which the Borrower is to cause the Collection Amount described in the Advance Schedule to be remitted in its entirety to the Lender;

(iv) the "Collection Account," shall be the deposit account into which the Borrower's Accounts Receivable are to be deposited into, via electronic funds transfer; and

(v) the "Collection Account Bank," shall be the bank at which the Collection Account is maintained.

(c) Discretionary Advances. In no event shall the Lender be obligated to make an Advance to the Borrower; it being understood that any election by the Lender to make an Advance to the Borrower may be exercised in the Lender's sole and absolute discretion. Without limiting the generality of the foregoing, the Lender's election to make an Advance on one occasion shall not obligate the Lender to make an Advance on another occasion. Similarly, the absence of an Event of Default shall not obligate the Lender to make an Advance. Notwithstanding the foregoing, and without limiting any of Lender's rights hereunder, upon Borrower's loan balance being reduced to no more than thirty percent (30%) of the Advance Amount, and upon Borrower's request, Lender may, in Lender's sole business discretion, "re-load" the Advance Amount and loan additional monies to Borrower upon substantially the same terms and conditions set forth herein. Borrower understands that any "re-loads" would be made at the sole business discretion of Lender and be conditioned upon, among other things, Borrower's payment history with Lender and Borrower's financial condition, as determined by Lender.

2. Repayment of Advances.

(a) Borrower to Remit Collections to Collection Account. Borrower shall cause collections from Accounts Receivable to be remitted directly into the Collection Account, via electronic funds transfer. If the Borrower accepts credit cards, charge cards, debit cards or similar forms of payments, the Borrower represents and warrants to the Lender that all of the Borrower's Credit Card Receivables are or will be processed by Card Connect whose principal place of business is 1000 Continental Drive, Suite 300, King of Prussia, PA 19406 (together with any subsequent successors or assigns, the "Processor"). The Borrower agrees to execute and deliver to the Lender, and to cause the Processor to execute and deliver to the Lender, a payment instruction agreement in form and substance reasonably acceptable to Lender (the "Payment Instruction Agreement"). The Payment Instruction Agreement is to provide that (i) the Processor is to periodically remit, via electronic funds transfer, to the Collection Account all of the Borrower's Credit Card Receivables collected by the Processor (net of any discounts, fees and/or similar amounts payable to the Processor by the Borrower which the Processor is entitled to deduct from the proceeds of the Credit Card Receivables pursuant to the terms of the Processor Agreement (as defined below) and net of any charge-backs, offsets and/or other amounts which the Processor is entitled to deduct from the proceeds of the Borrower's Credit Card Receivables pursuant to the terms of the Processor Agreement), and (ii) the Processor must continue transferring such funds until such time as the Lender gives the Processor written notice that (A) the Lender has received all Collection Amounts for all Advances then outstanding, and (B) there are no Reimbursable Expenses (each as defined below) or other fees or charges then outstanding. If requested by the Borrower in writing, the Lender agrees to give the foregoing notice to the Processor if the conditions described in the preceding clauses (A) and (B) have each been satisfied.

(b) Collection Account Bank to Remit Collections to Lender; Lender to Remit Portion to Borrower. The Borrower agrees to execute and deliver a control agreement or similar agreement among the Borrower, the Lender and the Collection Account Bank (the "Control Agreement") whereby, among other things, the Lender shall be deemed to have "control" of the Collection Account and all funds at any time deposited therein for purposes of UCC § 9-104(a)(2) or (3), as the Lender so elects. The Control Agreement also is to provide that the Collection Account Bank is to periodically remit, via electronic funds transfer, all funds on deposit in the Collection Account to a bank account designated by the Lender (the "Lender Account"). Insofar as funds on deposit in the Collection Account are remitted to the Lender Account, the Lender will retain a fixed amount each banking day (which amount will be doubled the day after a banking holiday) to credit to the Collection Amount, in an amount as set forth in each respective Advance Schedule (the "Fixed Daily Payment") until the cash payments applied by the Lender equal to the Collection Amount (plus all Reimbursable Expenses and all other fees and charges due under this Agreement) and remit to Borrower, via electronic funds transfer to a bank account designated by the Borrower in a writing delivered to the Lender, the balance of all such funds in the Lender Account; *provided, however*, that if the Lender, in the exercise of its commercially reasonable judgment acting as a prudent lender, based on the circumstances of the Borrower then in effect, has reason to believe that it is insecure at any time in the timely payment of the Collection Amount on the basis of the then current Fixed Daily Payment, regardless of whether an Event of Default has occurred, Borrower agrees that the Lender may increase the Fixed Daily Payment from time to time to assure timely payment of the Collection Amount.



(c) In the event Borrower does not maintain sufficient balances in the Collection Account for Lender to retain the Fixed Daily Payment, Borrower will be subject to a five percent (5%) late fee for the amount of any deficiency, which would be added to the Collection Amount and automatically retained from the next daily payment.

(d) Borrower Authorizes Lender to Initiate Debit Payments From any Collection Account. In the event Borrower does not maintain sufficient balances in the Collection Account for Lender to retain the Fixed Daily Payment or upon the occurrence of an Event of Default, Borrower hereby irrevocably authorizes Lender to automatically initiate automated clearing house (“ACH”) transfers from any bank deposit account of Borrower on file with Lender, each of which shall be deemed to be a Collection Account, in such amounts as is provided in this Agreement. The ACH debits shall continue, at Lender’s option, until (i) monies are deposited into the Lender Account in an amount sufficient to retain the Fixed Daily Payment (plus all past due amounts, Reimbursable Expenses and all other fees and charges due under this Agreement), (ii) the Event(s) of Default shall have been cured, or (iii) the cash payments received by the Lender equal the Collection Amount (plus all Reimbursable Expenses and all other fees and charges due under this Agreement).

(e) Monthly True-Up. Intentionally omitted.

(f) Collection Amount Not Received by Collection Date. If the Collection Amount specified in an Advance Schedule is not received by the Lender by the Collection Date specified in the Advance Schedule, or if any other Event of Default exists, the Borrower shall immediately pay to the Lender the balance of the Collection Amount that has not yet been remitted to and received by the Lender. Notwithstanding the Lender’s right to demand the immediate payment of all outstanding obligations hereunder on the Collection Date, in the event Borrower’s obligation to pay the Collection Amount (plus Reimbursable Expenses and all other fees and charges due hereunder and under the related Agreements) is not satisfied on or before the Collection Date, and provided Borrower is not otherwise in default of this Agreement, in lieu of increasing the Fixed Daily Payment, the Lender may, at the Lender’s option, continue to apply the specified Fixed Daily Payment to the obligations of the Borrower hereunder. In consideration of the Lender extending the Collection Date, Borrower hereby understands and agrees that Borrower shall pay to the Lender an extension fee equal to two percent (2%) of the highest outstanding balance of Borrower’s obligations to Lender for each 30 day period (or part thereof) after the Collection Date. The extension fee would automatically be charged to Borrower’s account on the 1<sup>st</sup> day after the Collection Date and each 30 days thereafter. Borrower further understands and agrees that if any event or condition specified in the first sentence of this Section 2(f) exists, the Lender may, in Lender’s reasonable business discretion, increase the Fixed Daily Payment to 100% of the funds received into the Collection Account and, as such, recover from the Collection Account and/or retain in the Lender Account all amounts due the Lender under this Agreement and/or any Related Agreements (as defined below).

### 3. Security Interest.

3.1 Grant of Security Interest. As security for the prompt performance, observance and payment in full of all obligations of Borrower to Lender hereunder, Borrower hereby pledges, assigns, transfers and grants to Lender a security interest in, and continuing lien upon, and right of setoff against the following property, whether such property or the Borrower’s right, title or interest therein or thereto is now owned or existing or hereafter acquired or arising: (a) all Accounts, including, without limitation, all Credit Card Receivables; (b) all other payment rights arising out of the provision of goods or services by the Borrower; (c) the Collection Account; (d) all rights to receive payments from the Processor and all other rights arising out of or otherwise relating to the Processor Agreement; (e) Chattel Paper, including Electronic Chattel Paper and tangible Chattel Paper; (f) Commercial Tort Claims; (g) Documents; (h) Equipment, machinery, furniture, furnishings and fixtures and all parts, tools, accessories and Accessions; (i) Fixtures; (j) General Intangibles, including but not limited to patents, trademarks and tradenames and the goodwill and inherent value associated therewith, tax refunds, customer lists, insurance claims and goodwill of Borrower; (k) Goods; (l) Instruments; (m) Inventory, merchandise, materials, whether raw, work in progress or finished goods, packaging and shipping materials and all other tangible property held for sale or lease; (n) Investment Property; (o) Payment Intangibles; (p) Proceeds, including Cash Proceeds and Non-Cash Proceeds, and proceeds of any insurance policies covering any of the Collateral; (q) Promissory Notes; (r) Records, including all books, records and other property at any time evidencing or relating to any of the foregoing, and all electronic means of storing such Records; (s) to the extent not otherwise included above, all collateral support and Supporting Obligations relating to any of the foregoing; and (t) to the extent not otherwise included above, all Proceeds, products, accessions, rents and profits of or in respect of any of the foregoing (collectively, the “Collateral”). All capitalized terms in this description that are not otherwise defined shall have the meanings given to them under the UCC. The Borrower also unconditionally and irrevocably assigns to Lender and grants to Lender a security interest in and to all its present and future right, title and interest to receive monies under all present and future Processor Agreements (as hereinafter defined), all other agreements with Processors, agents, independent sales organizations (ISO’s) and all other persons, all of which shall be deemed to be part of the Collateral. In addition to the foregoing, the security interest in the Collateral secures the payment and performance of all existing and future obligations of any nature whatsoever of the Borrower to the Lender, including, without limitation, the Borrower’s obligation to pay all Collection Amounts, fees, and Reimbursable Expenses owing at any time under this Agreement and/or any Related Agreements. The term “Borrower,” as used in this Section 3, and for purposes of identifying the debtor(s) granting the security interest in this Section 3, shall mean the Borrower in its own capacity and as agent for each Borrower Affiliate (as defined below).

3.2. Authorization to File Financing Statements. Borrower hereby authorizes Lender to execute and/or file UCC financing statements (including amendments) in order to perfect the security interests granted to Lender under this Agreement, the Related Agreements or otherwise.

4. Control of Collection Account; No Change in Processor.

(a) In addition to the matters described in Section 2(b) above, the Control Agreement is also to provide that the Lender's security interest in the Collection Account is to be perfected by control for purposes of UCC §9-104(a)(2).

(b) Borrower covenants and agrees that from the date of execution of this Agreement until all obligations have been fully paid and any commitments of the Lender to the Borrower have been terminated, the Borrower will not, without the Lender's prior written consent amend or terminate the Processor Agreement, or enter into any contractual relationship with any other processor for the maintenance, servicing or discounting of the Borrower's Credit Card Receivables. Borrower further agrees that in the event Lender does not receive the daily information or access to information from Processor and/or Processor's system, as provided for in this Agreement, Lender in addition to all other rights and remedies it has, may require in its sole discretion, that Borrower move to another Processor of Lender's choosing.

5. Representations and Warranties. The Borrower represents and warrants to the Lender as follows: (a) all of the information provided by the Borrower to the Lender pursuant to this Agreement or otherwise is true, correct and complete in all respects; (b) the Borrower has full power and authority to enter into this Agreement and any Related Agreements and to perform its obligations hereunder and thereunder; (c) if the Borrower is an entity, (i) the Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and (ii) the Borrower has full organizational power and authority to enter into this Agreement and any Related Agreements and to pay and perform its obligations hereunder and thereunder; (d) the Borrower is duly qualified to do business in each jurisdiction in which it conducts its business; (e) this Agreement is the legal and valid obligation of the Borrower, enforceable against the Borrower in accordance with its terms; (f) the Borrower is solvent, has not made an assignment for the benefit of creditors or filed in any court, pursuant to any statute of the United States or any state, a petition for bankruptcy or insolvency, or filed for reorganization or for the appointment of a receiver or trustee of all or a material portion of its property, and the Borrower does not have reason to believe any involuntary bankruptcy action or order will be filed with respect to the Borrower; (g) all amounts due with respect to all Accounts Receivable are due in United States Dollars; (h) any taxes or fees relating to any Accounts Receivable or goods or services sold by the Borrower are solely the Borrower's responsibility; (i) the historical Accounts Receivable data provided by the Borrower to the Lender does not represent sales to any subsidiary, equity holder or other affiliate; (j) the Lender will have a perfected security interest in the Collateral; (k) the Borrower has provided to the Lender a copy of all its processor or similar agreements with the Processor (collectively, and as amended or otherwise modified from time to time, the "Processor Agreement"); and (l) if applicable, the Borrower, any shareholder/owner, principal or officer of the Borrower nor any guarantor of the Borrower's obligations hereunder has been or currently is on any processor's Terminated Borrower File ("TMF") or similar file or list, commonly known and referred to as the MATCH list or BLACKLIST.

