REFINITIV

DELTA REPORT

10-Q

OSW - ONESPAWORLD HOLDINGS LTD

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1038
CHANGES	174
DELETIONS	479
ADDITIONS	385

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the three months quarterly period ended September 30, March 31, 2023 2024

OR

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

For the transition period from ___ to ___

Commission File Number: 001-38843

OneSpaWorld Holdings Limited

(Exact name of Registrant as Specified in its Charter)

Commonwealth of The Bahamas	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Harry B. Sands, Lobosky Management Co. Ltd. Office Number 2 Pineapple Business Park Airport Industrial Park P.O. Box N-624 Nassau, Island of New Providence, Commonwealth of The Bahamas	**Not Applicable**
(Address of principal executive offices)	(Zip Code)

(242) 322-2670

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, par value (U.S.) $0.0001 per share	**OSW**	**The Nasdaq Capital Market**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

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

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

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

As of September 30, 2023 March 31, 2024, the registrant had 99,910,834 104,713,619 voting shares of common shares stock issued and outstanding.

Table of Contents

OneSpaWorld Holdings Limited

Table of Contents

		Page
PART I - FINANCIAL INFORMATION		1
Item 1.	Unaudited Financial Statements	1
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	20 18
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	29 25
Item 4.	Controls and Procedures	29 25
PART II - OTHER INFORMATION		30 26
Item 1.	Legal Proceedings	30 26

Item 1A.	Risk Factors	30 26
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	30 26
Item 4.	Mine Safety Disclosures	30 26
Item 5.	Other Information	30 26
Item 6.	Exhibits	30 26

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements

ONESPAWORLD HOLDINGS LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except share and per share data)

	As of		As of	
	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 26,802	$ 32,064	$ 65,390	$ 27,704
Restricted cash	1,198	1,198	1,198	1,198
Accounts receivable, net	47,694	33,558	43,517	40,784

Inventories, net	43,843	39,835	44,711	47,504
Prepaid expenses	8,207	7,084	3,083	3,172
Other current assets	4,444	4,154	5,671	6,360
Total current assets	132,188	117,893	163,570	126,722
Property and equipment, net	14,038	14,517	15,175	15,006
Operating lease right-of-use assets, net	12,528	13,932	15,667	12,132
Intangible assets, net	552,849	565,467	542,824	546,968
OTHER ASSETS:				
Deferred tax asset	—	227	2,340	2,340
Other non-current assets	3,148	5,399	24,030	2,972
Total other assets	3,148	5,626	26,370	5,312
Total assets	$ 714,751	$ 717,435	$ 763,606	$ 706,140
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES:				
Accounts payable	$ 31,614	$ 24,124	$ 38,744	$ 31,705
Accrued expenses	46,163	39,999	46,081	45,991
Current portion of operating leases	2,232	2,239	2,439	2,264

Current portion of long-term debt	—	2,085		
Other current liabilities	1,049	1,116	1,230	899
Total current liabilities	81,058	69,563	88,494	80,859
Income tax contingency	—	3,912		
Warrant liabilities	9,600	52,900	163	20,400
Other long-term liabilities	2,449	2,449	7,333	2,449
Long-term operating leases	10,597	12,101	13,527	10,156
Long-term debt, net	162,970	210,701	138,553	158,207
Total liabilities	266,674	351,626	248,070	272,071
Commitments and contingencies (Note 12)				
SHAREHOLDERS' EQUITY:				
Common stock:				
Voting common stock, $0.0001 par value; 225,000,000 shares authorized, 99,910,834 issued and outstanding at September 30, 2023 and 79,544,055 shares issued and outstanding at December 31, 2022	10	8		
Non-voting common stock, $0.0001 par value; 25,000,000 shares authorized, zero shares issued and outstanding, at September 30, 2023 and 13,421,914 shares issued and outstanding at December 31, 2022	—	1		
Voting common stock, $0.0001 par value; 225,000,000 shares authorized, 104,713,619 issued and outstanding at March 31, 2024 and 99,734,672 shares issued and outstanding at December 31, 2023			10	10
Additional paid-in capital	777,907	700,612	841,113	777,062

Accumulated deficit	(33 4,2 79)	(33 8,6 09)	(326,324)	(344,458)
Accumulated other comprehensive income	2,4 39	3,7 97	737	1,455
Total shareholders' equity	44 8,0 77	36 5,8 09	515,536	434,069
Total liabilities and shareholders' equity	71 4,7 $ 51	71 7,4 $ 35	$ 763,606	$ 706,140

The accompanying notes are an integral part of the condensed consolidated financial statements.

Table of Contents

ONESPAWORLD HOLDINGS LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
REVENUES:				
Service revenues	$ 175,849	$ 132,777	$ 489,204	$ 307,555
Product revenues	40,422	29,515	110,035	69,782
Total revenues	216,271	162,292	599,239	377,337
COST OF REVENUES AND OPERATING EXPENSES:				
Cost of services	146,128	110,585	409,648	260,271
Cost of products	34,477	25,323	94,949	63,253
Administrative	4,673	3,936	12,762	11,630
Salary, benefits and payroll taxes	9,833	8,411	27,708	25,132

Amortization of intangible assets	4,206	4,206	12,618	12,618
Total cost of revenues and operating expenses	199,317	152,461	557,685	372,904
Income from operations	16,954	9,831	41,554	4,433
OTHER INCOME (EXPENSE):				
Interest expense, net	(3,726)	(3,984)	(12,688)	(10,935)
Change in fair value of warrant liabilities	7,365	300	(26,736)	62,200
Total other income (expense)	3,639	(3,684)	(39,424)	51,265
Income before income tax (benefit) expense	20,593	6,147	2,130	55,698
INCOME TAX (BENEFIT) EXPENSE	(2,818)	236	(2,200)	209
NET INCOME	$ 23,411	$ 5,911	$ 4,330	$ 55,489
NET INCOME PER VOTING AND NON-VOTING SHARE				
Basic	$ 0.23	$ 0.06	$ 0.04	$ 0.60
Diluted	$ 0.16	$ 0.06	$ 0.04	$ 0.49
WEIGHTED-AVERAGE SHARES OUTSTANDING				
Basic	99,963	92,557	96,975	92,371
Diluted	101,369	94,432	96,975	94,745

	Three Months Ended March 31,	
	2024	2023
REVENUES:		
Service revenues	$ 172,209	$ 150,121
Product revenues	39,017	32,334
Total revenues	211,226	182,455
COST OF REVENUES AND OPERATING EXPENSES:		
Cost of services	144,025	126,328
Cost of products	33,530	28,265
Administrative	4,057	3,570
Salaries, benefits and payroll taxes	8,493	8,921
Amortization of intangible assets	4,144	4,206
Total cost of revenues and operating expenses	194,249	171,290
Income from operations	16,977	11,165
OTHER INCOME (EXPENSE)		
Interest expense, net	(2,955)	(4,610)
Change in fair value of warrant liabilities	7,723	(21,900)
Total other income (expense)	4,768	(26,510)
Income (loss) before income tax expense	21,745	(15,345)
INCOME TAX EXPENSE	579	559

NET INCOME (LOSS)	$ 21,166	$ (15,904)
NET INCOME (LOSS) PER VOTING AND NON-VOTING SHARE		
Basic and diluted	$ 0.21	$ (0.17)
WEIGHTED-AVERAGE SHARES OUTSTANDING		
Basic	101,467	93,418
Diluted	102,933	93,418

The accompanying notes are an integral part of the condensed consolidated financial statements.

2

[Table of Contents](#)

ONESPAWORLD HOLDINGS LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) INCOME(LOSS)

(Unaudited)

(in thousands)

	Three Months Ended September 30,		**Nine Months Ended September 30,**		**Three Months Ended March 31,**	
	2023	**2022**	**2023**	**2022**	**2024**	**2023**
Net income	$ 23,411	$ 5,911	$ 4,330	$ 55,489		
Net Income (loss)					$ 21,166	$ (15,904)
Other comprehensive (loss) income, net of tax:						
Foreign currency translation adjustments	(126)	(108)	110	(722)	(38)	188
Cash flows hedges:						
Net unrealized gain on derivative	240	1,971	1,062	6,112		
Net unrealized gain (loss) on derivative					267	(232)
Amount realized and reclassified into earnings	(936)	(211)	(2,530)	385	(947)	(739)
Total other comprehensive (loss) income, net of tax	(822)	1,652	(1,358)	5,775		

Total comprehensive income	$ 22,589	$ 7,563	$ 2,972	$ 61,264

Total other comprehensive loss, net of tax	(718)	(783)
Total comprehensive income (loss)	$ 20,448	$ (16,687)

The accompanying notes are an integral part of the condensed consolidated financial statements.

Table of Contents

ONESPAWORLD HOLDINGS LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(Unaudited)

(in thousands)

Three Months Ended September 30, 2023							Three Months Ended March 31, 2024						
Issued Common Voting Shares	Issued Common Non-Voting Shares	Voting and Non-Voting Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders' equity	Issued Common Voting Shares	Issued Common Non- Voting Shares	Voting Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders' Equity

BALANCE, June 30, 2023	99,470	—	$ 10	$ 777,275	$ 3,261	$ (357,690)	$ 422,856							
BALANCE, December 31, 2023								99,735	$ —	$ 10	$ 777,062	$ 1,455	$ (344,458)	$ 434,069
Net income	—	—	—	—	—	23,411	23,411	—	—	—	—	—	21,166	21,166
Stock-based compensation	—	—	—	2,197	—	—	2,197	—	—	—	2,094	—	—	2,094
Foreign currency translation adjustment	—	—	—	—	(126)	—	(126)	—	—	—	—	(38)	—	(38)
Repurchase and retirement of common shares								(606)	—	—	(4,704)	—	(3,032)	(7,736)
Unrecognized loss on derivatives	—	—	—	—	(696)	—	(696)	—	—	—	—	(680)	—	(680)
Cashless exercise of warrants	31	—	—	435	—	—	435							
Accrued dividends cancelled on common stock								—	—	—	2,449	—	—	2,449
Exercise of Sponsor and Public Warrants (1)								4,503	—	—	57,628	—	—	57,628

Cashless exercise of 2020 PIPE Warrants (2)	484	—	—	6,584	—	—	6,584
Common shares issued under equity incentive plan	410	—	—	—	—	—	—
	598	—	—	—	—	—	—
BALANCE, September 30, 2023	99,911	—	$ 10	$ 779,907	$ 2,439	$ (334,279)	$ 448,077
BALANCE, March 31, 2024	104,714	$ —	$ 10	$ 841,113	$ 737	$ (326,324)	$ 515,536

(1) The exercise of Sponsor and Public Warrants includes $51.7 million of cash received and a reduction of warrants liability related to the exercise of the Sponsor and Public Warrants. See Note 5 – “Warrants Liability and Equity” for further details.

(1) The exercise of Sponsor and Public Warrants includes $51.7 million of cash received and a reduction of warrants liability related to the exercise of the Sponsor and Public Warrants. See Note 5 – “Warrants Liability and Equity” for further details.

(2) As a result of the 2020 PIPE Warrants exercised on a cashless basis, the warrant liability of $6.6 million was reclassified to additional paid-in capital. See Note 5 – “Warrants Liability and Equity” for further details.

(2) As a result of the 2020 PIPE Warrants exercised on a cashless basis, the warrant liability of $6.6 million was reclassified to additional paid-in capital. See Note 5 – “Warrants Liability and Equity” for further details.