6. Covenants.

6.1. The Borrower agrees as follows: (a) to conduct its business and use all Advances in the ordinary course of its business and consistent with its past practices; (b) to exclusively use the Processor to process all of its charge card, credit card, gift cards and debit card transactions which give rise to Credit Card Receivables; (c) not to take any action to discourage the use of charge cards, credit cards or debit cards or to permit any event to occur which could have an adverse effect on the use, acceptance or authorization of charge cards, credit cards or debit cards for the purchase of the Borrower's services and products; (d) not to change its arrangements with Processor without obtaining the prior written consent of the Lender; (e) not to permit any event to occur that could cause a diversion of any of the Borrower's charge card, credit card, gift card or debit card transactions to another charge, credit or debit card processor or to another charge, credit or debit card network or association; (f) to comply with all of the terms and conditions imposed by the Processor and/or any applicable charge, credit or debit card network, association or bank; (g) to provide the Lender with at least 10 days prior written notice of any event which would cause any of the information provided by the Borrower to the Lender in this Agreement or otherwise to be untrue, incorrect or incomplete in any respect; (h) to provide the Lender with at least 30 days prior written notice of the partial or full closing of any of Borrower's locations; (i) not to grant any lien on, security interest in or pledge any of its assets without the prior written consent of Credit Cash, or sell, assign transfer, or otherwise dispose of, any Accounts Receivable or other Collateral existing or arising on or after the date of this Agreement; (j) to comply with all laws, rules and regulations applicable to the Borrower including, if applicable, all of the terms and conditions imposed by the Processor and/or any applicable charge, credit or debit card network, association or bank; (k) to permit the Lender and persons designated by the Lender to inspect and copy all books and records (electronic or otherwise) of the Borrower, including, without limitation, all such books and records relating to the Collateral; (l) if applicable, to immediately inform Lender if Borrower, any shareholder/owner, principal or officer of the Borrower or any guarantor of the Borrower's obligations hereunder has knowledge that any such person is put on or is associated in any way to any Processor TMF list or MACH list or similar file or list; and (m) not to sell, assign, transfer, pledge or otherwise dispose of more than ten percent (10%) of the issued and outstanding shares of common stock or other evidence of ownership of Borrower or sell, assign, transfer, pledge or otherwise dispose of a substantial portion of Borrower's business or assets. In addition, the Borrower covenants and agrees that each Account Receivable will (x) be based upon a bona fide sale and delivery of inventory or rendition of services made by the Borrower in the ordinary course of its business, and (y) represent a payment obligation for goods or services accepted by the Borrower's customer and with respect to which such customer is obligated to pay the full amount and without dispute, claim, offset, defense, deduction, rejection, recoupment, counterclaim or otherwise.

6.2 Without Lender's prior written consent, for as long as there is any outstanding balance or other obligations owing to Lender, Merchant shall not directly or indirectly solicit or contract for another business funding program (for avoidance of doubt, payments or credits solicited, received or to be received by Borrower from a merchant processor for changing to such merchant processor's platform, shall not be deemed to be solicitation by Borrower of a business funding program for purposes of this section) that (i) would result in a priority interest or lien against the any of the Collateral that supersedes Lender's position or (ii) in any way could reasonably be expected to compromise the collection of the Collection Amount and Reimbursable Expenses hereunder and under each Advance Schedule. Specifically, Merchant hereby agrees and acknowledges that it shall not pledge, or sell any of the Collateral (including but not limited to now owned or hereafter created accounts receivable and Credit Card Receivables), now or in the future, to any person or entity, including but not limited to any provider of small business loans or cash advances, other than to Lender and its agents, affiliates, assigns, and designees.

7. Loan Proceeds for Ordinary Business Use Only. Any Advance at any time received by the Borrower from Lender shall not be used directly or indirectly other than in the Borrower's business; Borrower shall not, directly or indirectly, make any loan to, or pay any claim other than for current remuneration or current reimbursable expense payable to any person controlling, controlled by or under common control with the Borrower, and Borrower shall, on demand, obtain and deliver to Lender subordinations in form and substance satisfactory to Lender of all claims of controlling and controlled persons consistent with the foregoing.

8. Credit Investigation; Inspection Rights. The Borrower irrevocably authorizes the Lender and its agents: (a) to investigate any references or any other information provided by the Borrower or obtained from or about the Borrower for purposes of this Agreement or any Related Agreements; (b) to obtain any information from the Processor regarding the Borrower, including, without limitation, any information relating to the Credit Card Receivables; (c) if the Lender so elects, to contact and obtain any information from any account debtors or other persons liable for or involved in the payment, collection, processing or any other aspect of the Borrower's Accounts Receivable and/or the collection or payment thereof.

9. Borrower's Use of Trade Names; Borrower Affiliates. If the Borrower's Accounts Receivable are payable to the Borrower under one or more trade names, fictitious names, assumed names or other designations (collectively, "Trade Names"), upon the occurrence and during the continuance of a Default or Event of Default, the Borrower authorizes the Processor and, to the extent applicable, the Collection Account Bank and the Lender to receive and retain, to the extent provided herein or in any Related Agreements, all Accounts Receivable owing to the Borrower under any Trade Names. Similarly, if any financial information, historical data or other information provided by the Borrower to the Lender relates to any credit card or debit card receivables or the like owing or otherwise payable to any affiliates of the Borrower (each, a "Borrower Affiliate"), (a) the Borrower represents and warrants to the Lender that each such Borrower Affiliate has authorized the Borrower, as the Borrower Affiliate's agent, to take all action described in or contemplated by this Agreement or any Related Agreements with respect to such Borrower Affiliate's receivables, including, without limitation, the granting of the security interest in the Borrower Affiliate's assets described in Section 3 above, and (b) unless the context clearly requires otherwise, all references in this Agreement or any Related Agreements to "Borrower" shall be deemed to refer to the Borrower on its own behalf and as agent for all Borrower Affiliates.

10. Events of Default. The occurrence of any of the following actions shall constitute an "Event of Default" under this Agreement: (a) the Borrower fails to pay, perform or observe any obligation of the Borrower to the Lender, including, without limitation, the Borrower fails to pay any Collection Amounts, fees or Reimbursable Expenses owing to the Lender; (b) if collections into the Lender Account are insufficient to retain the Fixed Daily Payment on two (2) days in any thirty (30) day period; (c) any representation or warranty made at any time by the Borrower to the Lender, or any information regarding the Borrower supplied at any time by the Borrower to the Lender regarding the Borrower or its business, shall prove to be false or misleading in any material respect; (d) any bankruptcy or other insolvency action shall be filed by or against the Borrower or any receiver shall be appointed; (e) the Borrower violates any provisions of this Agreement and the Related Agreements, including but not limited to, the Payment Instruction Agreement and the Processor Agreement, or the Borrower utilizes any person other than the Processor to process any credit card, charge card or debit card receivables; (f) any material adverse change occurs in the economic condition or prospects of the Borrower, including but not limited to, Borrower's default under any third party agreements, including real estate leases, equipment leases or any other financing agreements; or (g) the Lender, in the exercise of its commercially reasonable judgment acting in good faith as a prudent lender, based on the circumstances of the Borrower then in effect, has reason to believe that it is insecure.

11. Remedies. Upon the occurrence of an Event of Default, the Lender (a) shall be entitled to exercise all rights and remedies specified in this Agreement and/or any of the Related Agreements, including, but not limited to, increasing the Fixed Daily Payments in such amount as Lender deems reasonable as a result of such default and/or initiating ACH debits to one or more Borrower bank deposit accounts as provided in Section 2(d) above, (b) shall be entitled to assess, in addition to all other rights, remedies and fees, a Default Rate of interest on all outstanding obligations of the Borrower at the default rate of 18% per annum (the "Default Rate") and such default interest shall be payable on demand. The Default Rate shall be computed on the basis of a 360-day year for the actual number of days elapsed and shall be computed on the daily outstanding balance of Borrower's obligations for each day Borrower remains in default or until all obligations are paid in full, whichever is earlier; (c) shall have all rights and remedies of a secured party upon default under the UCC, and (d) shall be entitled to exercise all other rights available to it at law or in equity. All rights and remedies of the Lender shall be cumulative, and no failure or delay in exercising any right or remedy by the Lender shall preclude the Lender from exercising the same or any other right or remedy.

12. Reimbursable Expenses. The Borrower agrees to reimburse the Lender on demand for the following (collectively, "Reimbursable Expenses"): (a) all reasonable out-of-pocket costs and expenses incurred at any time by the Lender in connection with any due diligence and/or credit investigation of the Borrower; (b) reasonable internal documentation fees and external attorney's fees and expenses incurred with respect to the negotiation, preparation, consummation, administration and/or any amendment of this Agreement and any other agreements between the Borrower and the Lender, including, without limitation, any guaranty of all or any portion of the Borrower's obligations to the Lender, which internal fees shall be reasonably determined by the Lender based upon the time expended in conducting any of the foregoing matters; (c) any review or verification of the Borrower's Accounts Receivable, any public records searches and the filing or other recordation of any Uniform Commercial Code financing statements or other documents necessary or, in the Lender's judgment, desirable to perfect or preserve the security interest and other rights or remedies granted or available to the Lender under this Agreement; (d) a service charge of \$50.00 for each federal wire transfer initiated by or on behalf of the Lender to or for the benefit of the Borrower or at Borrower's option, \$10.00 for each Automated Clearing House ("ACH") transfer initiated by or on behalf of the Lender to or for the benefit of the Borrower; (e) a service charge for disbursements made to third parties in an amount equal to 15% of the amount for each check issued by the Lender to the Borrower or to a third party for or on behalf of the Borrower's account; and (f) so long as any Event of Default is in effect, all costs and expenses incurred by the Lender to enforce any of its rights and remedies under this Agreement and any Related Agreements, including, without limitation, all internal and external attorneys' fees and expenses and all experts' and advisors' fees and expenses incurred by the Lender in connection therewith. In furtherance thereof, Borrower hereby authorizes Lender to retain monies from the Lender Account for the payment of any and all Reimbursable Expenses.

13. Indemnification. The Borrower agrees to indemnify, defend and hold harmless the Lender and its equity holders, officers, managers, employees and agents from and against any damages, claims, liabilities, costs, expenses and/or other losses, including, without limitation, attorney's fees and court costs, arising out of or otherwise relating in any respect to this Agreement and/or any Related Agreements, the transactions contemplated hereby and/or the exercise or enforcement of any rights of the Lender in connection therewith, except insofar as any such indemnified losses arise out of the gross negligence or willful misconduct of an indemnified party. This Section shall survive any termination of this Agreement.

14. Power of Attorney. The Borrower irrevocably designates, makes, constitutes and appoints the Lender, and all persons designated by the Lender, as the Borrower's true and lawful attorney and agent-in-fact (such power of attorney and agency being coupled with an interest and therefore irrevocable until all of the Borrower's obligations to the Lender have been satisfied), and the Lender, and any persons designated by the Lender, may, at any time, (a) receive payments relating to the Collateral in the Borrower's name and endorse the Borrower's name on any checks, notes, acceptances, drafts, money orders or any other evidence of payment or proceeds of any Collateral which come into the possession of the Lender or its agents or under the Lender's or its agents' control, and (b) at any time an Event of Default exists, (i) to the extent the Collateral consists of Accounts Receivable, enforce payment of the accounts by legal proceedings or otherwise and generally exercise all of the Borrower's rights and remedies with respect to the collection of the accounts, (ii) settle, adjust, compromise, discharge or release any accounts or other Collateral or any legal proceedings brought to collect any of the accounts or other Collateral, (iii) sell or otherwise transfer any Collateral upon such terms, for such amounts and at such time or times as the Lender deems advisable, (iv) take control, in any manner, of any item of payment or proceeds relating to any Collateral, (v) prepare, file and sign the Borrower's name to a proof of claim in bankruptcy or similar document against any account debtor, (vi) use the information recorded on or contained in any data processing equipment and computer hardware and software relating to accounts and any other Collateral and to which the Borrower has access, and (vii) do all other acts and things necessary, in the Lender's determination, to fulfill the Borrower's obligations under this Agreement and the Related Agreements.

15. Miscellaneous Definitions. The following terms have the following meanings in this Agreement (capitalized terms defined in this Section, or elsewhere in this Agreement, in the singular are to have a corresponding meaning when used in the plural, and vice versa):

(a) "Related Agreements" means the Control Agreement, the Payment Instruction Agreement, all Advance Schedules, the Supplemental ACH Authorization and all other agreements to which the Lender and the Borrower are parties from time to time, as any of the foregoing may be amended or otherwise modified from time to time.

(b) "UCC" means Article 9 of the Uniform Commercial Code as in effect in the State of New Jersey from time to time.

## 16. JOINT AND SEVERAL OBLIGATIONS

16.1. Borrowers is defined collectively to include all Persons constituting the Borrowers; provided, however, that any references herein to "any Borrower", "each Borrower" or similar references, shall be construed as a reference to each individual Person comprising the Borrowers. Each Person comprising Borrowers shall be jointly and severally liable for all of the obligations of Borrowers under this Agreement regardless of which of the Borrowers actually receives the proceeds of the indebtedness governed hereby or the benefit of any other extensions of credit hereunder or the benefit of any other extension of credit under the Loan Documents, or the manner in which the Borrowers or the Lender account therefor in their respective books and records. In addition, each entity comprising Borrowers hereby acknowledges and agrees that all of the representations, warranties, covenants, obligations, conditions, agreements and other terms contained in this Agreement shall be applicable to and shall be binding upon and measured and enforceable individually against each Person comprising Borrowers as well as all such Persons when taken together. By way of illustration, but without limiting the generality of the foregoing, the terms of Section 10 of this Agreement are to be applied to each individual Person comprising the Borrowers (as well as to all such Persons taken as a whole), such that the occurrence of any of the events described in Section 10 of this Agreement as to any Person comprising the Borrowers shall constitute an Event of Default even if such event has not occurred as to any other Persons comprising the Borrowers or as to all such Persons taken as a whole (except as otherwise expressly provided therein).

16.2. Each Borrower acknowledges that it will enjoy significant benefits from the business conducted by the other Borrowers because of, inter alia, their combined ability to bargain with other Persons including without limitation their ability to receive the credit extensions under this Agreement and the other Loan Documents on favorable terms granted by this Agreement and other Loan Documents which would not have been available to an individual Borrower acting alone. Each Borrower has determined that it is in its best interest to procure the credit facilities contemplated hereunder, with the credit support of the other Borrowers as contemplated by this Agreement and the other Loan Documents.

16.3. Lender has advised the Borrowers that it is unwilling to enter into this Agreement and the other Loan Documents and make available the credit facilities extended hereby to any Borrower unless each Borrower agrees, among other things, to be jointly and severally liable for the due and proper payment of the Obligations of each other Borrower under this Agreement and the other Loan Documents. Each Borrower has determined that it is in its best interest and in pursuit of its purposes that it so induce the Lender to extend credit pursuant to this Agreement and the other documents executed in connection herewith (i) because of the desirability to each Borrower of the credit facilities hereunder and the interest rates and the modes of borrowing available hereunder, (ii) because each Borrower requires access to funds under this Agreement for the purposes herein set forth. Each Borrower, individually, expressly understands, agrees and acknowledges, that the credit facilities contemplated hereunder would not be made available on the terms herein in the absence of the collective credit of all of the Persons constituting the Borrowers, the joint and several liability of all such Persons, and the cross-collateralization of the collateral of all such Persons hereunder and under the Loan Documents. Accordingly, each Borrower individually acknowledges that the benefit to each of the Persons comprising the Borrowers as a whole constitutes reasonably equivalent value, regardless of the amount of the indebtedness actually borrowed by, advanced to, or the amount of credit provided to, or the amount of collateral provided by, any individual Borrower.

16.4. To the extent that applicable law otherwise would render the full amount of the joint and several obligations of any Borrower hereunder and under the other Loan Documents invalid or unenforceable, such Borrower's obligations hereunder and under the other Loan Documents shall be limited to the maximum amount which does not result in such invalidity or unenforceability; provided, however, that each Borrower's obligations hereunder and under the other Loan Documents shall be presumptively valid and enforceable to their fullest extent in accordance with the terms hereof or thereof, as if this Section were not a part of this Agreement.

16.5. To the extent that any Borrower shall make a payment under this Section of all or any of the Obligations (other than credit facilities made to that Borrower for which it is primarily liable) (a "Joint Liability Payment") which, taking into account all other Joint Liability Payments then previously or concurrently made by any other Borrower, exceeds the amount which such Borrower would otherwise have paid if each Borrower had paid the aggregate Obligations satisfied by such Joint Liability Payments in the same proportion that such Borrower's Allocable Amount (as defined below) (as determined immediately prior to such Joint Liability Payments) bore to the aggregate Allocable Amounts of each of the Borrowers as determined immediately prior to the making of such Joint Liability Payments, then, following indefeasible payment in full in cash of the Obligations and termination of the commitments, such Borrower shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each other Borrower for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Joint Liability Payments. As of any date of determination, the "Allocable Amount" of any Borrower shall be equal to the maximum amount of the claim which could then be recovered from such Borrower under this Section without rendering such claim voidable or avoidable under Section 548 of Chapter 11 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law.

16.6. Lender is authorized, without notice or demand and without affecting the liability of any Borrower hereunder, to, at any time and from time to time, (i) renew, extend or otherwise increase the time for payment of the Obligations; (ii) with the written agreement of any Borrower accelerate or otherwise change the terms relating to the Obligations or otherwise modify, amend or change the terms of any promissory note or other agreement, document or instrument now or hereafter executed by any Borrower and delivered to Lender; (iii) accept partial payments of the Obligations; (iv) take and hold security or collateral for the payment of the Obligations or for the payment of any guarantees of the Obligations and exchange, enforce, waive and release any such security or collateral; (v) apply such security or collateral and direct the order or manner of sale thereof as Lender, in its sole discretion, may determine; and (vi) settle, release, compromise, collect or otherwise liquidate the Obligations and any security or collateral therefor in any manner, without affecting or impairing the obligations of any Borrower. Except as specifically provided in this Agreement or any of the other Loan Documents, Lender shall have the exclusive right to determine the time and manner of application of any payments or credits, whether received from any Borrower or any other source, and such determination shall be binding on all Borrowers. All such payments and credits may be applied, reversed and reapplied, in whole or in part, to any of the Obligations as Lender shall determine in its sole discretion without affecting the validity or enforceability of the Obligations of any other Borrower.

16.7. Each Borrower hereby agrees that, except as hereinafter provided, its obligations hereunder shall be unconditional, irrespective of (i) the absence of any attempt to collect the Obligations from any obligor or other action to enforce the same; (ii) the waiver or consent by Lender with respect to any provision of any instrument evidencing the Obligations, or any part thereof, or any other agreement heretofore, now or hereafter executed by a Borrower and delivered to Lender; (iii) failure by Lender to take any steps to perfect and maintain its security interest in, or to preserve its rights to, any security or collateral for the Obligations; or (iv) any other circumstance other than payment in full of the Obligations which might otherwise constitute a legal or equitable discharge or defense of a guarantor or surety.

16.8. Until all Obligations have been paid and satisfied in full, no payment made by or for the account of a Borrower including, without limitation, (i) a payment made by such Borrower on behalf of the liabilities of any other Borrower, or (ii) a payment made by any other person under any guarantee, shall entitle such Borrower, by subrogation or otherwise, to any payment from any other Borrower or from or out of any other Borrower's property and such Borrower shall not exercise any right or remedy against any other Borrower or any property of any other Borrower by reason of any performance of such Borrower of its joint and several obligations hereunder.

16.9. Any notice given by one Borrower hereunder shall constitute and be deemed to be notice given by all Borrowers, jointly and severally. Notice given by Lender to any one Borrower hereunder or pursuant to any Loan Documents in accordance with the terms hereof or thereof shall constitute notice to each and every Borrower. The knowledge of one Borrower shall be imputed to all Borrowers and any consent by one Borrower shall constitute the consent of and shall bind all Borrowers.

16.10. This Section is intended only to define the relative rights of Borrowers and nothing set forth in this Section is intended to or shall impair the obligations of Borrowers, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Agreement or any other Loan Documents. Nothing contained in this Section shall limit the liability of any Borrower to pay the credit facilities made directly or indirectly to that Borrower and accrued interest, fees and expenses with respect thereto for which such Borrower shall be primarily liable.

16.11. The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of each Borrower to which such contribution and indemnification is owing. The rights of any indemnifying Borrower against the other Borrowers under this Section shall be exercisable upon the full and indefeasible payment of the Obligations and the termination of the credit facilities hereunder.

16.12. Each Borrower, as joint and several primary obligor of the Obligations directly incurred by any other Borrower authorizes Lender, without giving notice to such Borrower or to any other Borrower or obtaining such Borrower's consent or any other Borrower's consent and without affecting the liability of such Borrower for the Obligations directly incurred by another Borrower, from time to time to exercise any right afforded Lender under the Loan Documents including without limit the exercise of any remedy afforded Lender under Section 11 hereof:

16.13. Each Borrower, as a primary, joint and several obligor with respect to the Obligations directly incurred by any other Borrower waives each and every defense which it has waived hereunder as a Borrower in its own right and any defense available to a surety under applicable law.

16.14. Each Borrower further agrees that its obligations hereunder shall not be impaired in any manner whatsoever by any bankruptcy, extensions, moratoria or other relief granted to any other Borrower pursuant to any statute presently in force or hereafter enacted.

16.15. Each Borrower authorizes Lender to exercise, in its sole discretion, any right, remedy or combination thereof which may then be available to Lender, since it is such Borrower's intent that the Obligations be absolute, independent and unconditional obligations of such Borrower under all circumstances. Notwithstanding any foreclosure on any Collateral with respect to any or all of any property securing the Obligations, whether by the exercise of the power of sale contained therein, by an action for judicial foreclosure or by an acceptance of a deed in lieu of foreclosure, each Borrower shall remain bound by this Agreement until all Obligations incurred by any other Borrower are satisfied in full.

16.16. This Agreement is a primary and original obligation of each of the Borrowers and each of the Borrowers shall be liable for all existing and future Obligations of any other Borrower as fully as if such Obligations were directly incurred by such Borrower.

17. Miscellaneous.

(a) Entire Agreement; Waiver. This Agreement constitutes the entire agreement between the parties with regard to the subject matter hereof, and supersedes any prior agreements or understandings. This Agreement can be changed only by a writing signed by all parties. The failure or delay of the Lender in exercising any right hereunder will not constitute a waiver thereof or bar the Lender from exercising any of its rights at any time.

(b) One General Obligation; Cross Collateral. The Borrower understands and agrees that all loans and advances by Lender to Borrower under this Agreement, all Advance Schedules and the other Related Agreements, constitute one loan, and all indebtedness and obligations of Borrower to Lender under this Agreement and all Advance Schedules, present and future, constitute one general obligation secured by the Collateral and security held and to be held by Lender hereunder and by virtue of all other agreements between Borrower (and all guarantors) and Lender now and hereafter existing, including the Related Agreements. If more than one Borrower, each Borrower shall be jointly and severally liable for payment of all of the obligations hereunder, the Related Agreements and under any other agreement between Lender and any Borrower. It is distinctly understood and agreed that all of the rights of Lender contained in this Agreement shall likewise apply insofar as applicable to any modification of or supplement to this Agreement and to any other agreements, present and future, between the Lender and Borrower, including the related Agreements.

(c) Interest Rate "Savings Clause". Notwithstanding anything to the contrary in this Agreement, (i) all agreements and communications between the Borrower and the Lender are hereby and shall automatically be limited so that, after taking into account all amounts deemed interest under this Agreement, the interest contracted for, charged or received by the Lender shall never exceed the maximum lawful rate or amount, (ii) in calculating whether any interest exceeds the lawful maximum, all such interest shall be amortized, prorated, allocated, and spread over the full amount and term of all principal indebtedness of the Borrower to the Lender, and (iii) if through any contingency or event, the Lender receives or is deemed to receive interest in excess of the lawful maximum, any such excess shall be deemed to have been applied toward payment of the principal of any and all then outstanding indebtedness of the Borrower to the Lender, or if there is no such indebtedness, shall immediately be returned to the Borrower.