	Nine Months Ended September 30, 2023						
	Issued Common Voting Shares	Issued Common Non-Voting Shares	Voting and Non-Voting Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders’ equity
BALANCE, December 31, 2022	79,544	13,422	$ 9	$ 700,612	$ 3,797	$ (338,609)	$ 365,809

	Three Months Ended March 31, 2023						
	Issued Common Voting Shares	Issued Common Non- Voting Shares	Voting and Non-Voting Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders’ Equity
BALANCE, December 31, 2022	79,544	$ 13,422	$ 9	$ 700,612	$ 3,797	$ (338,609)	$ 365,809

Net income	—	—	—	—	—	4,330	4,330							
Net loss								—	—	—	—	—	(15,904)	(15,904)
Stock-based compensation	—	—	—	7,045	—	—	7,045	—	—	—	2,591	—	—	2,591
Foreign currency translation adjustment	—	—	—	—	110	—	110	—	—	—	—	188	—	188
Unrecognized loss on derivatives	—	—	—	—	(1,468)	—	(1,468)	—	—	—	—	(971)	—	(971)
Exchange of warrants into common shares	3,854	—	1	45,260	—	—	45,261							
Exercise of warrants (1)	194	—	—	2,620	—	—	2,620							
Cashless exercise of warrants	84	2,123	—	24,370	—	—	24,370							
Proceeds from exercise of warrants								20	—	—	215	—	—	215
Common shares issued under equity incentive plan	690	—	—	—	—	—	—	222	—	—	—	—	—	—

Conversion of non-voting common shares into voting shares	15,545	(15,545)	—	—	—	—	—
BALANCE, September 30, 2023	99,911	—	$ 10	$ 779,907	$ 2,439	$ (334,279)	$ 448,077

(1) The exercise of Warrants includes $2.2 million of cash received and a reduction of warrants liability related to the exercise of the Warrants.

			Three Months Ended September 30, 2022				
	Issued Common Voting Shares	**Issued Common Non-Voting Shares**	**Voting and Non-Voting Common Stock**	**Additional Paid-in Capital**	**Accumulated Other Comprehensive Income**	**Accumulated Deficit**	**Total Shareholders' equity**
BALANCE, June 30, 2022	78,709	13,422	$ 9	$ 693,840	$ 2,126	$ (342,190)	$ 353,785

Net income	—	—	—	—	—	5,911	5,911
Stock-based compensation	—	—	—	3,175	—	—	3,175
Foreign currency translation adjustment	—	—	—	—	(108)	—	(108)
Unrecognized gain on derivatives	—	—	—	—	1,760	—	1,760
Common shares issued under equity incentive plan	345	—	—	—	—	—	—
BALANCE, September 30, 2022	79,054	13,422	$ 9	$ 697,015	$ 3,778	$ (336,279)	$ 364,523

			Nine Months Ended September 30, 2022

	Issued Common Voting Shares	Issued Common Non-Voting Shares	Voting and Non-Voting Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Shareholders' equity
BALANCE, December 31, 2021	78,423	13,422	$ 9	$ 687,660	$ (1,997)	$ (391,768)	$ 293,904
Net income	—	—	—	—	—	55,489	55,489
Stock-based compensation	—	—	—	9,296	—	—	9,296
Foreign currency translation adjustment	—	—	—	—	(722)	—	(722)
Unrecognized gain on derivatives	—	—	—	—	6,497	—	6,497

Proceeds from 2021 exercise of public warrants	—	—	—	59	—	—	59
Common shares issued under equity incentive plan	631	—	—	—	—	—	—
BALANCE, September 30, 2022	79,054	13,422	$ 9	$ 697,015	$ 3,778	$ (336,279)	$ 364,523
BALANCE, March 31, 2023	79,786	$ 13,422	$ 9	$ 703,418	$ 3,014	$ (354,513)	$ 351,928

The accompanying notes are an integral part of the condensed consolidated financial statements.

4

Table of Contents

ONESPAWORLD HOLDINGS LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(in thousands)

	Nine Months Ended September 30,	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 4,330	$ 55,489
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,498	15,974

Amortization of deferred financing costs	1,226	770
Change in fair value of warrant liabilities	26,736	(62,200)
Stock-based compensation	7,045	9,296
Income tax benefit from change in reserve of uncertain tax positions	(3,440)	—
Provision for doubtful accounts	55	13
Loss from write-offs of property and equipment	20	10
Noncash lease expense	61	55
Deferred income taxes	227	70
Changes in:		
Accounts receivable, net	(14,191)	(9,478)
Inventories, net	(4,008)	(3,110)
Prepaid expenses	(1,123)	(1,062)
Other current assets	150	(272)
Other non-current assets	(364)	607
Accounts payable	7,490	2,201
Accrued expenses	6,164	8,720
Other current liabilities	(67)	(81)
Income tax contingency	(472)	(116)
Net cash provided by operating activities	46,337	16,886
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(2,871)	(3,268)
Net cash used in investing activities	(2,871)	(3,268)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of warrants	2,216	59
Repayment on term loan facilities	(51,042)	(8,255)
Net cash used in financing activities	(48,826)	(8,196)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	98	(1,113)
Net (decrease) increase in cash, cash equivalents and restricted cash	(5,262)	4,309
Cash, cash equivalents and restricted cash, Beginning of period	33,262	32,833
Cash, cash equivalents and restricted cash, End of period	$ 28,000	$ 37,142

	Three Months Ended March 31,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 21,166	$ (15,904)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	6,209	5,509

Amortization of deferred financing costs	346	324
Change in fair value of warrant liabilities	(7,723)	21,900
Stock-based compensation	2,094	2,591
Provision for doubtful accounts	4	5
Noncash lease expense	11	51
Deferred income taxes	—	227
Changes in:		
Accounts receivable, net	(2,737)	(8,207)
Inventories, net	2,793	(11,245)
Prepaid expenses	89	680
Other current assets	9	(179)
Other noncurrent assets	(22,100)	(139)
Accounts payable	7,039	14,510
Accrued expenses	90	(8,208)
Other current liabilities	331	250
Income tax contingency	—	27
Other long-term liabilities	7,333	—
Net cash provided by operating activities	14,954	2,192
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(1,206)	(1,319)
Net cash used in investing activities	(1,206)	(1,319)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of warrants	51,698	215
Repurchase of common shares	(7,736)	—
Repayment on term loan facilities	(20,000)	(10,521)
Net cash provided by (used in) financing activities	23,962	(10,306)
Effect of exchange rate changes on cash	(24)	168
Net increase (decrease) in cash and cash equivalents and restricted cash	37,686	(9,265)
Cash and cash equivalents and restricted cash, Beginning of period	28,902	33,262
Cash and cash equivalents and restricted cash, End of period	$ 66,588	$ 23,997

The accompanying notes are an integral part of the condensed consolidated financial statements.

[Table of Contents](#)

ONESPAWORLD HOLDINGS LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(CONTINUED)

(Unaudited)

(in thousands)

	Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	**2022**	**2024**	**2023**
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash paid during the period for:				
Income taxes	$ 746	$ 335	$ 21	$ 41
Interest	$ 17,494	$ 10,252	$ 3,727	$ 5,123
Non-cash financing transactions:				
Exchange of warrants into common shares	$ 45,261	$ —		
Cashless exercise of warrants	$ 24,370	$ —		
Non-cash transactions:				
Cashless exercise of 2020 PIPE Warrants			$ 6,584	$ —
Accrued dividends cancelled on common stock			$ 2,449	$ —

The accompanying notes are an integral part of the condensed consolidated financial statements.

[Table of Contents](#)

ONESPAWORLD HOLDINGS LIMITED AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 March 31, 2024

(Unaudited)

1. ORGANIZATION

OneSpaWorld Holdings Limited ("OneSpaWorld," the "Company," "we," "us," or "our") is an international business company incorporated under the laws of the Commonwealth of The Bahamas. OneSpaWorld is a global provider and innovator in the fields of health and wellness, fitness and beauty. In facilities on cruise ships and in land-based resorts, the Company strives to create a relaxing and therapeutic environment where guests can receive health and wellness, fitness and beauty services and experiences of the highest quality. The Company's services include traditional and alternative massage, body and skin treatments, fitness, acupuncture, and medi-spa Medispa treatments. The Company also sells premium quality health and wellness, fitness and beauty products at its facilities and through its *timetospa.com* website. The predominant business, based on revenues, is sales of services and products on cruise ships and in land-based resorts, followed by sales of products through the *timetospa.com*website.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation, Principles of Consolidation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in quarterly financial statements prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") have been omitted or condensed pursuant to the SEC's rules and regulations. However, management believes that the disclosures contained herein are adequate to make the information presented not misleading. In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments (which are of a normal recurring nature) necessary to present fairly our unaudited financial position, results of operations and cash flows. The unaudited results of operations and cash flows of our interim periods are not necessarily indicative of the results of operations or cash flows that may be expected for the entire fiscal year. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "2022 "2023 Form 10-K"). The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. Actual results could differ from those estimates. The accompanying unaudited condensed consolidated financial statements include the condensed consolidated balance sheet and statement of operations, comprehensive income (loss), changes in equity, and cash flows of OneSpaWorld. All significant intercompany items and transactions have been eliminated in consolidation.

Restricted Cash

These balances include amounts held in escrow accounts, as a result of a legal proceeding related to a tax assessment. The following table reconciles cash, cash equivalents and restricted cash reported in our condensed consolidated balance sheet as of September 30, 2023 March 31, 2024 and 2022 2023 to the total amount presented in our condensed consolidated statements of cash flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 (in thousands):

	Balance as of September 30,	
	2023	**2022**
Cash and cash equivalents	$ 26,802	$ 35,246

Restricted cash	1,198	1,896
Total cash and restricted cash in the condensed consolidated statement of cash flows	$ 28,000	$ 37,142

	Balance as of March 31,	
	2024	**2023**
Cash and cash equivalents	$ 65,390	$ 22,799
Restricted cash	1,198	1,198
Total cash and restricted cash in the condensed consolidated statement of cash flows	$ 66,588	$ 23,997

Inventories

Inventories, consisting principally of beauty, health and wellness products, are stated at the lower of cost, as determined on a first-in, first-out basis, or market. All inventory balances are comprised of finished goods used in beauty and health and wellness services or held for sale to customers. An inventory Inventory reserve is recorded when necessary to write down the cost of inventory to the estimated market value, however, no material value. No inventory reserve charges were necessary impairment charge was recorded for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

Earnings Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted earnings per share is computed by dividing net income (loss) adjusted for the change in fair value of warrant liabilities, if the impact is dilutive, by the weighted average number of diluted shares, as calculated under the treasury stock method, which includes the potential effect of dilutive common stock equivalents, such as options and warrants to purchase common shares, and contingently issuable

Table of Contents

shares. If the entity reports a net loss, rather than net income for the period, the computation of diluted loss per share excludes the effect of dilutive common stock equivalents, if their effect is anti-dilutive.

The During the first quarter of 2024, the Company had one class of common stock, Voting. During the first quarter of 2023, the Company had two classes of common stock, Voting and Non-Voting. Shares of Non-Voting common stock are in all respects identical to and treated equally with shares of Voting common stock except for the absence of voting rights. Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of Voting and Non-Voting common shares outstanding for the period. Diluted income (loss) per share is computed by dividing net income (loss) by the weighted average number of diluted Voting and Non-voting common shares, as calculated under the treasury stock method, which includes the potential effect of dilutive common stock equivalents, such as options and warrants to purchase Voting and Non-Voting common shares. If the entity reports a net loss, rather than net income for the period, the computation of diluted loss per share excludes the effect of dilutive common stock equivalents, as their effect would be anti-dilutive. The Company has not presented income (loss) per share under the two-class method, because the income (loss) per share are the same for both Voting and Non-Voting common stock since they are entitled to the same liquidation and dividend rights.