(d) Governing Law; Consent to Forum. This Agreement shall be governed by the laws of the State of New Jersey without giving effect to any choice of law rules thereof. As part of the consideration for new value this day received, the Borrower consents to the jurisdiction of any state court located within Bergen County, New Jersey or any federal court located in Bergen County, New Jersey (collectively, the "Chosen Forum"), and waives personal service of any and all process upon it and consents that all such service of process be made by certified or registered mail directed to the Borrower at its most recent address as reflected in the Lender's records, and service so made shall be deemed to be completed upon delivery thereto. The Borrower waives any objection to jurisdiction and venue of any action instituted against it as provided herein and agrees not to assert any defense based on lack of jurisdiction or venue. The Borrower further agrees not to assert against the Lender (except by way of a defense or counterclaim in a proceeding initiated by the Lender) any claim or other assertion of liability relating to any of this Agreement, any of the Related Agreements, the Collateral or the Lender's actions or inactions in respect of any of the foregoing in any jurisdiction other than the Chosen Forum. Nothing in this Agreement shall affect the Lender's right to bring any action or proceeding relating to this Agreement or the Related Agreements against the Borrower or its properties in courts of other jurisdictions.

(e) Waiver of Jury Trial; Limitation on Damages. To the fullest extent permitted by law, and as separately bargained-for consideration to the Lender, the Borrower waives any right to trial by jury (which the Lender also waives) in any action, suit, proceeding or counterclaim of any kind arising out of or otherwise relating to any of this Agreement, the Related Agreements, the Collateral or the Lender's actions or inactions in respect of any of the foregoing. To the fullest extent permitted by law, and as separately bargained-for consideration to the Lender, the Borrower also waives any right it may have at any time to claim or recover in any litigation or other dispute involving the Lender, whether the underlying claim or dispute sounds in contract, tort or otherwise, any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. The Borrower acknowledges that the Lender is relying upon and would not enter into the transactions described in this Agreement on the terms and conditions set forth herein but for the Borrower's waivers and agreements under this Section.

(f) General Waivers by Borrower. Except as otherwise expressly provided for in this Agreement, the Borrower waives: (i) presentment, protest, demand for payment, notice of dishonor demand and protest and notice of presentment, default, notice of nonpayment, maturity, release, compromise, settlement, extension or renewal of any or all accounts, contract rights, documents, instruments, chattel paper and guaranties at any time held by the Lender on which the Borrower may in any way be liable and ratifies and confirms whatever the Lender may do in this regard; (ii) notice prior to taking possession or control of the Collateral or any bond or security which might be required by any court prior to allowing the Lender to exercise any of the Lender's remedies, including the issuance of an immediate writ of possession; (iii) the benefit of all valuation, appraisal and exemption laws; and (iv) any and all other notices, demands and consents in connection with the delivery, acceptance, performance, default or enforcement of this Agreement or any of the Related Agreements and/or any of the Lender's rights in respect of the Collateral. The Borrower also waives any right of setoff or similar right the Borrower may at any time have against the Lender as a defense to the payment or performance of the Borrower's obligations to the Lender under this Agreement or any of the Related Agreements. If the Borrower now or hereafter has any claim against the Lender giving rise to any such right of setoff or similar right, the Borrower agrees not to assert such claim as a defense or right of setoff with respect to the Borrower's obligations under this Agreement or any Related Agreements, and to instead assert any such claim, if the Borrower so elects to assert such claim, in a separate proceeding against the Lender and not as a part of any proceeding or as a defense to any claim initiated by the Lender to enforce any of the Lender's rights under this Agreement or any of the Related Agreements.

(g) Disbursing Agent. The Borrowers hereby appoint **Spa Products Import & Distribution Co., LLC** as the "Disbursing Agent" to the Borrowers as it is in the best interest and convenience of the Borrowers that all Advances made by Lender pursuant to this Agreement be made only to the Disbursing Agent rather than to each of the Borrowers individually. Accordingly, the Disbursing Agent shall be the sole entity entitled to receive the funds advanced by Lender under this Agreement and the Disbursing Agent shall make disbursements to the Borrowers as reasonably requested by each Borrower to conduct its respective business. Moreover, the Disbursing Agent and each Borrower agree that the Collection Amount shall be collected from one or more Collection Accounts, which may be titled in the name of the Disbursing Agent and/or in the name of the other Borrowers. All of the proceeds received by Lender will be credited by Lender to the Disbursing Agent's account and the Disbursing Agent shall have the sole authority to further credit any such collections to each Borrower, individually. Each Borrower hereby irrevocably waives any claim it may have against Lender and hereby indemnifies and holds Lender harmless from and against all damages, losses, claims, demands, liabilities, obligations, actions and causes of action whatsoever which such Borrower may have against Lender which may arise as a result of Advances being made by Lender solely to the Disbursing Agent and/or collections being credited by Lender solely the Disbursing Agent's account with Lender.

(h) Successors and Assigns. This Agreement binds and benefits each party and its successors, heirs and assigns, as applicable; *provided, however,* that the Borrower may not assign this Agreement or any of its rights or obligations hereunder without obtaining the prior written consent of the Lender.

(i) Severability; Section Headings. Wherever possible, each provision of this Agreement and each Related Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement or any Related Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement of such Related Agreement, as the case may be. Section headings herein and any Related Agreements are for convenience only and are not controlling.





(j) Counterparts; Fax Signatures. This Agreement and any Related Agreements may be executed in any number of counterparts (whether facsimile or original), each of which shall be deemed an original as to the party whose signature appears thereon and all of which together shall constitute one and the same instrument. An executed facsimile of this Agreement or any Related Agreement shall be deemed a valid and binding agreement between the parties hereto or thereto.

*Signature Page Follows*

Page 10 of 10

Borrower's initials:

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IN WITNESS WHEREOF, the undersigned have entered into this Agreement by their duly authorized representatives as of the date first written above.

**CC FUNDING** a division of  
CREDIT CASH NJ, LLC

By: \_\_\_\_\_  
Name: Dean Landis  
Title: President

**BORROWERS**  
**XpresSpa JFK Terminal 1, LLC**

By: \_\_\_\_\_  
Title: President

**XpresSpa S.F. International, LLC**

By: \_\_\_\_\_  
Title: President

**XpresSpa at Term. 4 JFK, LLC**

By: \_\_\_\_\_  
Title: President

**XpresSpa Pittsburgh A, LLC**

By: \_\_\_\_\_  
Title: President

**XpresSpa Philadelphia Airport, LLC**

By: \_\_\_\_\_  
Title: President

**Spa Products Import & Distribution Co., LLC**

By: \_\_\_\_\_  
Title: President

[SIGNATURE PAGE – ADVANCE AGREEMENT]

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**XpresSpa Las Vegas Airport, LLC**

**By:** \_\_\_\_\_  
**Title: President**

**XpresSpa MSP Airport, LLC**

**By:** \_\_\_\_\_  
**Title: President**

**XpresSpa LAX Airport, LLC**

**By:** \_\_\_\_\_  
**Title: President**

**XpresSpa Salt Lake City, LLC**

**By:** \_\_\_\_\_  
**Title: President**

**XpresSpa John Wayne Airport, LLC**

**By:** \_\_\_\_\_  
**Title: President**

**XpresSpa Orlando, LLC**

**By:** \_\_\_\_\_  
**Title: President**

**XpresSpa Washington Reagan, LLC**

**By:** \_\_\_\_\_  
**Title: President**

**XpresSpa Houston Hobby, LLC**

**By:** \_\_\_\_\_  
**Title: President**

Notary page follows

[SIGNATURE PAGE – ADVANCE AGREEMENT]

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STATE OF                    )  
                                  )ss.:  
COUNTY OF                )

On this \_\_\_\_ day of January 2020 before me personally appeared Doug Satzman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she is the President of each of XpresSpa JFK Terminal 1, LLC, XpresSpa S.F. International, LLC, XpresSpa at Term. 4 JFK, LLC, XpresSpa Pittsburgh A, LLC, XpresSpa Philadelphia Airport, LLC, Spa Products Import & Distribution Co., LLC, XpresSpa Las Vegas Airport, LLC, XpresSpa MSP Airport, LLC, XpresSpa LAX Airport, LLC, XpresSpa Salt Lake City, LLC, XpresSpa John Wayne Airport, LLC, XpresSpa Orlando, LLC, XpresSpa Washington Reagan, LLC, XpresSpa Houston Hobby, LLC, the New York limited liability companies herein described and that he/she executed the same in his/her capacity as a Manager of each of said limited liability companies, and that he/she signed the instrument by order of the unanimous consent of the members and managers of said limited liability companies.

[SIGNATURE PAGE – ADVANCE AGREEMENT]

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**ADVANCE SCHEDULE**

**No. 01**

**XpresSpa JFK Terminal 1, LLC  
XpresSpa S.F. International, LLC  
XpresSpa at Term. 4 JFK, LLC  
XpresSpa Pittsburgh A, LLC  
XpresSpa Philadelphia Airport, LLC  
Spa Products Import & Distribution Co., LLC  
XpresSpa Las Vegas Airport, LLC  
XpresSpa MSP Airport, LLC  
XpresSpa LAX Airport, LLC  
XpresSpa Salt Lake City, LLC  
XpresSpa John Wayne Airport, LLC  
XpresSpa Orlando, LLC  
XpresSpa Washington Reagan, LLC  
XpresSpa Houston Hobby**

Funding Date: January \_\_\_\_, 2020

This Advance Schedule (the "Schedule") is issued pursuant to and is subject to all terms and conditions of the Accounts Receivable Advance Agreement, dated as of January \_\_\_\_, 2020 (as amended from time to time in accordance with its terms, the "Master Agreement"), among CC FUNDING, a division of CREDIT CASH NJ LLC (the "Lender") and XpresSpa JFK Terminal 1, LLC, XpresSpa S.F. International, LLC, XpresSpa at Term. 4 JFK, LLC, XpresSpa Pittsburgh A, LLC, XpresSpa Philadelphia Airport, LLC, Spa Products Import & Distribution Co., LLC, XpresSpa Las Vegas Airport, LLC, XpresSpa MSP Airport, LLC, XpresSpa LAX Airport, LLC, XpresSpa Salt Lake City, LLC, XpresSpa John Wayne Airport, LLC, XpresSpa Orlando, LLC, XpresSpa Washington Reagan, LLC, XpresSpa Houston Hobby, LLC, (individually and collectively, jointly and severally the "Borrower") each of which is a New York limited liability company. Capitalized terms used and not defined in this Schedule have the meanings given to them in the Master Agreement.

The Borrower has requested that the Lender make an Advance to the Borrower, and the Lender is willing to make such Advance, in each case subject to the following terms and conditions:

1. The Advance Amount is: \$1,000,000.00.
2. The fee is: \$160,000.00.
3. The Collection Amount is: \$1,160,000.00.
4. The Fixed Daily Payment is: \$4,461.54.

5. The Collection Date is 12 months from the funding date, estimated to be on or about January \_\_\_\_, 2021

6. The Collection Account Bank and Collection Account are as follows:

Bank name:	Signature Bank
	111 Broadway
	New York, NY 10006
Routing/ABA Number:	***
Account Name to credit:	***
Account Number to credit:	***

7. The Borrower agrees to repay the Collection Amount (plus all Reimbursable Expenses) by remitting (or causing to be remitted) to the Lender, on or before the Collection Date, the Collection Amount, by authorizing Lender to retain the Fixed Daily Payment from the Collection Account as provided in the Master Agreement. If the Collection Amount is remitted to the Lender before the Collection Date, the Borrower shall not be entitled to any refund or other compensation. If the Collection Amount is not remitted to the Lender by the Collection Date, Borrower may be subject to extension fees as set forth in the Master Agreement.

8. The Borrower grants to the Lender a security interest in the Collateral to secure the Borrower's obligation to pay the Collection Amount (plus all Reimbursable Expenses and all other amounts due to Lender) and to secure all other existing and future obligations of the Borrower to the Lender.

9. The Borrower understands and agrees that all Advances by Lender to Borrower under the Master Agreement, this Advance Schedule, and under any other Related Agreements constitute one loan, and all indebtedness and obligations of Borrower to Lender under the Master Agreement, this Advance Schedule and the Related Agreements, present and future, constitute one general obligation secured by the Collateral.

10. The Borrower reaffirms all terms, conditions and agreements set forth in the Master Agreement and any Related Agreements and further represents and warrants to the Lender that all representations and warranties made by the Borrower in the Master Agreement and any Related Agreements entered into on or before the date hereof are true and correct on the date hereof as if made on the date hereof.

[Balance of This Page Intentionally Left Blank]

This Schedule may be executed in counterparts. Each counterpart shall be deemed an original but all of which together shall constitute one and the same instrument. An executed facsimile of this Schedule shall be deemed to be a valid and binding agreement between the parties hereto.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement by their duly authorized representatives as of the date first written above.

CC FUNDING a division of  
CREDIT CASH NJ, LLC

By: \_\_\_\_\_  
Name: Dean Landis  
Title: President

BORROWERS  
XpresSpa JFK Terminal 1, LLC

By: \_\_\_\_\_  
Title: President

XpresSpa S.F. International, LLC

By: \_\_\_\_\_  
Title: President

XpresSpa at Term. 4 JFK, LLC

By: \_\_\_\_\_  
Title: President

XpresSpa Pittsburgh A, LLC

By: \_\_\_\_\_  
Title: President

XpresSpa Philadelphia Airport, LLC

By: \_\_\_\_\_  
Title: President

Spa Products Import & Distribution Co., LLC

By: \_\_\_\_\_  
Title: President

**XpresSpa Las Vegas Airport, LLC**

**By:** \_\_\_\_\_  
**Title: President**

**XpresSpa MSP Airport, LLC**

**By:** \_\_\_\_\_  
**Title: President**

**XpresSpa LAX Airport, LLC**

**By:** \_\_\_\_\_  
**Title: President**

**XpresSpa Salt Lake City, LLC**

**By:** \_\_\_\_\_  
**Title: President**

**XpresSpa John Wayne Airport, LLC**

**By:** \_\_\_\_\_  
**Title: President**

**XpresSpa Orlando, LLC**

**By:** \_\_\_\_\_  
**Title: President**

**XpresSpa JFK Terminal 8, LLC**

**By:** \_\_\_\_\_  
**Title: President**

**XpresSpa Washington Reagan, LLC**

**By:** \_\_\_\_\_  
**Title: President**

**XpresSpa Houston Hobby, LLC**

**By:** \_\_\_\_\_  
**Title: President**

[Notary page follows]



STATE OF )  
 )ss.:  
COUNTY OF )

On this \_\_\_\_ day of January, 2020 before me personally appeared Doug Satzman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she is the President of each of the following New York limited liability companies: XpresSpa JFK Terminal 1, LLC, XpresSpa S.F. International, LLC, XpresSpa at Term. 4 JFK, LLC, XpresSpa Pittsburgh A, LLC, XpresSpa Philadelphia Airport, LLC, Spa Products Import & Distribution Co., LLC, XpresSpa Las Vegas Airport, LLC, XpresSpa MSP Airport, LLC, XpresSpa LAX Airport, LLC, XpresSpa Salt Lake City, LLC, XpresSpa John Wayne Airport, LLC, XpresSpa Orlando, LLC, XpresSpa Washington Reagan, LLC, XpresSpa Houston Hobby, LLC, herein described and that he/she executed the same in his/her capacity as a Manager of each of said limited liability companies, and that he/she signed the instrument by order of the unanimous consent of the members and managers of said limited liability companies.

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NOTARY PUBLIC

**Written Consent  
Of The Members And Managers Of  
JFK, LLC, XpresSpa Pittsburgh A, LLC, XpresSpa Philadelphia Airport, LLC, Spa  
Products Import & Distribution Co., LLC, XpresSpa Las Vegas Airport, LLC, XpresSpa  
MSP Airport, LLC, XpresSpa LAX Airport, LLC, XpresSpa Salt Lake City, LLC,  
XpresSpa John Wayne Airport, LLC, XpresSpa Orlando, LLC, XpresSpa Washington  
Reagan, LLC, XpresSpa Houston Hobby, LLC**

The undersigned, XpresSpa Group, Inc. being the Sole Manager and Member and ultimate parent of XpresSpa Holdings, LLC (“Holdings”), a New York limited liability company, and Holdings being the sole Manager and sole Member of each of XpresSpa JFK Terminal 1, LLC, XpresSpa S.F. International, LLC, XpresSpa at Term. 4 JFK, LLC, XpresSpa Pittsburgh A, LLC, XpresSpa Philadelphia Airport, LLC, Spa Products Import & Distribution Co., LLC, XpresSpa Las Vegas Airport, LLC, XpresSpa MSP Airport, LLC, XpresSpa LAX Airport, LLC, XpresSpa Salt Lake City, LLC, XpresSpa John Wayne Airport, LLC, XpresSpa Orlando, LLC, XpresSpa Washington Reagan, LLC, XpresSpa Houston Hobby, LLC, (individually and collectively, jointly and severally the “**Company**”) each a New York limited liability company, the undersigned hereby consent to the adoption of the following resolutions made respectively by each Company authorizing the actions therein set forth:

**RESOLVED**, that the Company be, and it hereby is, authorized and directed to execute and deliver and perform the terms and conditions set forth in a certain Accounts Receivables Advance Agreement by and between the Company and CREDIT CASH NJ LLC (“**Credit Cash**”) (the “**Financing Agreement**”) and certain other documents related thereto; and be it further

**RESOLVED**, that the Company be, and it hereby is, authorized and directed to grant a first priority lien and security interest in certain of the Company’s assets in favor of Credit Cash to secure the obligations of the Company under the Financing Agreement and certain documents related thereto, pursuant to the terms and conditions set forth in the Financing Agreement; and be it further

**RESOLVED**, that the Company be, and it hereby is, authorized and directed to execute, and deliver and perform in accordance with the terms of the Financing Agreement; and be it further

**RESOLVED**, that any officer or managers of the Company, be, and they hereby are, authorized to do and perform (or cause to be done and performed), in the name and on behalf of the Company, all such acts and things and to make, execute and deliver (or cause to be made, executed and delivered), all such agreements, documents and instruments, and to pay, or cause to be paid, all such payments, as may be necessary or desirable and proper to carry out the intent of the foregoing resolutions, the necessity or desirability and propriety thereof being conclusively evidenced by the taking of such action or the execution and delivery of any such documents, instruments or agreements; and be it further

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This consent may be executed in counterparts, each of which shall be deemed an original and all of which, when taken together, shall be deemed one and the same document.

[Signature Page to Follow]

**IN WITNESS WHEREOF**, the undersigned have executed this consent as of January \_\_\_\_, 2020.

Percentage Ownership:  
100% of each Company

**XPRESSPA HOLDINGS, LLC, as Manager  
each of the above companies by XpresSpa  
Group, its sole Member and Manager**

By: \_\_\_\_\_  
Name  
Title:

By: \_\_\_\_\_  
Name:  
Title:

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**SIGNATURE AUTHORIZATION**

January \_\_, 2020

Each person whose specimen signature appears below is hereby authorized and empowered to transact any and all business with CREDIT CASH NJ, LLC, which each of the undersigned XpresSpa JFK Terminal 1, LLC, XpresSpa S.F. International, LLC, XpresSpa at Term. 4 JFK, LLC, XpresSpa Pittsburgh A, LLC, XpresSpa Philadelphia Airport, LLC, Spa Products Import & Distribution Co., LLC, XpresSpa Las Vegas Airport, LLC, XpresSpa MSP Airport, LLC, XpresSpa LAX Airport, LLC, XpresSpa Salt Lake City, LLC, XpresSpa John Wayne Airport, LLC, XpresSpa Orlando, LLC, XpresSpa Washington Reagan, LLC, XpresSpa Houston Hobby, LLC, could in any way transact, and is further authorized to execute, acknowledge and/or deliver on behalf of \_\_\_\_\_(the "Company") in the name of the undersigned any and all assignments, documents, instruments and agreements which he/she may deem necessary or convenient in the transaction of such business of the Company

Signatures and Titles are as follows:

<i>Name (Print or Typewrite)</i>	<i>Title</i>	<i>Specimen of Signature</i>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

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## GUARANTY

1. CREDIT CASH NJ, LLC (“**Lender**”) has entered into a Credit Card Receivables Advance Agreement (“**Loan Agreement**”) dated as of January \_\_, 2020 with XpresSpa JFK Terminal 1, LLC, XpresSpa S.F. International, LLC, XpresSpa at Term. 4 JFK, LLC, XpresSpa Pittsburgh A, LLC, XpresSpa Philadelphia Airport, LLC, Spa Products Import & Distribution Co., LLC, XpresSpa Las Vegas Airport, LLC, XpresSpa MSP Airport, LLC, XpresSpa LAX Airport, LLC, XpresSpa Salt Lake City, LLC, XpresSpa John Wayne Airport, LLC, XpresSpa Orlando, LLC, XpresSpa Washington Reagan, LLC, XpresSpa Houston Hobby, LLC (individually and collectively, jointly and severally the “**Borrower**”), and in consideration of One (\$1.00) Dollar and other good and valuable consideration, the receipt and sufficiency of which are hereby duly acknowledged, the undersigned jointly and severally unconditionally guaranty to Lender, its successors and assigns, Borrower’s full and prompt payment, performance and discharge of each and every obligation of Borrower under said Loan Agreement and under all instruments given or executed by Borrower in connection therewith, and the full and prompt payment of all other obligations of Borrower to Lender, wherever and however arising, direct or indirect, absolute or contingent, all whether presently existing or hereafter arising, including, without limitation, all costs of collection, including attorney’s fees. The liability of the undersigned under this Guaranty shall be direct, immediate, absolute, continuing, unconditional and unlimited and not conditional or contingent upon the pursuit by the Lender of whatever remedies it may have against the Borrower or the Borrower’s successors, executors, administrators or assigns, or the collateral or liens it may possess, and this Guaranty shall be a continuing guaranty of the payment of any and all obligations to Lender either made, endorsed or contracted by the Borrower, or any successor of the Borrower and of all extensions or renewals thereof in whole or in part.

2. Notice of acceptance hereof, of default by Borrower or any other parties, of presentment, protest and demand, and of all other matters to which the undersigned might otherwise be entitled, is hereby waived by the undersigned. Lender may grant extensions, modifications and renewals to, and make compromises, amendments, settlements, compositions, releases, discharges and adjustments with, Borrower and other parties, and with respect to any collateral securing Borrower’s obligations to Lender or collateral securing this Guaranty without notice to any of the undersigned and without affecting the undersigned’s liability hereunder. The undersigned’s obligations hereunder shall be binding upon their respective administrators, executors, personal representatives, successors and assigns.

3. The undersigned guarantor agrees to furnish to Lender, as soon as available, signed copies of guarantor’s federal, state and, if applicable, local, tax returns, together with all supporting documentation and worksheets, and such other information (financial and otherwise) as Lender may from time to time reasonably request.

4. The undersigned guarantor agrees that, whenever an attorney is used to obtain payment under or otherwise enforce this guaranty or to enforce, declare or adjudicate any rights or obligations under this guaranty or with respect to collateral, whether by legal proceeding or by any other means whatsoever, Credit Cash’s reasonable attorney’s fee plus costs and expenses shall be payable by each Guarantor against whom this guaranty or any obligation or right hereunder is sought to be enforced, declared or adjudicated. Guarantor, if more than one, shall be jointly and severally bound and liable hereunder and if any of the undersigned is a partnership, also the members thereof individually.

5. This Guaranty shall be governed by and construed and interpreted in accordance with the laws of the State of New York and all actions and proceedings arising out of or in connection herewith shall be litigated in the federal or state courts of such State. The undersigned hereby submit to the personal jurisdiction of such courts.

EACH OF THE UNDERSIGNED WAIVES THE RIGHT TO TRIAL BY JURY IN ALL ACTIONS BROUGHT BY OR AGAINST LENDER.

**IN WITNESS WHEREOF**, the undersigned Guarantor has hereunto set his hand as of this \_\_\_\_\_ day of January, 2020.

WITNESS:

XPRESSPA HOLDINGS, LLC D/B/A  
XPRESSPA

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By:  
Name:  
Title:

**FIFTH AMENDMENT TO CREDIT AGREEMENT**

This Fifth Amendment to Credit Agreement (the "Fifth Amendment") is made as of the 9th day of January, 2020, but shall be effective on the Fifth Amendment Effective Date, as defined below, by and between **XpresSpa Holdings, LLC**, a Delaware limited liability company (the "Borrower") and **B3D, LLC**, a North Carolina limited liability company (the "Lender").