The following table provides details underlying OneSpaWorld's income (loss) per basic and diluted share calculation (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023 (a)	2022
Numerator:				
Net income	$ 23,411	$ 5,911	$ 4,330	$ 55,489
Less change in fair value of in-the-money warrant liabilities	(7,400)	—	—	(9,500)
Net income, adjusted for change in fair value of warrants for diluted earnings per share	$ 16,011	$ 5,911	$ 4,330	$ 45,989
Denominator:				
Weighted average shares outstanding – Basic	99,963	92,557	96,975	92,371
Dilutive effect of Warrants	482	1,571	—	1,897
Dilutive effect of stock-based awards	924	304	—	477
Diluted	101,369	94,432	96,975	94,745
Net Income per voting and non-voting share:				
Basic	$ 0.23	$ 0.06	$ 0.04	$ 0.60
Diluted	$ 0.16	$ 0.06	$ 0.04	$ 0.49

	Three Months Ended March 31,	
	2024	2023 (a)
Numerator:		
Net income (loss)	$ 21,166	$ (15,904)
Denominator:		
Weighted average shares outstanding – Basic	101,467	93,418
Dilutive effect of warrants	864	—
Dilutive effect of stock-based awards	602	—
Weighted average shares outstanding – Diluted	102,933	93,418
Net income (loss) per voting and non-voting share:		
Basic and diluted	$ 0.21	$ (0.17)

(a) Potential common shares under the treasury stock method and the if-converted method were antidilutive because the Company reported a net loss in this period and the effect of the change in the fair value of warrants was antidilutive. Consequently, the

Company did not have any adjustments in this period between basic and diluted income loss per share related to stock-based awards stock options, restricted share units and warrants.

The table below presents the number of antidilutive potential common shares that are not considered in the calculation of diluted income (loss) per share (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Sponsor Warrants	—	8,000	3,842	8,000
Public Warrants	—	16,145	841	16,145
2020 PIPE Warrants	—	—	—	—
Restricted stock units	105	375	105	192
Performance stock units	—	—	—	—
	105	24,520	4,788	24,337

	Three Months Ended March 31,	
	2024	2023
Sponsor warrants	—	8,000
Public warrants	—	16,128
2020 PIPE warrants	—	4,997
Restricted stock units	—	1,181
Performance stock units	292	1,127
	292	31,433

8

Recent Accounting Pronouncements

With the exception of those discussed below, there have been no recent accounting pronouncements or changes in accounting pronouncements that are of significance, or potential significance, to the Company. The following summary of recent accounting pronouncements is not intended to be an exhaustive description of the respective pronouncement.

In June 2016, November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07 ("ASU 2023-07"), Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures which requires, among other things, the following: (i) enhanced disclosures about significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included in a segment's reported measure of profit or loss; (ii) disclosure of the amount and description of the composition of other segment items, as defined in ASU 2023-07, by reportable segment; and (iii) reporting the disclosures about each reportable segment's profit or loss and assets on an annual and interim basis. The provisions of ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024; early adoption is permitted. The Company is currently assessing the expected impact of the future adoption of this guidance.

Table of Contents

In December 2023, the FASB issued ASU 2016-13, “Financial Instruments—Credit Losses No. 2023-09 ("ASU 2023-09"), Income Taxes (Topic 326).” This 740): Improvements to Income Tax Disclosures, which requires, among other things, the following for public business entities: (i) enhanced disclosures of specific categories of reconciling items included in the rate reconciliation, as well as additional information for any of these items meeting certain qualitative and quantitative thresholds; (ii) disclosure of the nature, effect and underlying causes of each individual reconciling item disclosed in the rate reconciliation and the judgment used in categorizing them if not otherwise evident; and (iii) enhanced disclosures for income taxes paid, which includes federal, state, and foreign taxes, as well as for individual jurisdictions over a certain quantitative threshold. The amendments in ASU amends 2023-09 eliminate the FASB’s guidance on requirement to disclose the impairment of financial instruments. The ASU adds to U.S. GAAP an impairment model (known as the current expected credit losses model) that is based on an expected losses model rather than an incurred losses model. Under the new guidance, an entity recognizes as an allowance its nature and estimate of expected credit losses. The ASU is also intended to reduce the complexity of U.S. GAAP by decreasing the number of impairment models that entities use to account for debt instruments. In November 2019, the FASB issued guidance (ASU 2019-10) that defers the effective dates range of the Financial Instruments—Credit Losses standard reasonably possible change in unrecognized tax benefits for entities that have not yet issued financial statements adopting the standard. 12 months after the balance sheet date. The update is provisions of ASU 2023-09 are effective for annual periods beginning after December 15, 2022 with December 15, 2024; early adoption is permitted. On implementation in 2023, The Company is currently assessing the expected impact of the future adoption of this guidance did not have a material impact on our consolidated financial statements.

In March 2020, the FASB issued ASU 2020-4, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. This ASU provides practical expedients and exception for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The FASB also issued ASU 2021-01, Reference Rate Reform (Topic 848): Scope in January 2021, which adds implementation guidance to clarify which optional expedients in Topic 848 may be applied to derivative instruments that do not reference LIBOR or a reference rate that is expected to be discontinued, but that are being modified as a result of the discounting transition. In December 2022, the FASB issued ASU 2022-06, which extended the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. On April 5, 2023, the Company amended its First Lien Credit Facilities (as defined in Note 4, “Debt”), where the interest rate benchmark was updated from LIBOR to the Secured Overnight Financing Rate (“SOFR”) as a result of the expected cessation of LIBOR. In June 2023, the Company amended its interest rate swap agreement to implement certain changes in the reference rate from LIBOR to SOFR (See Note 10). In connection with the amendment of our First Lien Credit Facilities and debt interest rate swap agreement,we elected to apply the optional expedients in Topic 848 to (i) assert that the hedged interest payments remain probable regardless of any expected modification in terms related to reference rate reform, and (ii) continue the method of assessing effectiveness as documented in the original hedge documentation so that the reference rate on the hypothetical derivative matches the reference rate on the hedging instrument. The application of these expedients preserves the cash flow hedge designation of the interest rate swap and presentation consistent with past presentation and did not have a material impact on our consolidated financial statements. guidance.

3. INTANGIBLE ASSETS

Intangible assets consist of finite and indefinite life assets. The following is a summary of the Company's intangible assets as of September 30, 2023 March 31, 2024 (in thousands, except amortization period):

	Cost	Accumulated Amortization and Impairment	Net Balance	Weighted Average Amortization Period (in years)	Cost	Accumulated Amortization and Impairment	Net Balance	Weighted Average Amortization Period (in years)
Retail concession agreements	$ 604,700	$ (70,321)	$ 534,379	39	$ 604,700	$ (78,062)	$ 526,638	39
Destination resort agreements	17,900	(5,375)	12,525	15	17,900	(7,214)	10,686	15
Trade name	6,200	(700)	5,500	Indefinite-life	6,200	(700)	5,500	Indefinite-life
Licensing agreement	1,000	(555)	445	8	1,000	(1,000)	-	8
	$ 629,800	$ (76,951)	$ 552,849		$ 629,800	$ (86,976)	$ 542,824	

The following is a summary of the Company's intangible assets as of December 31, 2022 December 31, 2023 (in thousands, except amortization period):

	Cost	Accumulated Amortization and Impairment	Net Balance	Weighted Average Amortization Period (in years)
Retail concession agreements	$ 604,700	$ (58,692)	$ 546,008	39
Destination resort agreements	17,900	(4,480)	13,420	15
Trade name	6,200	(700)	5,500	Indefinite-life
Licensing agreement	1,000	(461)	539	8
	$ 629,800	$ (64,333)	$ 565,467	

9

	Cost	Accumulated Amortization and Impairment	Net Balance	Weighted Average Amortization Period (in years)
Retail concession agreements	$ 604,700	$ (74,186)	$ 530,514	39

Destination resort agreements	17,900	(6,946)	10,954	15
Trade name	6,200	(700)	5,500	Indefinite-life
Licensing agreement	1,000	(1,000)	-	8
	$ 629,800	$ (82,832)	$ 546,968	

The Company amortizes intangible assets with definite lives on a straight-line basis over their estimated useful lives. Amortization expense for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $4.1 million and $4.2 million, for each period, respectively. Amortization expense for the nine months ended September 30, 2023 and 2022 was $12.6 million for each period, respectively. Amortization expense is estimated to be $16.8 16.6 million in each of the next five years beginning in 2023. 2024.

4. LONG-TERM DEBT, NET

Long-term debt consisted of the following (in thousands, except interest rate):

	Interest Rate As of			As of	
	September 30, 2023	December 31, 2022	Maturities Through	September 30, 2023	December 31, 2022
First lien term loan facility	9.2%	8.3%	2026	$ 164,639	$ 200,681
Second lien term loan facility	—	11.8%	—	-	15,000
Total debt				$ 164,639	$ 215,681
Less: unamortized debt issuance cost				(1,669)	(2,895)
Total debt, net of unamortized debt issuance cost				$ 162,970	$ 212,786
Less: current portion of long-term debt				-	(2,085)
Long-term debt, net				$ 162,970	$ 210,701

The following are scheduled principal repayments on long-term debt as of September 30, 2023 for each of the next five years (in thousands):

Year	Amount
2023	$ -
2024	-
2025	-
2026	164,639
2027	-
Thereafter	-
Total	$ 164,639

	Interest Rate As of			As of	
	March 31, 2024	December 31, 2023	Maturities Through	March 31, 2024	December 31, 2023
First lien term loan facility	9.2%	9.2%	2026	$ 139,639	$ 159,639
Less: unamortized debt issuance cost				(1,086)	(1,432)
Long-term debt, net				$ 138,553	$ 158,207

On March 19, 2019, During the Company entered into (i) senior secured first lien credit facilities (the "First Lien Credit Facilities") with Goldman Sachs Lending Partners LLC, as administrative agent, and certain lenders, consisting quarter of (x) a term loan facility of $208.5 million (of which 2024, we repaid $20 million was borrowed by a subsidiary of the Company) (the "First Lien Term Loan Facility"), (y) a revolving loan facility of up to $20 million (the "First Lien Revolving Facility") and (z) a delayed draw term loan facility of $5 million (the "First Lien Delayed Draw Facility"), and (ii) a senior secured second lien term loan facility of $25 million with Cortland Capital Market Services LLC, as administrative agent, and Neuberger Berman Alternative Funds, Neuberger Berman Long Short Fund, as lender (the "Second Lien Term Loan Facility" and, together with on the First Lien Term Loan Facility, the "Term Loan Facilities"; the New Term Loan Facilities, together with Credit Facilities. As of March 31, 2024, there are no minimum principal repayments on the First Lien Revolving Facility and Credit Facilities until 2026 when the First Lien Delayed Draw Facility, are referred to as the "New Credit Facilities"). The First Lien Revolving Facility includes borrowing capacity available for letters remaining principal balance of credit up to $5 139.6 million. Any issuance million becomes due.

Table of letters of credit reduces the amount available under the New First Lien Revolving Facility. The First Lien Term Loan Facility matures Contents

On seven years March 19, 2024 after March 19, 2019, the First Lien Revolving Facility matures five years after March 19, 2019 expired in accordance with its terms and the Second Lien Term Loan Facility matures eight years after March 19, 2019. On April 5, 2023 was not renewed. As of March 31, 2024, we entered into amendment No 2 to the First Lien Credit Facilities, which replaced the LIBOR-based rate of interest therein with an adjusted SOFR-based rate of interest. As amended, loans had no outstanding under the First Lien Credit Facilities will accrue interest at a rate per annum equal to SOFR plus a margin of 4.00%, with one step down to 3.75% upon achievement of a certain leverage ratio, and undrawn amounts borrowings under the First Lien Revolving Facility will accrue a commitment fee at a rate per annum of 0.50% on the average daily undrawn portion of the commitments thereunder, with one step down to 0.325% upon achievement of a certain leverage ratio. Loans outstanding under the Second Lien Term Loan Facility will accrue interest at a rate per annum equal to LIBOR plus 7.50%.Facility.

The obligations under the New Credit Facilities are guaranteed by the Company and each of its direct or indirect wholly-owned subsidiaries organized under the laws of the United States and the Commonwealth of The Bahamas, in each case, other than certain excluded subsidiaries, including, but not limited to, immaterial subsidiaries, non-profit subsidiaries, and any other subsidiary with respect to which the burden or cost

10

of providing a guarantee is excessive in view of the benefits to be obtained by the lenders therefrom. In addition, under the New Credit Facilities, certain of our direct and indirect subsidiaries have granted the lenders a security interest in substantially all of their assets.

The Term Loan Facilities require the Company to make certain mandatory prepayments, with (i) 100% of net cash proceeds of all non-ordinary course asset sales or other dispositions of property, subject to the ability to reinvest such proceeds and certain other exceptions, and subject to step downs if certain leverage ratios are met and (ii) 100% of the net cash proceeds of any debt incurrence, other than debt permitted under the definitive agreements (but excluding debt incurred to refinance the New Credit Facilities). The Company also is required to make quarterly amortization payments equal to 0.25% of the original principal amount of the First Lien Term Loan Facility commencing after the first full fiscal quarter after the closing date of the New Credit Facilities (subject to reductions by optional and mandatory prepayments of the loans). The Company may prepay (i) the First Lien Credit Facilities at any time without premium or penalty, subject to payment of customary breakage costs and a customary “soft call,” and (ii) the Second Lien Term Loan Facility at any time without premium or penalty, subject to a customary make-whole premium for any voluntary prepayment prior to the date that is 30 months following the closing date of the New Credit Facilities (the “Callable Date”), following by a call premium of (x) 4.00% on or prior to the first anniversary of the Callable Date, (y) 2.50% after the first anniversary but on or prior to the second anniversary of the Callable Date, and (z) 1.50% after the second anniversary but on or prior to the third anniversary of the Callable Date. During 2023, we repaid principal amounts of $36 million of our First Lien Credit Facilities. During the first and second quarter of 2023, we repaid the remaining principal amount of $15 million of our Second Lien Term Loan Facility. Accordingly, as of September 30, 2023, our Second Lien Term Loan Facility has been fully repaid and terminated.

The New Credit Facilities contain a financial covenant related to the maintenance of a leverage ratio and a number of customary negative covenants including covenants related to the following subjects: consolidations, mergers, and sales of assets; limitations on the incurrence of certain liens; limitations on certain indebtedness; limitations on the ability to pay dividends; and certain affiliate transactions. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company was in compliance with all of the covenants contained in the New First Lien Credit Facilities.

If we do not comply with these covenants, we would have to seek amendments to these covenants from our lenders or evaluate the options to cure the defaults contained in the credit agreements. However, no assurances can be made that such amendments would be approved by our lenders. If an event of default occurs, the lenders under the New First Lien Credit Facilities are entitled to take various actions, including the acceleration of amounts due under the New First Lien Credit Facilities and all actions permitted to be taken by a secured creditor, subject to customary inter creditor intercreditor provisions among the first and second lien secured parties, which would have a material adverse impact to our operations and liquidity.

Borrowing Capacity:

As The following are scheduled principal repayments on long-term debt as of September 30, 2023, our available borrowing capacity under the First Lien Revolving Facility was $20 million. Utilization March 31, 2024 for each of the borrowing capacity was as follows next five years (in thousands):

	Borrowing Capacity	Amount Borrowed
First Lien Revolving Facility	$ 20,000	$ -

Year		Amount
2024	$	-
2025		-
2026		139,639
2027		-
2028		-
Total	$	139,639

5.WARRANT LIABILITIES AND EQUITY

Sponsor Warrants

As of September 30, 2023 and December 31, 2022, 3,842,191 and 8,000,000, respectively, Sponsor Public Warrantswere issued and outstanding.

Public Warrants

As of September 30, 2023 and December 31, 2022 December 31, 2023, 841,414 3,823,847 and 16,145,279 841,414, respectively, Sponsor and Public Warrants were issued and outstanding.

2020 PIPE Warrants

As During the first quarter of September 30, 2023 and December 31, 2022, 828,334 and 5,000,000 2020 PIPE Warrantswere issued and outstanding.

Exchange Agreements

Between March 13 and March 15, 2023, the Company entered into separate privately negotiated warrant exchange agreements (the “Exchange Agreements”) with 2024, certain holders of its Public the Sponsor and Sponsor Warrants to exchange for the Company’s common shares: (i) 15,286,824 Public Warrants (ii) elected to exercise 3,055,906 4,502,970 Sponsor Warrants from certain affiliates, and (iii) 928,003 Sponsor Warrants from certain non-affiliates.

On April 25, 2023, warrants for which the Company closed issued 4,502,970 of common shares. Net cash proceeds from the exchange exercise of the Sponsor Warrants. Certain directors and affiliates of the Company exchanged warrants amounted to $3,055,906 51.7 Sponsor Warrants at a fixed exchange ratio of 0.175 Common Shares per Sponsor Warrant for an aggregate of 534,780 Common Shares, and non-affiliated holders of Sponsor Warrants exchanged 928,003 Sponsor Warrants at an exchange ratio of 0.2047 Common Shares per Sponsor Warrant for an aggregate of 189,958 Common Shares. The exchange ratio was determined pursuant to the Exchange Agreements and was based on the 30-day volume-weighted average price ("VWAP") of Common Shares, ending on April 24, 2023.

On April 26, 2023, the Company closed the exchange of the Public Warrants, and holders of Public Warrants exchanged 15,286,824 Public Warrants at an exchange ratio of 0.2047 Common Shares per Public Warrant for an aggregate of 3,129,200 Common Shares.

The exchange ratio was determined pursuant to the Exchange Agreements and was based on the 30-day VWAP of Common Shares, ending on April 24, 2023. As a result of the closing of the above-described transactions, the Company exchanged an aggregate of approximately 95% of the outstanding Public Warrants and approximately 50% of the outstanding Sponsor Warrants. million. Immediately prior to the exchanges, exercises, the Sponsor and Public and Sponsor Warrants exchanged exercised were remeasured to fair value, resulting on a loss gain of $15.5 7.4 million in "Change in fair value of warrant liabilities" on the condensed consolidated statement of operations for the nine months quarter ended September 30, 2023 March 31, 2024 and a warrant liability of $45.3 5.9 million, which was then reclassified to additional paid in paid-in capital in on the condensed consolidated balance sheet as of September 30, 2023 March 31, 2024. The Sponsor and Public Warrants expired on March 19, 2024 and there were no amounts outstanding as of March 31, 2024.

2020 PIPE Warrants Exercised

On May 16, 2023 As of March 31, 2024 and December 31, 2023,21,667 and 828,334, respectively, 2020 PIPE Warrantswere issued and outstanding. During the first quarter of 2024, certain holders of the 2020 PIPE warrants Warrants elected to exercise 4,104,999 806,667 warrants on a cashless basis pursuant to the agreement governing the warrants, at an exchange ratio of 0.53, in exchange for which the Company issued 2,122,951 484,040 of non-voting common shares and 53,008 of voting common shares, respectively. shares. Immediately prior to the exercise, exchanges, the 2020 PIPE Warrants exercised were remeasured to fair value, resulting on a gain of $3.8 0.3 million in "Change in fair value of warrant liabilities" on the condensed consolidated statement of operations for the nine months quarter ended September 30, 2023 March 31, 2024 and a warrant liability of $23.9 6.6 million, which was then reclassified to additional paid in paid-in capital in on the condensed consolidated balance sheet as of September 30, 2023 March 31, 2024.

In July 2023, certain holder of Repurchase Agreement

On March 13, 2024, the 2020 PIPE warrants elected to exercise 63,334 warrants on Company entered into a cashless basis Shares Repurchase Agreement between the Company and Steiner Leisure Limited (the "Seller"), pursuant to the agreement governing the warrants at an exchange ratio of 0.49, in exchange for which the Company issued purchased 31,319 606,386 common shares, par value $0.0001 per share, from the Seller at a purchase price of voting $12.76 per Common Share (the "Repurchase"). The Repurchase resulted in the sale of all remaining common shares.

Conversion of Non-Voting Common Shares to Voting Common Shares

In May 2023, Steiner Leisure Limited sold an aggregate of 10,320,000 shares of our common stock in the Company held by the seller, who ceased to be a registered, underwritten public offering (the "May 2023 Secondary Offering"). Of shareholder of the total shares of common stock sold by Steiner Leisure Limited in the May 2023 Secondary Offering, 3,034,104 shares of common stock were shares of non-voting common stock that were automatically converted into shares of voting common stock on a one-for-one basis upon Company after the closing of the transaction. Following Repurchase. The Repurchase closed on March 20, 2024. Upon the closing consummation of the May 2023 Secondary Offering, Steiner Leisure Limited exercised its right Repurchase, such shares reverted to convert its remaining 12,510,760authorized but unissued shares of non-voting the Company. We allocated the excess of the repurchase price over the par value of the shares acquired between additional paid-in capital and accumulated deficit.

Dividends Cancelled

In November 2019, the Company adopted a cash dividend program and declared an initial quarterly payment of $0.04 per common stock (including 2,122,950 shares of non-voting common stock previously issued to Steiner Leisure Limited in connection with share. On March 24, 2020, the exercise Company announced that it was deferring payment of its dividend declared on February 26, 2020 (the "2020 Dividend"), for payment on May 29, 2020, to shareholders of record on April 10, 2020, until the Board reapproves its payment. The Company also

Table of Contents

announced it was withdrawing its dividend program until further notice. As of December 31, 2023, dividends payable amounted to approximately $2.4 million which was presented as other-long term liabilities and other current liabilities in the accompanying condensed consolidated balance sheets. During the first quarter of 2024, the Board decided that although the Company now has the liquidity to enable it to pay the 2020 PIPE Warrants to purchase common stock in May 2023) into shares of voting common stock on a one-for-one basis pursuant Dividend, such payment can no longer be made to the terms shareholders of our Third Amended record as of the original record date for the 2020 Dividend and Restated Memorandum it is therefore in the Company's best interest to cancel the 2020 Dividend. As a result, we reversed the dividend payable of Association. $
2.4 million against additional paid-in capital during the first quarter of 2024.

6. STOCK-BASED COMPENSATION

The share-based compensation expense for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $2.2 2.1 million and $3.2 2.6 million, respectively, which is included as a component of salary, salaries, benefits and payroll taxes in the accompanying condensed consolidated statements of operations.

The share-based compensation expense for the nine months ended September 30, 2023 and 2022 was $7.0 million and $9.3 million, respectively, which is included as a component of salary, benefits and payroll taxes in the accompanying condensed consolidated statements of operations.

The following is a summary of RSUs PSUs activity for the nine three months ended September 30, 2023:

RSUs Activity	Number of Awards	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2022	1,284,570	$ 9.28
Granted	104,628	$ 11.90
Vested	(439,406)	$ 7.13
Forfeited	(33,780)	$ 7.16
Non-Vested share units as of September 30, 2023	916,012	$ 10.69

The following is a summary of performance share units ("PSUs") activity for the nine months ended September 30, 2023 March 31, 2024:

	Number of Performance-Based	Weighted-Average Grant Date Fair

PSUs Activity	Awards	Value
Outstanding at December 31, 2022	792,108	$ 10.48
Granted	75,715	$ 10.17
Vested	(174,553)	$ 11.36
Forfeited	(1,637)	$ 10.25
Non-Vested share units as of September 30, 2023	691,633	$ 10.22

PSUs activity	Number of Performance - Based Awards	Weighted-Average Grant Date Fair Value
Non-vested share units as of December 31, 2023	731,889	$ 11.19
Granted	146,618	10.30
Vested	(153,662)	10.30
Non-vested share units as of March 31, 2024	724,845	$ 11.20

7. REVENUE RECOGNITION

The Company's revenue generating activities include the following:

Service Revenues

Service revenues consist primarily of sales of health, wellness and beauty services, including a full range of massage treatments, facial treatments, nutritional/weight management consultations, teeth whitening, mindfulness services and medi-spa services to cruise ship passengers and destination resort guests. Each service or consultation represents a separate performance obligation and revenues are generally recognized immediately upon the completion of our service. Given the short duration of our performance obligation, although some services are recognized over time, there is no material difference in the timing of recognition across reporting periods.