**WHEREAS**, the Borrower and Lender are parties to that certain Credit Agreement dated April 22, 2015, as amended by the First Amendment to Credit Agreement and Waiver dated August 8, 2016, as assigned (together with the Existing Note, the Security Agreement, and each Guarantee) with Borrower's consent by Lender's predecessor, Rockmore Investment Master Fund Ltd. ("Rockmore") to Lender on February 7, 2017, as amended by the Second Amendment dated May 10, 2017, as amended by the Third Amendment dated as of May 11, 2018, as Amended by the Fourth Amendment dated July 8, 2019, and as further as amended, restated, amended and restated extended, renewed, replaced, supplemented or otherwise modified from time to time (as amended, the "Credit Agreement");

**WHEREAS**, pursuant to the Credit Agreement the Lender agreed to provide credit facilities to Borrower, as defined therein; and

**WHEREAS**, Borrower's obligations under the Credit Agreement are evidenced by the Second Amended and Restated Note dated July 8, 2019, in the principal amount of \$7,000,000 executed by Borrower (the "Existing Note") and are secured by a first priority lien on and security interest in substantially all of the assets of the Borrower;

**WHEREAS**, the Lender is willing to increase the principal of the Loan due and payable to Lender by the amount of one hundred fifty thousand (\$150,000.00) dollars (the "Note Increase"), payable as provided herein below;

**WHEREAS**, the Borrower and the Lender have agreed that the payment of interest with respect to Credit Agreement and Convertible Promissory Note for the months of October, November and December of 2020 shall be made in 291,669 unregistered shares of Common Stock (as defined in the Credit Agreement) within five Trading Days of the date hereof (the "Stock Interest Payment"); and

**WHEREAS**, the Borrower and Lender accordingly wish to amend certain terms of the Credit Agreement in accordance with this Fifth Amendment.

NOW, THEREFORE, in consideration of the foregoing and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lender and the Borrower agree as follows:

1. **Recitals.** The Recitals to this Fifth Amendment are incorporated herein by reference and form a part hereof.

2. **Note Increase; Note.** In consideration for Lender's agreement to enter into this Fifth Amendment, Borrower agrees to pay Lender the Note Increase. The Note Increase shall be added to, and form a part of, the outstanding principal amount due for the Loan under the Credit Agreement and related instruments and shall be reflected in the Third Amended and Restated Note in the principal amount of \$7,150,000, of even date herewith, executed by Borrower in the form annexed hereto as **Exhibit A** (as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Replacement Note").

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3. **Consent to Interest Payment in Stock.** In consideration for Lender's agreement to enter into this Fifth Amendment, Borrower agrees to make the Stock Interest Payment. Each of the Borrower and the Lender acknowledge and agree that, notwithstanding anything to the contrary contained in the Loan Documents, the interest payment requirements with respect to Credit Agreement and Convertible Promissory Note for the months of October, November and December of 2020 shall be satisfied by the Stock Interest Payment.

4. **Amendments.**

(a) *Commitment Amount.* Section 1.01 Definitions is hereby amended by deleting the definition corresponding to the following definition and substituting in its place the following definition:

““*Commitment Amount*”: \$7,150,000.00.”

(b) *Fifth Amendment.* Section 1.01 Definitions is hereby amended by inserting the following definition thereto in proper alphabetical order as follows:

““*Fifth Amendment*”: that certain Fifth Amendment to Credit Agreement, dated as of January 9, 2020, and effective as of the Fifth Amendment Effective Date, by and between Borrower and Lender.”

(c) *Fifth Amendment Effective Date.* Section 1.01 Definitions is hereby amended by inserting the following definition thereto in proper alphabetical order as follows:

““*Fifth Amendment Effective Date*”: the date on which Fifth the Amendment shall have become effective in accordance with its terms.”

(d) *Loan.* Section 2.01 Loan is hereby deleted and replaced with the following:

“Subject to the terms and conditions of this Agreement, the Lender agrees to make a loan (the “Loan”) to the Borrower through an advance of \$6,000,000 on the Effective Date of this Agreement, and \$500,000, which, on August 8, 2016, was added to the Commitment Amount and the principal balance of the Note, an additional \$500,000, which, on the July 8, 2019, was added to the Commitment Amount and the principal balance of the Note, and an additional \$150,000, which on the Fifth Amendment Effective date was added to the Commitment Amount and the principal balance of the Note.”

(e) *Note.* At all times from the Fifth Amendment Effective Date and thereafter, the definition of “Note” in Section 2.02 shall be deemed to mean the Replacement Note and all references in the Credit Agreement and any other Loan Document to the “Note” shall be deemed to be a reference to the Replacement Note.



5. **Amendment Effective Date.** This Amendment shall become effective on the date (the “Fifth Amendment Effective Date”) that Lender shall have received each of the following, in form and substance satisfactory to the Lender:

- (a) Copies of this Amendment executed by Borrower and the Lender; and
- (b) One (1) original Replacement Note executed by Borrower.

6. **Reaffirmation and Affirmation of Representations.** The Borrower hereby agrees with, affirms, reaffirms and acknowledges the representations and warranties contained in the Loan Documents, including but not limited to the facts set forth in the Recitals hereto relating to Borrower’s consent to the assignment of the Credit Agreement, the Existing Note and all other Loan Documents (including guaranties and security documents) by Rockmore to Lender. The Borrower represents that the representations and warranties contained in the Loan Documents are true and in full force and effect and continue to be true and in full force and effect.

7. **Ratification of Unchanged Terms.** The Borrower affirms, ratifies and reaffirms all terms, covenants, conditions and agreements contained in the Loan Documents, in each case as amended and modified by this Fifth Amendment. All terms and conditions of the Credit Agreement and Loan Documents not amended or modified by this Fifth Amendment, and any and all Exhibits annexed thereto and all other writings submitted by the Borrowers to the Lender pursuant thereto, and all Liens granted thereunder, shall remain unchanged and in full force and effect, in each case except as amended by this Fifth Amendment.

8. **No Waiver.** This Fifth Amendment shall not constitute a waiver or modification of any of the Lender’s rights and remedies or of any of the terms, conditions, warranties, representations, or covenants contained in the Loan Documents, except as specifically set forth hereinabove, and the Lender hereby reserves all of its rights and remedies pursuant to the Loan Documents and applicable law.

9. **Severability.** Any provision of this Fifth Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confirmed to the provision so held to be invalid or unenforceable.

10. **Binding Effect; No Third Party Beneficiaries.** This Fifth Amendment shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns. This Fifth Amendment is solely for the benefit of each of the parties hereto and their respective successors and assigns, and no other Person shall have any right, benefit, priority or interest under, or because of the existence of, this Fifth Amendment.

11. **Governing Law.** This Fifth Amendment is governed by and is to be construed and enforced in accordance with the laws of the State of New York (without regard to the conflicts of law rules of New York). The parties to this Agreement hereby consent to the exclusive jurisdiction of the federal and state courts of the State of New York in the event of any dispute arising under or in connection with this Agreement.

12. **Further Assurances.** The parties hereto shall execute and deliver such additional documents and take such additional action as may be necessary or desirable to effectuate the provisions and purposes of this Fifth Amendment.

13. **Authorization.** The Borrower represents and warrants to the Lender that this Fifth Amendment has been approved by proper corporate authorization and resolution of the Borrower.

14. **Counterparts.** This Fifth Amendment may be executed in several counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute one agreement. Any signature delivered by a party by facsimile transmission or by email in "PDF" or similar format shall be deemed to be an original signature hereto.

*[Signature Page Follows]*

\* \* \*

**IN WITNESS WHEREOF**, each of the undersigned has executed and delivered this Fifth Amendment to Credit Agreement as of the date first above written.

XPRESSPA HOLDINGS, LLC

By: /s/ Douglas Satzman

Name: Douglas Satzman

Title: Chief Executive Officer

B3D, LLC

By: /s/ Brian Daly

Name: Brian Daly

Title: Manager

*[Signature Page to Fifth Amendment to Credit Agreement]*

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EXHIBIT A  
REPLACEMENT NOTE

Attached.



**XpresSpa Reports Continued Progress in Strengthening Operations  
at The ICR Conference**

Domestic Comparable Store Sales Increased 10.2% in December and 7.7% during Fourth Quarter 2019; Best Quarterly Performance of the 2019 Fiscal Year

NEW YORK, January 14, 2020 - XpresSpa Group, Inc. (Nasdaq: XSPA) (“XpresSpa” or the “Company”), a health and wellness company, today provided a business update on the Company’s preliminary financial results for the quarter and fiscal year ended December 31, 2019 that demonstrates the Company’s continued progress in strengthening operations.

**ICR Conference Participation**

XpresSpa will present at the 22<sup>nd</sup> Annual ICR Conference today, Tuesday, January 14, 2020 at the Grande Lakes Hotel and Resort in Orlando, Florida. The presentation will begin at 4:00 PM Eastern Time and will be webcast live and later archived.

The webcast and accompanying presentation can be accessed from Investor Relations section of the Company’s website at <http://xpresspagroup.com>.

**Preliminary Fourth Quarter 2019 Sales Results**

- December domestic comparable store sales increased 10.2%, representing the best monthly result since January 2017.
- Domestic comparable store sales increased 7.7%, representing the third consecutive quarter of positive comparable store sales growth and best quarterly result of 2019.

**Preliminary Full Year 2019 Sales Results**

- Domestic comparable store sales increased 4.2%.

Doug Satzman, XpresSpa’s CEO, stated, “Our preliminary results for domestic comparable store sales demonstrate strong progress in our business turnaround and exemplify our positioning as the health and wellness destination for the modern traveler. During the fourth quarter, we took full advantage of the busy holiday season by servicing our clients with exceptional spa treatments while providing them with a vast array of relevant in-spa products for purchase, including our expanded Calm retail collection and new Persona™ vitamin products. In fact, domestic comparable store sales for December rose a promising 10.2%, our best month since January 2017.”

XpresSpa recently opened its newest spa, located in Concourse E of Hartsfield-Jackson Atlanta International Airport in December.

Mr. Satzman continued, “We are thrilled to have opened our fourth spa in Hartsfield-Jackson Atlanta International Airport, where we already have considerable brand awareness and a loyal guest following. As the nation’s busiest airport by passengers served, the Atlanta market is strategically important to XpresSpa and we are therefore excited that we can now delight guests with our health and wellness services and exclusive luxury travel products and accessories across spas in Concourses A, C, D, and E.”

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Mr. Satzman added, “Our portfolio optimization continues as we closed two tertiary spas in JFK International Airport at the end of December which had a negative contribution to our operations. We only have one more low sales volume spa targeted for an out-of-cycle spa closure in spring 2020, which will complete the systematic pruning of underperforming locations that I identified when joining the business almost one year ago. We are also looking to the future and therefore plan to open several spas in 2020 within successful, existing markets along with new markets, particularly internationally, where we already operate some of our most profitable locations.”

As XpresSpa moves forward with new spa opening opportunities and reinvestments into its existing spa network, it will also continue evaluating working capital financing options to invest in growing its domestic and international portfolio for 2020 and beyond. With the support of its senior lender, B3D, LLC, the Company has completed a \$1 million financing that leverages future credit card receivables from select domestic stores. XpresSpa may also explore other financing options in the future to support opportunistic expansion.

Mr. Satzman concluded, “Lastly, we intend to build on what we have already accomplished by extending our comparable store sales momentum, improving four-wall margins and managing G&A through effective cost management at the store and corporate level. We also intend to forge new strategic partnerships with brands that share our commitment to health and wellness and can further monetize our desirable real estate and affluent customer base.”

### **Preliminary Results**

Our financial statements for the quarter and fiscal year ended December 31, 2019 are not yet available and our independent registered public accounting firm, CohnReznick LLP, has not completed its review of any financial statements for such period. Our expectations with respect to our unaudited results for the period discussed above are based upon management estimates. Such results are preliminary and subject to revision based upon the completion of our quarter and year-end financial closing process and are not meant to be comprehensive for this period. Following the completion of our quarter and year-end financial closing process and review by our independent registered public accounting firm, we may report financial results that could differ from these estimates. While we believe that the above information and estimates are based on reasonable assumptions, our actual results may vary, and such variation may be material. Factors that could cause the preliminary financial data and estimates to differ include, but are not limited to: (i) additional adjustments in the calculation of, or application of accounting principles, for the financial results for the quarter and year ended December 31, 2019; (ii) discovery of new information that affects accounting estimates and management’s judgment underlying these estimated results; and (iii) the completion of the review by our independent registered public accounting firm of our financial results for the quarter and year ended December 31, 2019.