Product Revenues

Product revenues consist primarily of sales of health and wellness products, such as facial skincare, body care, hair care, orthotics and nutritional supplements to cruise ship passengers, destination resort guests and *timetospa.com* customers. Our Shop & Ship program provides guests the ability to buy retail products onboard and have products shipped directly to their home. Each product unit represents a separate performance obligation. Our performance obligations are satisfied, and revenue is recognized when the customer obtains control of the product, which occurs either at the point of sale for retail sales and at the time of shipping for Shop & Ship and *timetospa.com* product sales. The Company provides no warranty on products sold. Shipping and handling fees charged to customers are included in net sales.

Gift Cards

The Company only offers no-fee, non-expiring gift cards to its customers. At the time gift cards are sold, no revenue is recognized; rather, the Company records a contract liability to customers. The liability is relieved, and revenue is recognized equal to the amount redeemed at the time gift cards are redeemed for products or services. The Company records revenue from an estimate of unredeemed gift cards (breakage) in net sales on a pro-rata basis over the time period gift cards are redeemed. At least three years of historical data, updated annually, is used to determine actual redemption patterns. The liability for unredeemed gift cards is included in “Other current liabilities” on the Company's condensed consolidated balance sheets and was $0.5 million and $0.8 million not material as of September 30, 2023 March 31, 2024 and December 31, 2022, respectively. December 31, 2023.

Customer Loyalty Rewards Program

The Company initiated a customer loyalty program during October 2019 in which customers earn points based on their spending on *timetospa.com*. The Company recognizes the estimated net amount of the rewards that will be earned and redeemed as a reduction to net sales at the time of the initial transaction and as tender when the points are subsequently redeemed by a customer. The liability for customer loyalty programs was not material as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

Contract Balances

Table of Contents

Receivables from the Company’s contracts with customers are included within accounts receivables, net. Such amounts are typically remitted to us by our cruise line or destination resort partners, except for online sales, and are net of commissions they withhold. Although paid by our cruise line partners,customers are typically required to pay with major credit cards, reducing our credit risk to individual customers. Amounts are billed immediately, and our cruise line and destination resort partners typically remit payments to us within 30 days. As of September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, our receivables from contracts with customers were $47.7 43.5 million and $33.6 40.8 million, respectively.

Costs incurred to enter into new or to renew long-term contracts are capitalized and amortized to cost of revenues over the term of the contract. Deferred contract costs, which relate to fees accrued to cruise line partners, amounted to $23.7 million and $2.6 million as of March 31, 2024 and December 31, 2023, respectively, and is presented within other non-current assets in the accompanying condensed consolidated balance sheets.The increase in other non-current assets and other long-term liabilities as of March 31, 2024 was primarily due to fees accrued as a result of a new contract entered into during the first quarter of 2024. Amortization of the deferred contract cost was $1.0 million and $0.2 million for the three months ended March 31, 2024 and 2023, respectively. Amortization of deferred costs are included in cost of services in the accompanying condensed consolidated statements of operations. Our contract liabilities for gift cards and customer loyalty programs are described above.

Disaggregation of Revenue and Segment Reporting

The Company operates facilities on cruise ships and in destination resorts, where we provide health, fitness, beauty and wellness services and sell related products. The Company also sells health and wellness, fitness and beauty related products through its *timetospa.com*website which is a post-cruise sales tool where guests may continue their wellness journey after disembarking. The Company's Maritime and Destination Resorts operating segments are aggregated into a single reportable segment based upon similar economic characteristics, products, services, customers and delivery methods. Additionally, the Company's operating segments represent components of the Company for which separate financial information is available that is utilized on a regular basis by the chief executive officer, who is the Company's chief operating decision maker (CODM), in determining how to allocate the Company's resources and evaluate performance. The following table disaggregates the Company's revenues by revenue source and operating segment (in thousands):

	Three Months Ended September 30,		**Nine Months Ended September 30,**		**Three Months Ended March 31,**	
	2023	**2022**	**2023**	**2022**	**2024**	**2023**
Service revenues:						
Maritime	$ 167,215	$ 124,517	$ 461,283	$ 282,576	$ 161,713	$ 140,333
Destination resorts	8,634	8,260	27,921	24,979	10,496	9,788
Total service revenues	175,849	132,777	489,204	307,555	172,209	150,121
Product revenues:						
Maritime	39,151	28,218	106,112	65,854	37,730	31,021

Destination resorts	618	684	2,116	2,138	711	723
Timetospa.com	653	613	1,807	1,790	576	590
Total product revenues	40,422	29,515	110,035	69,782	39,017	32,334
Total revenues	$ 216,271	$ 162,292	$ 599,239	$ 377,337	$ 211,226	$ 182,455

8. SEGMENT AND GEOGRAPHICAL INFORMATION

The Company operates facilities on cruise ships and in destination resort spas, which provide health and wellness services and sell beauty products onboard cruise ships and in destination resort spas. The Company's Maritime and Destination Resorts operating segments are aggregated into a single reportable segment based upon similar economic characteristics, products, services, customers and delivery methods. Additionally, the Company's operating segments represent components of the Company for which separate financial information is available that is utilized on a regular basis by the chief executive officer, who is the Company's CODM, in determining how to allocate the Company's resources and evaluate performance.

The basis for determining the geographic information below is based on the countries in which the Company operates. The Company is not able to identify the country of origin for the customers to which revenues from cruise ship operations relate. Geographic information is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues:				
U.S.	$ 4,796	$ 4,968	$ 14,989	$ 14,869
Other countries	5,324	4,929	17,476	14,528
Not connected to a country	206,151	152,395	566,774	347,940
Total	$ 216,271	$ 162,292	$ 599,239	$ 377,337

Table of Contents

	As of	
	September 30, 2023	December 31, 2022
Property and equipment, net:		
U.S.	$ 5,078	$ 5,363
Other countries	1,386	1,728
Not connected to a country	7,574	7,426
Total	$ 14,038	$ 14,517

	Three Months Ended March 31,	
	2024	2023
Revenues:		
U.S.	$ 5,083	$ 5,078
Other countries	6,876	6,216
Not connected to a country	199,267	171,161
Total	$ 211,226	$ 182,455

	As of	
	March 31, 2024	December 31, 2023
Property and equipment, net:		
U.S.	$ 5,012	$ 4,536
Other countries	1,909	2,022
Not connected to a country	8,254	8,448
Total	$ 15,175	$ 15,006

Table of Contents

9. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

The following table presents the changes in accumulated other comprehensive (loss) income by component (in thousands):

	Accumulated Other Comprehensive (Loss) Income for the Nine Months Ended September 30, 2023			Accumulated Other Comprehensive (Loss) Income for the Nine Months Ended September 30, 2022		
	Foreign Currency Translation Adjustments	Changes Related to Cash Flow Derivative Hedge (1)	Accumulated Other Comprehensive Income (Loss)	Foreign Currency Translation Adjustments	Changes Related to Cash Flow Derivative Hedge (1)	Accumulated Other Comprehensive (Loss) Income
Accumulated other comprehensive (loss) income, beginning of period	$ (1,229)	$ 5,026	$ 3,797	$ (673)	$ (1,324)	$ (1,997)
Current period other comprehensive income (loss) before reclassifications	110	1,062	1,172	(722)	6,112	5,390
Amounts reclassified into earnings	-	(2,530)	(2,530)	-	385	385
Net current period other comprehensive income (loss)	110	(1,468)	(1,358)	(722)	6,497	5,775
Accumulated other comprehensive (loss) income, end of period	$ (1,119)	$ 3,558	$ 2,439	$ (1,395)	$ 5,173	$ 3,778

(1) See Note 10.

	Accumulated Other Comprehensive Income for the Three Months Ended March 31, 2024			Accumulated Other Comprehensive Income for the Three Months Ended March 31, 2023		
	Foreign Currency Translation Adjustments	Changes Related to Cash Flow Derivative Hedge (1)	Accumulated Other Comprehensive Income	Foreign Currency Translation Adjustments	Changes Related to Cash Flow Derivative Hedge (1)	Accumulated Other Comprehensive Income

Accumulated other comprehensive income, beginning of period	$ (917)	$ 2,372	$ 1,455	$ (1,229)	$ 5,026	$ 3,797
Other comprehensive (loss) income before reclassifications	(38)	267	229	188	(232)	(44)
Amounts reclassified from accumulated other comprehensive income	-	(947)	(947)	-	(739)	(739)
Net current period other comprehensive (loss) income	(38)	(680)	(718)	188	(971)	(783)
Accumulated other comprehensive income, end of period	$ (955)	$ 1,692	$ 737	$ (1,041)	$ 4,055	$ 3,014

10. FAIR VALUE MEASUREMENTS AND DERIVATIVES

Fair Value Measurements

Cash and cash equivalents at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are comprised of cash and are categorized as Level 1 instruments. The Company maintains cash with various high-quality financial institutions. Restricted cash at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is comprised of amounts held in escrow accounts, as a result of a legal proceeding related to a tax assessment and is categorized as a Level 1 instrument. The fair value of outstanding long-term debt as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is estimated using a discounted cash flow analysis based on current market interest rates for debt issuances with similar remaining years-to-maturity and adjusted for credit risk, which represents a Level 3 measurement in the fair value hierarchy. The carrying amounts and estimated fair values of the Company's cash, restricted cash and long-term debt were as follows (in thousands):

	September 30, 2023		December 31, 2022	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value

Cash	$ 26,802	$ 26,802	$ 32,064	$ 32,064
Restricted Cash	1,198	1,198	1,198	1,198
Total cash	$ 28,000	$ 28,000	$ 33,262	$ 33,262
First lien term loan facility	$ 164,639	$ 167,120	$ 200,681	$ 192,770
Second lien term loan facility	-	-	15,000	14,500
Total debt (a)	$ 164,639	$ 167,120	$ 215,681	$ 207,270

	March 31, 2024		December 31, 2023	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Cash	$ 65,390	$ 65,390	$ 27,704	$ 27,704
Restricted cash	1,198	1,198	1,198	1,198
Total cash	$ 66,588	$ 66,588	$ 28,902	$ 28,902
First lien term loan facility (a)	$ 139,639	$ 145,110	$ 159,639	$ 162,560

(a) The debt amounts above do not include the impact of the interest rate swap or debt issuance costs.

Table of Contents

Assets and liabilities that are recorded at fair value have been categorized based upon the fair value hierarchy. The following table presents information about the Company's financial instruments recorded at fair value on a recurring basis (in thousands):

Fair Value Measurements at September 30, 2023	Fair Value Measurements at December 31, 2022	Fair Value Measurements at March 31, 2024	Fair Value Measurements at December 31, 2023

Description	Balance Sheet Location	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Balance Sheet Location	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:																		
Derivative financial instruments (1)	Other current assets	$ 3,558	$ -	$ 3,558	$ -	$ 3,117	$ -	$ 3,117	$ -	Other current assets	$ 1,692	$ -	$ 1,692	$ -	$ 2,372	$ -	$ 2,372	$ -

Derivative financial instruments (1)	Other non-current assets	-	-		-	1,909	-	1,909	-
Total Assets		$ 3,558	$ -	$ 3,558	$ -	$ 6,025	$ -	$ 6,025	$ -
Total assets		$ 1,692	$ -	$ 1,692	$ -	$ 2,372	$ -	$ 2,372	$ -
Liabilities:									

Warrants	Warrant liabilities	9,600	-	9,600	-	52,900	-	52,900	-	Warrant liabilities	163	-	163	-	20,400	-	20,400	-
Total liabilities		$ 9,600	$ -	$ 9,600	$ -	$ 52,900	$ -	$ 52,900	$ -		$ 163	$ -	$ 163	$ -	$ 20,400	$ -	$ 20,400	$ -

(1) Consists of an interest rate swap.

Warrants

Public Warrants and 2020 PIPE Warrants

The fair value of the Public Warrants and 2020 PIPE Warrants are considered a Level 2 valuation and are determined using the Monte Carlo model. The Public Warrants expired on March 19, 2024, with warrants remaining unexercised as of the expiration date cancelled, and there were no amounts outstanding as of March 31, 2024 (See Note 5).The significant assumptions which the Company used in the model are: are presented in the table below.

	September 30, 2023		December 31, 2022	
	Public Warrants	**2020 PIPE Warrants**	**Public Warrants**	**2020 PIPE Warrants**
Stock price	$ 11.22	$ 11.22	$ 9.33	$ 9.33
Strike price	$ 11.50	$ 5.75	$ 11.50	$ 5.75
Remaining life (in years)	0.47	1.70	1.22	2.45
Volatility	32 %	33 %	44 %	44 %

Interest rate	5.46 %	5.09 %	4.61 %	4.28 %
Redemption price	$ 18.00	$ 14.50	$ 18.00	$ 14.50

	March 31, 2024	December 31, 2023	
	2020 PIPE Warrants	Public Warrants	2020 PIPE Warrants
Stock price	$ 13.04	$ 14.10	$ 14.10
Strike price	$ 5.75	$ 11.50	$ 5.75
Remaining life (in years)	1.28	0.22	1.45
Volatility	37 %	34 %	38 %
Interest rate	4.85 %	5.36 %	4.49 %
Redemption price	$ 14.50	$ 18.00	$ 14.50

Sponsor Warrants

The fair value of the Sponsor Warrants is considered a Level 2 valuation and is determined using the Black-Sholes Black-Scholes model. The Sponsor Warrants expired on March 19, 2024 and there were no amounts outstanding as of March 31, 2024 (See Note 5). The significant assumptions which the Company used in the model are: are presented in the table below.

	December 31, 2023
	Sponsor Warrants
Stock price	$ 14.10
Strike price	$ 11.50
Remaining life (in years)	0.22
Volatility	38 %
Interest rate	5.36 %
Dividend yield	0.0 %

Table of Contents

	September 30, 2023	December 31, 2022
Stock price	$ 11.22	$ 9.33
Strike price	$ 11.50	$ 11.50
Remaining life (in years)	0.47	1.22
Volatility	32 %	44 %
Interest rate	5.46 %	4.61 %

Dividend yield	0.0 %	0.0 %

Derivatives

Market risk associated with the Company's long-term floating rate debt is the potential increase in interest expense from an increase in interest rates. The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. These instruments are recorded on the balance sheet at their fair value and are designated as hedges. hedges. The financial impact of these hedging instruments is primarily offset by corresponding changes in the underlying exposures being hedged.

17

The Company assesses whether derivatives used in hedging transactions are "highly effective" in offsetting changes in the cash flow of its hedged forecasted transactions. The Company uses regression analysis for this hedge relationship and high effectiveness is achieved when a statistically valid relationship reflects a high degree of offset and correlation between the fair values of the derivative and the hedged forecasted transaction. Cash flows from the derivatives are classified in the same category as the cash flows from the underlying hedged transaction. These agreements involve the receipt of variable-rate amounts in exchange for fixed-rate interest payments over the life of the respective agreement without an exchange of the underlying notional amount. The Company classifies derivative instrument cash flows from hedges of benchmark interest rate as operating activities due to the nature of the hedged item. Gains and losses on derivatives that are designated as cash flow hedges are recorded as a component of accumulated Accumulated other comprehensive income (loss) until the underlying hedged transactions are recognized in earnings. If it is determined that the hedged forecasted transaction is no longer probable of occurring, then the amount recognized in accumulated other comprehensive income (loss) is released to earnings.

The Company monitors concentrations of credit risk associated with financial and other institutions with which the Company conducts significant business. Credit risk, including, but not limited to, counterparty nonperformance under derivatives, is not considered significant, as the Company primarily conducts business with large, well-established financial institutions with which the Company has established relationships, and which have credit risks acceptable to the Company. The Company does not anticipate non-performance by its counterparty. The amount of the Company's credit risk exposure is equal to the fair value of the derivative when any of the derivatives are in a net gain position.

In September 2019, the Company entered into a floating-to-fixed interest rate swap agreement to make a series of payments based on a fixed interest rate of 1.457% and receive a series of payments based on the greater of 1 Month USD LIBOR or Strike which is used to hedge the Company's exposure to changes in cash flows associated with its variable rate Term Loan Facilities and has designated this derivative as a cash flow hedge. Both the fixed and floating payment streams are based on a notional amount of $174.7 million at the inception of the contract. In June 2023, the interest rate swap agreement was amended to replace the reference rate from LIBOR to SOFR, to be consistent with the amended First Lien Credit Facilities.

The interest rate swap agreement has a maturity date of September 19, 2024. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the notional amount is was $95.4 million and $101.0 million, respectively. million. There was no ineffectiveness related to the interest rate swaps. The gain or loss on the derivative is recorded as a component of accumulated other comprehensive income (loss) and subsequently reclassified into interest expense in the same period(s) during which the

hedged transaction affects earnings. The Company expects to reclassify $3.6 1.7 million of income from accumulated other comprehensive income (loss) into interest expense within over the next twelve months. remainder of the term of the swap which expires on
September 19, 2024 .

The fair value of the interest rate swap contract is measured on a recurring basis by netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on the expectation of future interest rates (forward curves) derived from observable market interest rate curves. The interest rate swap contract was categorized as Level 2 in the fair value hierarchy. The Company is not required to post cash collateral related to this derivative instrument.

The effect of the interest rate swap contract designated as cash flows hedging instrument on the condensed consolidated financial statements was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Gain recognized in accumulated other comprehensive (loss) income	$ 240	$ 1,971	$ 1,062	$ 6,112
Gains reclassified from accumulated other comprehensive income (loss) to interest expense	$ (936)	$ (211)	$ (2,530)	$ 385

	Three Months Ended March 31,	
	2024	2023
Gain (losses) recognized in accumulated other comprehensive income	$ 267	$ (232)
Gains reclassified from accumulated other comprehensive income to interest expense	$ (947)	$ (739)

11. INCOME TAXES

For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recorded an income tax benefit of $2.8 million and an expense of $0.2 0.6 million respectively. For the nine months ended September 30, 2023 and 2022, the Company recorded an income tax benefit of $2.2 million and an expense of $0.2 million, respectively. for each period. The difference between the expected provision for income taxes using the 21% U.S. federal income tax rate and the Company's actual provision is primarily attributable to a release of an uncertain tax position, the change in valuation allowance, foreign rate differential, including income earned in jurisdictions not subject to income taxes, and withholding taxes due in various jurisdictions. For jurisdictions and the three and nine months ended September 30, 2023, the Company recognized a discrete tax benefit of approximately $3.4 million related to a release of an uncertain foreign tax position as a result of our participation change in a tax amnesty program in Italy that settled such liability in August 2023. valuation allowance.

12. COMMITMENTS AND CONTINGENCIES

We are routinely involved in legal proceedings, disputes, regulatory matters, and various claims and lawsuits that have been filed or are pending against us, including as noted below, arising in the ordinary course of our business. Most of these claims and lawsuits are covered by insurance and, accordingly, the maximum amount of our liability is typically limited to our deductible amount. Nonetheless, the ultimate outcome of those claims and lawsuits that are not covered by insurance cannot be determined at this time. We have evaluated our overall exposure with respect to all of our legal proceedings, threatened and pending litigation and, to the extent required, we have accrued amounts for all estimable probable losses associated with our deemed exposure. We are currently unable to estimate any other potential contingent losses beyond those accrued, as discovery is not complete and adequate information is not available to estimate such range of loss or potential recovery. However, based on our current knowledge, we do not believe that the aggregate amount or range of reasonably possible losses with respect to these matters will be material to our consolidated results of operations, financial condition or cash flows. We intend to vigorously defend our legal position on all claims and, to the extent necessary, seek recovery.

In February 2020, the Company received a formal assessment of $1.9 million by a foreign tax authority regarding the application of over how the value added tax ("VAT") law was applied on the change in the ultimate beneficial ownership of one of our subsidiaries as result of the business combination in March 2019 (the "Business Combination"). 2019. The Company is disputing the assessment and has recorded an accrual of $1.2 million for this matter as of September 30, 2023 and December 31, 2022 during the year ended December 31, 2020 and is included in "Accrued expenses" on the Company's condensed consolidated balance sheets. sheets as of March 31, 2024 and December 31, 2023. The Company believes the ultimate outcome of this matter will not have a material adverse impact on the consolidated financial statements.

19 13. SUBSEQUENT EVENTS

On April 24, 2024, the Board of Directors approved a new share repurchase program authorizing the Company to repurchase up to $50 million of its common shares. The share repurchases will be funded through the Company's available cash.

The Company may repurchase shares of its outstanding common stock from time to time on the open market, including through Rule 10b5-1 plans, in privately negotiated transactions, through block purchases, or otherwise in compliance with applicable laws, including Rule 10b-18 of the Securities Exchange Act of 1934, as amended. The timing and amount of stock repurchases will depend on a variety of factors, including business and market conditions. The share repurchase program may be suspended, modified, or discontinued at any time and the Company has no obligation to repurchase any specific value or number of its common shares under the program.

17

Table of Contents

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

Overview

In addition to historical information, the following discussion contains forward-looking statements, such as statements regarding our expectation for future performance, liquidity and capital resources that involve risks, uncertainties and assumptions that could cause actual results to differ materially from those contained in or implied by any forward-looking statements. Factors that could cause such differences include those identified below and those described in the sections entitled "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors" and in "Risk Factors" in our Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023. We assume no obligation to update any of these forward-looking statements.

OneSpaWorld Holdings Limited ("OneSpaWorld," the "Company," "we," "our, "us" and other similar terms refer to OneSpaWorld Holdings Limited and its consolidated subsidiaries) is the pre-eminent global operator of health and wellness centers onboard cruise ships and a leading operator of health and wellness centers at destination resorts worldwide. During the third quarter of 2023, we continued to execute the resumption of our health and wellness center operations on cruise ships and in destination resorts and have substantially returned to normalized operations, with strengths that position us as a leader in the hospitality-based health and wellness industry. Our highly trained and experienced staff offer guests a comprehensive suite of premium health, fitness, beauty and wellness services and products onboard cruise ships and at destination resorts globally. We are the market leader at more than 20x the size of our closest maritime competitor. Over the last 50 years, we have built our leading market position on our depth of staff expertise, broad and innovative service and product offerings, expansive global recruitment, training and logistics platform, as well as decades-long relationships with cruise line and destination resort partners. Throughout our history, our mission has been simple: helping guests look and feel their best during and after their stay.

At our core, we are a global services company. We serve a critical role for our cruise line and destination resort partners, operating a complex and increasingly important aspect of our cruise line and destination resort partners' overall guest experience. Decades of investment and know-how have allowed us to construct an unmatched global infrastructure to manage the complexity of our operations. We have consistently expanded our onboard offerings with innovative and leading-edge service and product introductions, and developed the powerful back-end recruiting, training and logistics platforms to manage our operational complexity, maintain our industry-leading quality standards, and maximize revenue and profitability per health and wellness center. The combination of our personnel renowned recruiting and training platform, deep proprietary global labor pool, global logistics and supply chain infrastructure, and proven health and wellness center operating, and revenue and profitability management capabilities represents a significant competitive advantage that we believe is not economically feasible to replicate.