### **About XpresSpa Group, Inc.**

XpresSpa Group, Inc. (Nasdaq: XSPA) is a health and wellness holding company. XpresSpa Group’s core asset, XpresSpa, is a leading airport retailer of spa services and related products, with 51 locations in 25 airports globally. XpresSpa offers services that are tailored specifically to the busy travel customer. XpresSpa is committed to providing exceptional customer experiences with its innovative premium spa services, as well as exclusive luxury travel products and accessories. XpresSpa serves almost one million customers per year at its locations in the United States, Netherlands, and the United Arab Emirates. To learn more about XpresSpa Group, visit: [www.XpresSpaGroup.com](http://www.XpresSpaGroup.com). To learn more about XpresSpa, visit [www.XpresSpa.com](http://www.XpresSpa.com)

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## **Forward-Looking Statements**

This press release may contain "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. These include statements preceded by, followed by or that otherwise include the words "believes," "expects," "anticipates," "estimates," "projects," "intends," "should," "seeks," "future," "continue," or the negative of such terms, or other comparable terminology. Forward-looking statements relating to expectations about future results or events are based upon information available to XpresSpa Group as of today's date and are not guarantees of the future performance of the company, and actual results may vary materially from the results and expectations discussed. Additional information concerning these and other risks is contained in XpresSpa Group's most recently filed Annual Report on Form 10-K, Quarterly Report on Form 10-Q, recent Current Reports on Form 8-K and other SEC filings. All subsequent written and oral forward-looking statements concerning XpresSpa Group, or other matters and attributable to XpresSpa Group or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. XpresSpa Group does not undertake any obligation to publicly update any of these forward-looking statements to reflect events or circumstances that may arise after the date hereof.

## **Investor Relations:**

ICR  
Raphael Gross  
(203) 682-8253

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# XpresSpa Group

a preeminent  
**pure-play** health and wellness  
services company

**INVESTOR PRESENTATION**  
2020 | JANUARY  
ICR CONFERENCE

NASDAQ: XSPA

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# Disclaimers

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This presentation includes forward-looking statements, which may be identified by words such as “believes,” “expects,” “anticipates,” “estimates,” “projects,” “intends,” “should,” “seeks,” “future,” “continue,” or the negative of such terms, or other comparable terminology. Forward-looking statements relating to expectations about future results or events are based upon information available to XpresSpa Group as of today's date, and are not guarantees of the future performance of the company, and actual results may vary materially from the results and expectations discussed. Additional information concerning these and other risks is contained in XpresSpa Group's most recently filed Annual Report on Form 10-K, Quarterly Report on Form 10-Q, recent Current Reports on Form 8-K and other SEC filings. All subsequent written and oral forward-looking statements concerning XpresSpa Group, or other matters and attributable to XpresSpa Group or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. XpresSpa Group does not undertake any obligation to publicly update any of these forward-looking statements to reflect events or circumstances that may arise after the date hereof.

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## Use of Non-GAAP Financial Measures

XpresSpa uses GAAP and non-GAAP measurements to assess the trends in its business. Items XpresSpa reviews on an ongoing basis are revenues, comparable store sales (which it defines as sales from stores opened longer than a year compared to the same period sales of those stores a year ago), store contribution margins, and number of transactions (which is a way to measure traffic in spas). In addition, XpresSpa monitors stores' performance compared to its model store metrics to ensure that it is consistently opening spas that have the same or similar return dynamics as historical stores. XpresSpa believes the trends exhibited by its business are strong and substantiate its continued investment in additional locations and infrastructure.

# XpresSpa®

We are the  
leading airport  
spa company in  
the U.S. and  
worldwide

**50 Company Locations**

**1 Franchised Location**

(46 U.S. / 5 International)

The leader in fast-spa services,  
providing premier wellness  
solutions in **30 minutes or less**

Dedicated to keeping people  
looking and feeling their best  
**on the go**

Cutting-edge services and  
products are designed to **move  
with you**

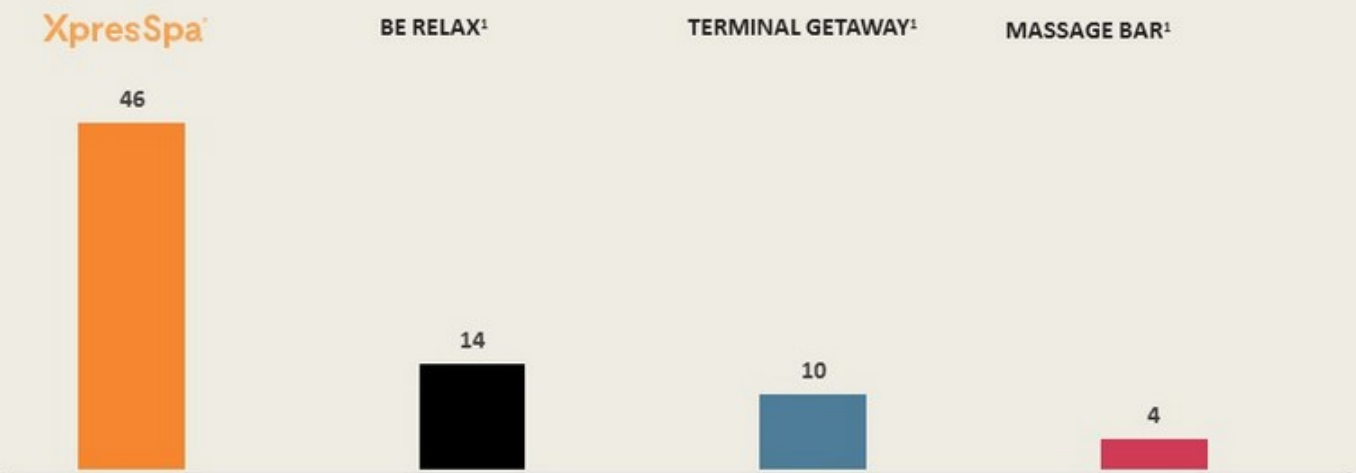
**Nearly 1 million** customers  
serviced annually

Cannot be **Amazon-ed**

# Established Airport Presence



# Dominant Domestic Market Share Position

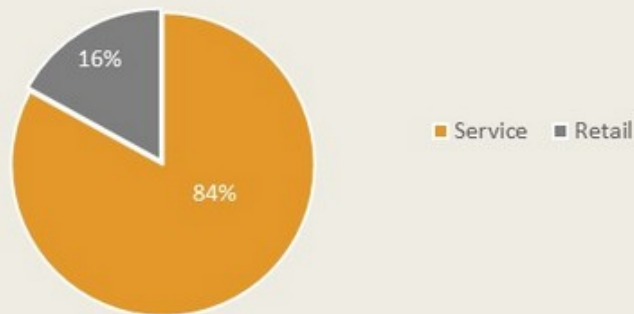


<sup>1</sup>Per company websites

# Strong Unit-Level Economics

AVERAGE SIZE	800 - 1,000 SQUARE FEET
AVERAGE UNIT SALES	\$850,000
SALES PER SQUARE FOOT	\$850
AVERAGE INVESTMENT COST	\$300,000 - \$600,000
PAYBACK PERIOD	2.3 years

## YTD Q3 2019 Sales Breakdown



# Market Opportunity

Over 150 Domestic In-Airport Locations



Hundreds of International In-Airport Locations



# The Experience Economy & Wellness Industry

Consumer Spending Patterns Are Shifting

The global wellness industry is a **\$4.2 trillion market**<sup>1</sup>

**Millennials spend nearly 25% of disposable income on health and wellness**<sup>2</sup>

**72% of millennials would rather spend on experiences than on material goods**<sup>3</sup>

<sup>1</sup> Global Wellness Institute, 2018

<sup>2</sup> Market Wired, 2017

<sup>3</sup> Forbes, 2017



Air travel is estimated to have **grown 6% in 2019**<sup>1</sup>

Average wait time at hub airports **of approximately 137 minutes**<sup>2</sup> after security

<sup>1</sup> Statista

<sup>2</sup> Aviation Pros, 2017



A silhouette of a person standing in an airport terminal, looking out a window at an airplane on the tarmac. The person is carrying a bag and has another bag on the floor. The background is a bright, orange-tinted view of the airport.

# XpresSpa is the answer to growing traveler demands

Up to \$1.5 trillion in global airport infrastructure spending by 2030<sup>1</sup>

Increased travelers, security and wait times **have driven innovation and growth in airport retail**

Nearly 20% of flights were delayed in 2018<sup>2</sup>

<sup>1</sup> New Market Research & Micro Market Monitor

<sup>2</sup> TRANSTATS, 2018



**XpresSpa is  
suited for the  
typical traveler  
demographic**

Frequent fliers (23% of travelers) have a **household income of \$100,000+**<sup>1</sup>

**70% of purchases occur on impulse** because these affluent customers are bored, rushed, and stressed<sup>2</sup>

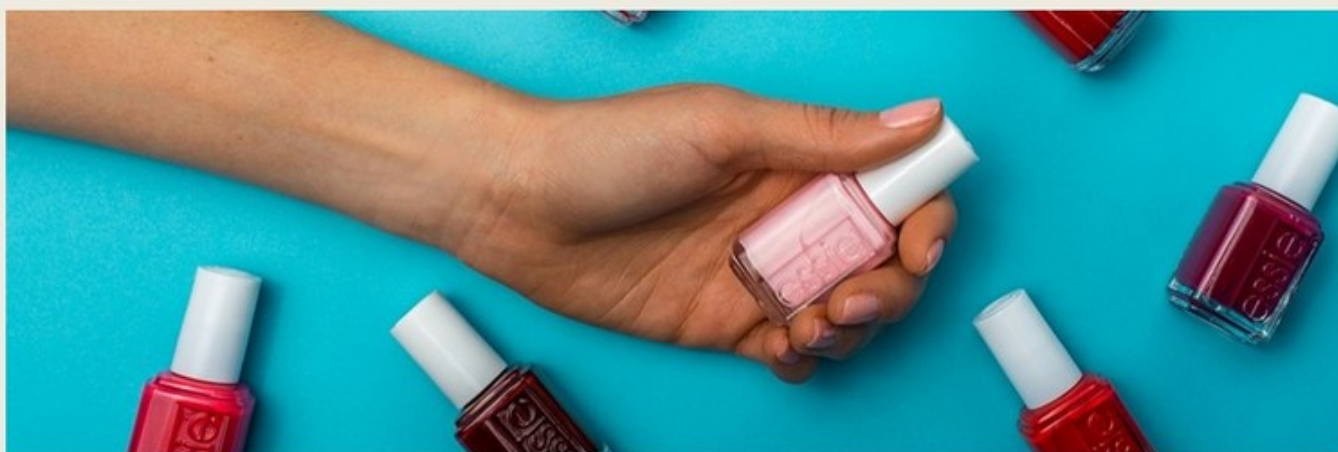
<sup>1</sup> Arbitron

<sup>2</sup> Airport Revenue News

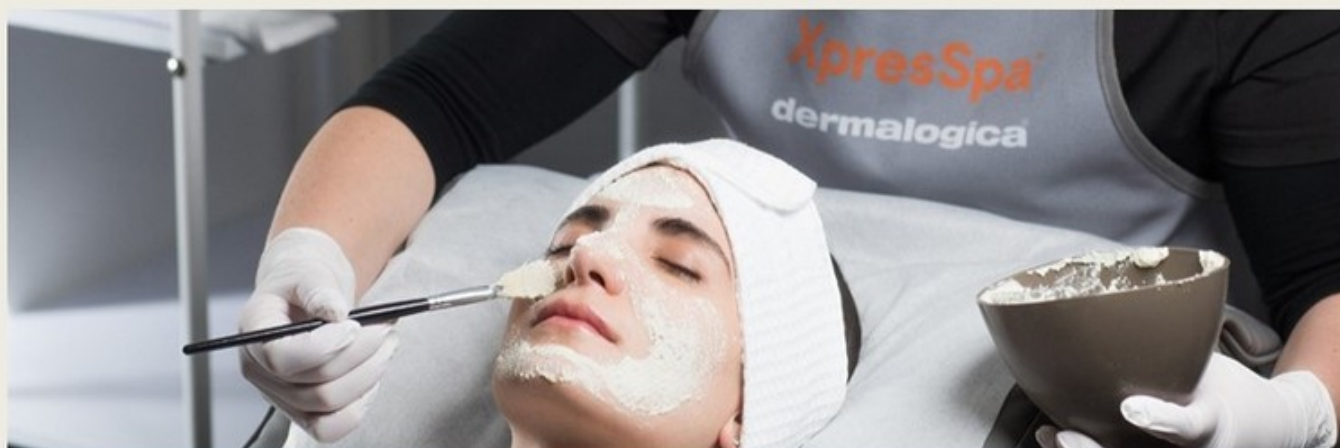


We offer  
busy people an  
opportunity  
**to relax**  
**and renew**  
**on the go**