A significant portion of our revenues are generated from our cruise ship operations. Historically, we have been able to renew substantially almost all of our existing cruise line partner agreements and gain new agreements that expired or were scheduled to operate health and wellness centers for new cruise line partners.

expire.

Key Performance Indicators

In assessing the performance of our business, we consider key performance indicators used by management, including, among others:

- *Average Ship Count*. The number of ships, on average during the period, on which we operate health and wellness centers. This is a key metric that impacts revenue and profitability and reflects the fact that during the period ships were in and out of service, and is calculated by adding the total number of days that each of the ships generated revenue during the period, divided by the number of calendar days during the period.
- *Period End Ship Count*: The number of ships at period end on which we operate health and wellness centers. This is a key metric that impacts revenue and profitability.
- *Average Weekly Revenue Per Ship*. A key indicator of productivity per ship. Revenue per ship can be affected by the various sizes of health and wellness centers and categories of ships on which we serve.
- *Average Revenue Per Shipboard Staff Per Day*. We utilize this performance metric to assist in determining the productivity of our onboard staff, which we believe is a critical element of our operations.
- *Average Resort Count*. The number of destination resorts on average during the period in which we operate the health and wellness centers. This is a key metric that impacts revenue and profitability and reflects the fact that during the period destination resort health and wellness centers were in and out of service, and is calculated by adding the total number of days that each destination resort health and wellness center generated revenue during the period, divided by the number of calendar days during the period.
- *Period End Resort Count*. The number of destination resorts at period end on which we operate the health and wellness centers. This is a key metric that impacts revenue and profitability.
- *Average Weekly Revenue Per Destination Resort*. A key indicator of productivity per destination resort health and wellness center. Revenue per destination resort health and wellness center in a period can be affected by the geographic mix of health and wellness centers in operation for such period. Typically our U.S. and Caribbean health and wellness centers are larger and produce

[Table of Contents](#)

substantially more revenues per location than our Asian centers. Additionally, average weekly revenue can also be negativ impacted by renovations of our destination resort health and wellness centers.

	Three Months Ended September 30,	Nine Months Ended September 30,

	2023	2022	2023	2022
Period End Ship Count	189	176	179	176
Average Ship Count (1)	185	167	178	138
Average Weekly Revenue Per Ship	$ 84,749	$ 69,660	$ 81,444	$ 64,548
Average Revenue Per Shipboard Staff Per Day	$ 587	$ 576	$ 568	$ 528
Period End Resort Count	54	51	54	51
Average Resort Count (2)	52	48	50	47
Average Weekly Revenue Per Resort	$ 13,550	$ 14,273	$ 15,269	$ 14,664

(1) Average Ship Count reflects the fact that during the period ships were in and out of service and is calculated by adding the total number of days that each of the ships generated revenue during the period, divided by the number of calendar days during the period.

(2) Average Resort Count reflects the fact that during the period destination resort health and wellness centers were in and out of service and is calculated by adding the total number of days that each destination resort health and wellness center generated revenue during the period, divided by the number of calendar days during the period.

	Three Months Ended March 31	
	2024	2023
Average Ship Count	188	173
Period End Ship Count	193	179
Average Weekly Revenue Per Ship	$ 81,708	$ 77,076
Average Revenue Per Shipboard Staff Per Day	$ 549	$ 542
Average Resort Count	51	48
Period End Resort Count	51	51
Average Weekly Revenue Per Resort	$ 16,791	$ 16,973

Key Financial Definitions

Revenues. Revenues consist primarily of sales of services and sales of products to cruise ship passengers and destination resort guests. The following is a brief description of the components of our revenues:

- *Service revenues.*Service revenues consist primarily of sales of health and wellness services, including a full range of massage and body care treatments, hair care treatments, skin and facial treatments, nutritional/weight management consultations, teeth whitening, ayurvedic treatments, acupuncture, medi-spa, and fitness personal training services to cruise ship passengers and destination resort guests. We bill our services at rates which inherently include an immaterial charge for products used in the rendering of such services, if applicable.

- *Product revenues.*Product revenues consist primarily of sales of skincare, body care, hair care, orthotics, and nutritional supplement products, among others, to cruise ship passengers, destination resort guests and *timetospa.com*customers.

Cost of services. Cost of services consists primarily of an allocable portion of payments to cruise line partners (which are derived as a percentage of service revenues or a minimum annual rent or a combination of both), an allocable portion of wages paid to shipboard employees, an allocable portion of staff-related shipboard expenses, wages paid directly to destination resort employees, payments to destination resort partners, the allocable cost of products consumed in the rendering of services, and health and wellness center depreciation. Cost of services has historically been highly variable; increases and decreases in cost of services are primarily attributable to corresponding increases or decreases in service revenues. Cost of services has tended to remain consistent as a percentage of service revenues.

Cost of products.Cost of products consists primarily of the cost of products sold through our various methods of distribution, an allocable portion of wages paid to shipboard employees and an allocable portion of payments to cruise line and destination resort partners (which are derived as a percentage of product revenues or a minimum annual rent or a combination of both). Cost of products has historically been highly variable; increases and decreases in cost of products are primarily attributable to corresponding increases or decreases in product revenues and includes impairment of the carrying value of inventories. Cost of products has tended to remain consistent as a percentage of product revenues.

Administrative.Administrative expenses are comprised of expenses associated with corporate and administrative functions that support our business, including fees for professional services, insurance, headquarters rent and other general corporate expenses.

Salaries, benefits and payroll taxes. Salaries, benefits and payroll taxes are comprised of employee expenses associated with corporate and administrative functions that support our business, including fees for employee salaries, bonuses, stock-based compensation, payroll taxes, pension/401(k) and other employee costs.

Amortization of intangible assets. Amortization of intangible assets are comprised of the amortization of intangible assets with definite useful lives (e.g. retail concession agreements, destination resort agreements, licensing agreements) and amortization expenses associated with prior transactions.

.

Other income (expense). Other income (expense) consists of interest income, interest expense and changes in the fair value of warrant liabilities.

Income tax expense (benefit). Income tax expense (benefit) includes current and deferred federal income tax expenses, as well as state and local income taxes.

Table of Contents

Net income (loss). Net income (loss) consists of income (loss) from operations less other income (expense) and income tax expense (benefit). expense.

Revenue Drivers and Business Trends

Our revenues and financial performance are impacted by a multitude of factors, including, but not limited to:

- *The number of health and wellness centers we operate on cruise ships and in destination resorts. resorts.* The number of cruise ships on which we operate during each period is primarily impacted by our renewal of existing cruise ship partner agreements, introductions of new ships to service under our existing agreements, agreements with new cruise line partners, ships temporarily out of service for maintenance and repair, and ships prevented from sailing due to outbreaks of illnesses, such as the COVID-19 recent pandemic, among other factors. The number of destination resorts in which we operate during each period is primarily attributable to renewal of existing agreements with destination resort partners and destination resorts prevented from operating due to outbreaks of illnesses, such as the COVID-19 recent pandemic, among other factors.
- *The size and offerings of new health and wellness centers centers.* . We have focused on innovating and implementing higher value added and price point services such as medi-spa and advanced facial techniques, which require treatment rooms equipped with specific equipment and staff trained to perform these services. As our cruise line partners continue to invest in new ships with enhanced health and wellness centers that allow for more advanced treatment rooms and larger staff sizes, we are able to increase the availability of these services, driving an overall shift towards a more profitable service mix.
- *Expansion of value-added services and products and increased pricing across modalities in existing health and wellness centers centers.*. We continue to introduce and expand our higher value added and price point offerings in existing health and wellness centers, including introducing premium medi-spa, acupuncture, and advanced facial services, resulting in higher guest demand and spending. In addition, we have increased pricing across our brands for our core services.
- *The mix of ship count across contemporary, premium, luxury and budget categories categories.*. Revenue generated per shipboard health and wellness center differs across contemporary, premium, luxury and budget ship categories due to the size of the health and wellness centers, services offered and guest socioeconomic factors.
- *The mix of cruise itineraries itineraries.*. Revenue generated per shipboard health and wellness center is influenced by cruise itinerary, including length of cruise, number of sea days versus port days, which impacts center utilization, and the geographic sailing region, which may impact ship category and offerings of services and products to align with guest socioeconomic mix and preferences.
- *Collaboration with cruise line partners, including targeted marketing and promotion initiatives, as well as implementation of proprietary technologies to increase center utilization via pre-booking and pre-payment of health and wellness services services.* . We directly market and promote to onboard passengers as a result of enhanced collaboration with certain of our cruise line partners. We also utilize our proprietary health and wellness services pre-booking and pre-payment technology platforms integrated with certain of our cruise line partners' pre-cruise planning systems. These areas of increased collaboration with cruise line partners are resulting in higher productivity, revenue generation, and profitability across our health and wellness centers.
- *The impact of weather weather.* . Our health and wellness centers onboard cruise ships and in select destination resorts may be negatively affected by hurricanes, particularly during the August through October period, which may be increasing in frequency and intensity due to climate change.
- Our revenues and financial performance may be impacted by other risks and uncertainties, including, without limitation, those set forth under the section entitled "*Risk Factors*" in Part II, Item 1A of the Company's 2022 2023 Form 10-K.

The effect of each of these factors on our revenues and financial performance varies from period to period.

Recent Accounting Pronouncements

Refer to Note 2 to the Condensed Consolidated Financial Statements in this report for a discussion of recent accounting pronouncements.

Table of Contents

Results of Operations

	Three Months Ended September 30, 2023	% of Total Revenue	Three Months Ended September 30, 2022	% of Total Revenue
(dollars in thousands, except per share amounts)				
REVENUES:				
Service revenues	$ 175,849	81%	$ 132,777	82%
Product revenues	40,422	19%	29,515	18%
Total revenues	216,271	100%	162,292	100%
COST OF REVENUES AND OPERATING EXPENSES:				
Cost of services	146,128	68%	110,585	68%
Cost of products	34,477	16%	25,323	16%
Administrative	4,673	2%	3,936	2%
Salary, benefits and payroll taxes	9,833	5%	8,411	5%
Amortization of intangible assets	4,206	2%	4,206	3%
Total cost of revenues and operating expenses	199,317	92%	152,461	94%
Income from operations	16,954	8%	9,831	6%
OTHER INCOME (EXPENSE)				
Interest expense, net	(3,726)	-2%	(3,984)	-2%
Change in fair value of warrant liabilities	7,365	3%	300	0%
Total other income (expense)	3,639	2%	(3,684)	-2%
Income before income tax (benefit) expense	20,593	10%	6,147	4%

INCOME TAX (BENEFIT) EXPENSE	(2,818)	-1%	236	0%
NET INCOME	$ 23,411	11%	$ 5,911	4%
NET INCOME PER VOTING AND NON-VOTING SHARE:				
Basic	$ 0.23		$ 0.06	
Diluted (1)	$ 0.16		$ 0.06	
WEIGHTED-AVERAGE SHARES OUTSTANDING:				
Basic	99,963		92,557	
Diluted	101,369		94,432	

(1) Refer to Note 2 to the Condensed Consolidated Financial Statements in this report for details underlying OneSpaWorld's income diluted share calculation.