# Massage / Nail Care



# Facial / Hair Care

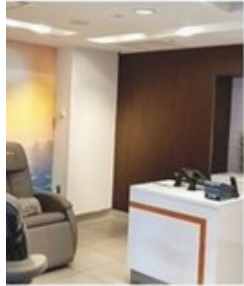
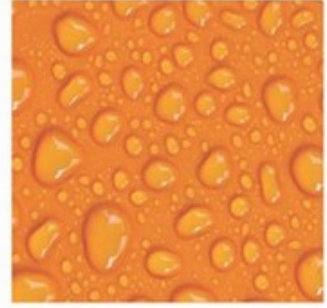
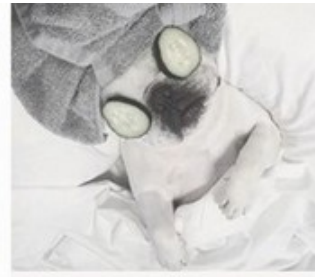


# Waxing





Spa Xpre  
XpresSpa  
Spa Xpre



# Testimonials

"XpresSpa, my tired convention feet appreciate you!"

- Jessica L.

"What to do during a 3-hour layover...Manicure? I think yes! Thanks @XpresSpa!!"

- Allison G. (Twitter)

"Great service and massage at XpresSpa DFW. I look forward to checking out other locations."

- Laressa W.

"I left my eye-glasses there (maybe because I was too relaxed) and XpresSpa sent them all the way back to Italy! What great customer service!"

- Manny C.

"@XpresSpa is my new way to crush a 2-hour delay!"

- Erin S.  
(Twitter)

"Airport spas are the greatest idea ever. Makes me want to be early for my flights. #XpresSpa"

- Katie Z.



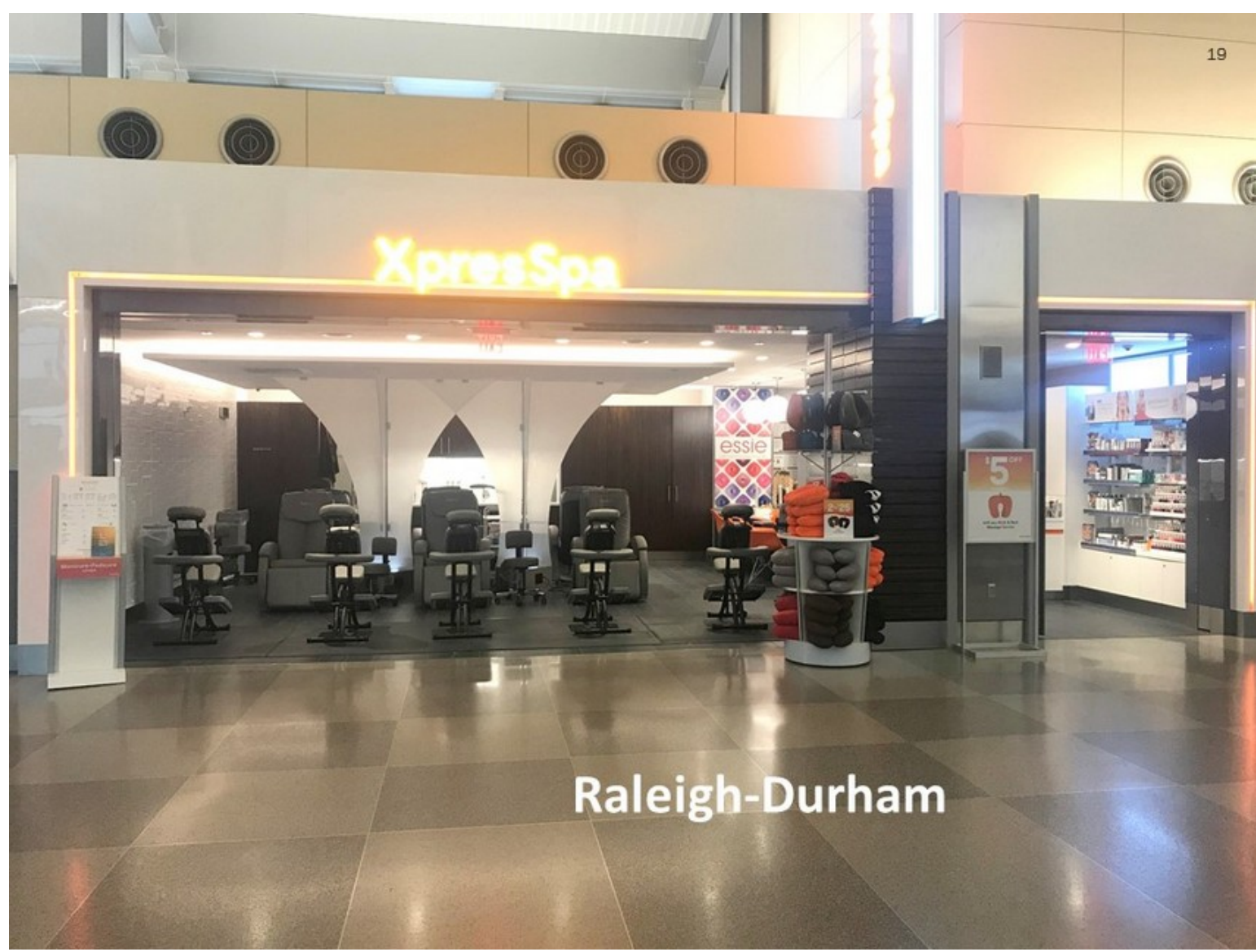
# XpressSpa



Atlanta Terminal D

XpresSpa

Raleigh-Durham



# XpresSpa



Amsterdam, Netherlands



Dubai, UAE

# Experienced Senior Management



**Doug Satzman**  
*Chief Executive Officer*

- Former CEO, Joe Coffee Company
- Former CEO, Le Pain Quotidien - US
- Former SVP, Starbucks Coffee - EMEA
- Former VP, Starbucks Coffee - US License Stores (Airports, Lodging, Universities, Healthcare, Offices)



**Scott Milford**  
*Chief People Officer*

- Former VP- People Ops, SoulCycle
- Former SVP - HR, Le Pain Quotidien - Global
- Former Chief HR Officer, Town Sports - International
- Former VP- Partner Resources, Starbucks Coffee



**Richard Bachmann**  
*Senior Director of Operations*

- Former Director - Retail Ops, Tumi
- Former Director - Retail & Seasonal Ops, Brookstone
- Former Store Manager, Benetton
- Former Store Manager, Urban Outfitters
- Former Store Manager, Banana Republic



**Angelia Yaun**  
*Senior Director of Spas, North America*

- Former Senior Director of Stores, Luxottica Luxury
- Former Regional Director, Godiva
- Former Regional Manager Safilo/Solstice

# Strategic Priorities

## Manage G&A Expenditures

**STREAMLINE** processes and reduce costs at the field and corporate level

## Expand Existing and Activate New Partnerships

**IDENTIFY** brands with similar passion for health and wellness

**MONETIZE** existing real estate and affluent customer base



# Nira

# Strategic Priorities

## Staff Up Through Recruiting, Training, and Retention, While Managing Labor Costs

**ATTRACT** top talent, develop employees, foster people-first culture

**UTILIZE** online training tool with “gaming methodology”

**TEST** new scheduling tool to optimize expenditure

## Build Transactions Through Improved Scheduling, Increased Loyalty, and App

**ROLL OUT** in-store App to manage scheduling, collect data, & reduce walkaways

**LAUNCH** customer App to schedule ahead, enhance experience, expand loyalty, increase frequency of highest-spend users

# Strategic Priorities

## Increase Product Sales by Enhancing Product Assortment

**PROVIDE** full assortment of products, styles, and colors

**EXPAND** Calm.com offerings (weighted sleep mask / weighted travel blanket)

**ADD** Persona™ nutrition packs designed especially for travelers to support relaxation, immunity or jet lag

**TEST** Nira CBD products including hemp oil lotion, full spectrum soft gel capsules, and full spectrum tincture oil





# Strategic Priorities

## Take Disciplined Approach to Development

**DEVELOP** high-performing new company spas

**FRANCHISE** spas with like-minded health & wellness partners

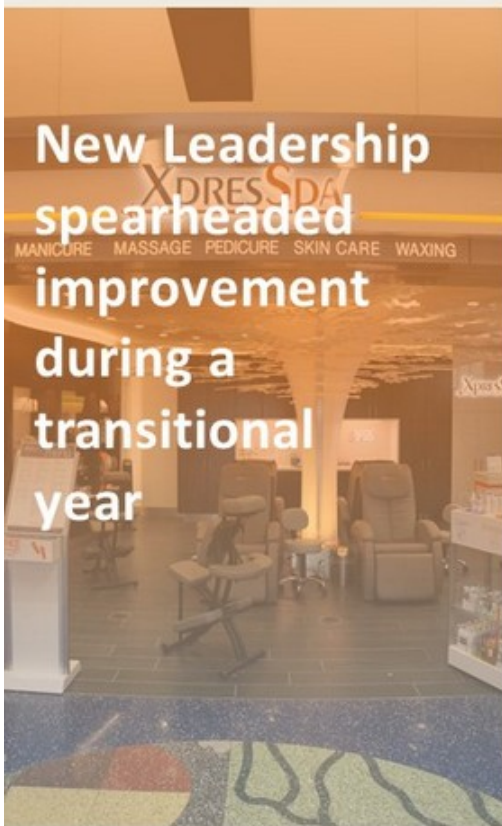
## Elevate Brand Perceptions through Renovation

**REFRESH** spas to improve guest experience

## Close Spas with Negative Contribution

**PRUNE** underperforming spas from portfolio during this transitional period

# 2019 Accomplishments



## U.S. Comparable Store Sales\*

- 4.2% in 2019
- 7.7% in Q4 2019
- 10.2% in Dec. 2019 – best month since Jan. 2017

## On a Path to Spa Operations Profitability

- Lower G&A expenditures
- Nominal Adjusted EBITDA loss
- Halved net loss from continuing ops

## Strengthened Capital Structure and Liquidity

- Completed series of debt refinancings and issuances and equity transactions
- Conversion of Preferred to Common equity
- Aligned lender and shareholders' interests

*\*Preliminary numbers*

# 2019 Accomplishments



**New Leadership  
spearheaded  
improvement  
during a  
transitional  
year**

## Development & Optimization

- Opened 5 company-operated spas
- Opened 1 franchise-operated spa
- Closed spas with negative contribution

## Technology

- Improved in-store technology to harness process efficiencies

## Strategic Partnerships

- Expanded and extended Calm
- Activated Persona™
- Testing Nira

# 2020 Agenda



Bring Health and Wellness Innovation to our Spas

Secure New Strategic Partnerships

Pursue Disciplined Growth

Implement Business Process Improvements to Yield Further Cost Savings

Continue working capital and capital expenditure financings

Continue Store Rationalization

# Investor Considerations



We dominate the domestic market while having vast expansion potential

Our new leadership is driving meaningful improvements in the business

We are an attractive partner for health and wellness companies due to our highly desirable real estate and affluent customer base

We have improved our capital structure and have financial flexibility

We expect to achieve profitability by year-end 2020

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# XpresSpa Group

a preeminent  
**pure-play** health and wellness  
services company

INVESTOR PRESENTATION

2020 | JANUARY  
ICR CONFERENCE

NASDAQ: XSPA

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