	Three Months Ended March 31, 2024	% of Total Revenue	Three Months Ended March 31, 2023	% of Total Revenue
(dollars in thousands, except per share amounts)				
REVENUES:				
Service revenues	$ 172,209	82%	$ 150,121	82%
Product revenues	39,017	18%	32,334	18%
Total revenues	211,226	100%	182,455	100%
COST OF REVENUES AND OPERATING EXPENSES:				
Cost of services	144,025	68%	126,328	69%
Cost of products	33,530	16%	28,265	15%
Administrative	4,057	2%	3,570	2%
Salaries, benefits and payroll taxes	8,493	4%	8,921	5%
Amortization of intangible assets	4,144	2%	4,206	2%
Total cost of revenues and operating expenses	194,249	92%	171,290	94%
Income from operations	16,977	8%	11,165	6%
OTHER INCOME (EXPENSE)				
Interest expense, net	(2,955)	-1%	(4,610)	-3%
Change in fair value of warrant liabilities	7,723	4%	(21,900)	-12%
Total other income (expense)	4,768	2%	(26,510)	-15%
Income (loss) before income tax expense	21,745	10%	(15,345)	-8%
INCOME TAX EXPENSE	579	0%	559	0%
NET INCOME (LOSS)	$ 21,166	10%	$ (15,904)	-9%
NET INCOME (LOSS) PER VOTING AND NON-VOTING SHARE				

Basic and diluted	$	0.21	$	(0.17)
WEIGHTED-AVERAGE SHARES OUTSTANDING				
Basic		101,467		93,418
Diluted		102,933		93,418

Comparison of Results for the three months ended September 30, 2023 compared to three months ended September 30, 2022 Three Months Ended March 31, 2024 and 2023

The results of operations in the third quarter of 2023 continued to accelerate from 2022 as the Company has returned to normalized operations since the inception of the COVID-19 pandemic.

Revenues. Revenues for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 were $216.3 million $211.2 million and $162.3 million $182.5 million, respectively. The increase was attributable to our average ship count increasing 11% 9% to 185 188 health and wellness centers onboard ships operating during the quarter, compared with our average ship count of 167 173 health and wellness centers onboard ships operating during the third first quarter of 2022, and 2023. In addition, we benefited from our initiatives to drive revenue growth in each of our on-board health and wellness centers through enhanced guest engagement and experiences, our guest service and product offering innovations, and the disciplined execution of our complex operating protocols by our on-board and corporate teams.

The break-down of revenue growth between service and product revenues was as follows:

- *Service revenues*. Service revenues for the three months ended September 30, 2023 March 31, 2024 were $175.8 million $172.2 million, an increase of $43.1 million $22.1 million, or 32% 15%, compared to $132.8 million $150.1 million for the three months ended September 30, 2022 March 31, 2023.
- *Product revenues.*Product revenues for the three months ended September 30, 2023 March 31, 2024 were $40.4 million $39.0 million, an increase of $10.9 million $6.7 million, or 37% 21%, compared to $29.5 million $32.3 million for the three months ended September 30, 2022 March 31, 2023.

Cost of services. Cost of services for the three months ended September 30, 2023 March 31, 2024 were $146.1 million $144.0 million, an increase of $35.5 million $17.7 million, or 32% 14%, compared to $110.6 million $126.3 million for the three months ended September 30, 2022 March 31, 2023. The increase was primarily attributable to costs associated with increased service revenues of $175.8 million $172.2 million in the quarter from our operating health and wellness centers at sea and on land, compared with service revenues of $132.8 million $150.1 million in the third first quarter of 2022. 2023.

Cost of products. Cost of products for the three months ended September 30, 2023 March 31, 2024 were $34.5 million $33.5 million, an increase of $9.2 million $5.3 million, or 36% 19%, compared to $25.3 million $28.3 million for the three months ended September 30, 2022 March 31, 2023. The increase was primarily attributable to costs associated with increased product revenues of $40.4 million $39.0 million in the quarter from our operating health and wellness centers at sea and on land, compared to product revenue revenues of $ 29.5 million $32.3 million in the third first quarter of 2022. Product margin in the third quarter 2023.

Table of 2023 temporarily benefited from retail price increases implemented on board vessels ahead of an increase in the cost of those products. This resulted in an approximately 60 basis point improvement in the quarter. Contents

Administrative. Administrative expenses for the three months ended September 30, 2023 March 31, 2024 were $4.7 million $4.1 million, an increase of $0.7 million $0.5 million, or 19% 14%, compared to $3.9 million $3.6 million for the three months ended September 30, 2022 March 31, 2023. The increase was primarily attributable to professional fees incurred during in the three months ended September 30, 2023 for a secondary offering of common shares by selling shareholders related to the Business Combination and March 31, 2024 in connection with increased public company costs as the Company emerged from emerging growth company status.

Salary, Salaries, benefits and payroll taxes. Salary, Salaries, benefits and payroll taxes for the three months ended September 30, 2023 March 31, 2024 were $9.8 million $8.5 million, an increase a decrease of $1.4 million $0.4 million, or 17% 5%, compared to $8.4 million $8.9 million for the three months ended September 30, 2022 March 31, 2023. The increase decrease was primarily attributable to measured increase the lower stock-based compensation expense in corporate headcount and higher performance based compensation for the three months ended September 30, 2023 March 31, 2024.

Amortization of intangible assets. Amortization of intangible assets for the three months ended September 30, 2023 and September 30, 2022 was March 31, 2024 were $4.1 million, a decrease of $0.1 million, or 1% compared to $4.2 million in both periods. for the three months ended March 31, 2023.

Other (expense) income (expense). Other (expense) income (expense) includes interest expense and change in the fair value of the warrant liabilities. Interest expense, net for the three months ended March 31, 2024 was $3.0 million, a decrease of $1.7 million, or 36%, compared to $4.6 million for the three months ended March 31, 2023. The decrease was primarily attributable to lower debt balances. Since the year ended December 31, 2022, we have repaid a total of $76.0 million in debt instruments. The change in fair value of the outstanding warrants during the three months ended March 31, 2024 was a gain of $7.7 million compared to a loss of ($21.9) million during the three months ended March 31, 2023. Net gain in the change in fair value of warrant liabilities was the result of the remeasurement to fair value of the warrants exercised during the first quarter of 2024 and changes in market prices of our common stock and other observable inputs deriving the value of these financial instruments.

Income tax expense.Income tax expense for the three months ended September 30, 2023 March 31, 2024 and 2023 was $3.7 million, a decrease of $0.3 million, or 6%, compared to $4.0 million $0.6 million for each period.

Net income (loss). Net income for the three months ended September 30, 2022 March 31, 2024 was $21.2 million, an increase of $37.1 million, or 233%, compared to a net loss of ($15.9) million for the three months ended March 31, 2023. The $37.1 million increase in net income was attributable to: (i) a $29.6 million positive change in fair value of warrant liabilities; (ii) a $1.7 million decrease in interest expense was related to lower debt balances as the Company repaid expense; and (iii) a total of $61.6 million $5.8 million positive change in debt instruments since the third quarter of 2022. income from operations. The change in fair value of warrant liabilities during the three months ended September 30, 2023 March 31, 2024 was a gain of $7.4 million $7.7 million compared to a gain loss of $0.3 million ($21.9) million during the three months ended September 30, 2022 March 31, 2023. The change in fair value of warrant liabilities was the result of changes in market prices of our common stock and other observable inputs deriving the value of the financial instruments.

Income tax (benefit) expense. Income tax benefit for the three months ended September 30, 2023 was $2.8 million, a decrease of $3.1 million, or 1,294%, compared to an income tax expense of $0.2 million for the three months ended September 30, 2022. The decrease was primarily driven by the recognition of a discrete tax benefit of approximately $3.4 million in uncertain tax benefits during the third quarter of 2023 related to foreign tax exposures as a result of our participation in a tax amnesty program in Italy that settled such liability in August 2023, offset by an increase in the taxable income and a change in valuation allowance, withholding taxes due in various jurisdictions and the decrease in availability of net operating losses.

Net income. Net income for the three months ended September 30, 2023 was $23.4 million, as compared to net income of $5.9 million for the three months ended September 30, 2022. The $17.5 million increase was attributable to the $7.1 million positive change in fair value of warrant liabilities, a $7.1 million positive change in income from operations, and a $3.4 million decrease in uncertain tax benefits related to foreign tax exposure as a result of the Company's participation in a tax amnesty program in Italy settled in August 2023.

	Consolidated			
	Nine Months Ended September 30, 2023	% of Total Revenue	Nine Months Ended September 30, 2022	% of Total Revenue
(dollars in thousands, except per share amounts)				
REVENUES:				
Service revenues	$ 489,204	82 %	$ 307,555	82 %
Product revenues	110,035	18 %	69,782	18 %
Total revenues	599,239	100 %	377,337	100 %
COST OF REVENUES AND OPERATING EXPENSES:				
Cost of services	409,648	68 %	260,271	69 %
Cost of products	94,949	16 %	63,253	17 %
Administrative	12,762	2 %	11,630	3 %
Salary, benefits and payroll taxes	27,708	5 %	25,132	7 %
Amortization of intangible assets	12,618	2 %	12,618	3 %
Total cost of revenues and operating expenses	557,685	93 %	372,904	99 %
Income from operations	41,554	7 %	4,433	1 %
OTHER (EXPENSE) INCOME				
Interest expense, net	(12,688)	-2 %	(10,935)	-3 %
Change in fair value of warrant liabilities	(26,736)	-4 %	62,200	16 %
Total other (expense) income	(39,424)	-7 %	51,265	14 %
Income before income tax (benefit) expense	2,130	0 %	55,698	15 %
INCOME TAX (BENEFIT) EXPENSE	(2,200)	0 %	209	0 %

NET INCOME	$	4,330	1 %	$	55,489	15 %
NET INCOME PER VOTING AND NON-VOTING SHARE						
Basic	$	0.04		$	0.60	
Diluted (1)	$	0.04		$	0.49	
WEIGHTED-AVERAGE SHARES OUTSTANDING:						
Basic		96,975			92,371	
Diluted		96,975			94,745	

(1) Refer to Note 2 to the Condensed Consolidated Financial Statements in this report for details underlying OneSpaWorld's income diluted share calculation.

Comparison of Results for the nine months ended September 30, 2023 compared to nine months ended September 30, 2022

Results of operations for the nine months ended September 30, 2023 continued to accelerate from 2022 as the Company has returned to normalized operations since the inception of the COVID-19 pandemic.

Revenues. Revenues for the nine months ended September 30, 2023 and 2022 were $599.2 million and $377.3 million, respectively. The increase was attributable to our average ship count increasing 29% to 178 health and wellness centers onboard ships operating during the nine months ended September 30, 2023 compared with our average ship count of 138 health and wellness centers onboard ships operating during the nine months ended September 30, 2022, and the impact of our on-board initiatives to drive revenue growth.

The break-down of revenue between service and product revenues was as follows:

- *Service revenues*. Service revenues for the nine months ended September 30, 2023 were $489.2 million, an increase of $181.6 million, or 59%, compared to $307.6 million for the nine months ended September 30, 2022.
- *Product revenues.* Product revenues for the nine months ended September 30, 2023 were $110.0 million, an increase of $40.3 million, or 58%, compared to $69.8 million for the nine months ended September 30, 2022.

Cost of services. Cost of services for the nine months ended September 30, 2023 were $409.7 million, an increase of $149.4 million, or 57%, compared to $260.3 million for the nine months ended September 30, 2022. The increase was primarily attributable to costs

associated with increased service revenues of $489.2 million in the nine months ended September 30, 2023 from our operating health and wellness centers at sea and on land, compared with service revenues of $307.6 million in the nine months ended September 30, 2022.

Cost of products. Cost of products for the nine months ended September 30, 2023 were $94.9 million, an increase of $31.7 million, or 50%, compared to $63.3 million for the nine months ended September 30, 2022. The increase was primarily attributable to costs associated with increased product revenues of $110.0 million in the nine months ended September 30, 2023 from our operating health and wellness centers at sea and on land, compared to product revenues of $69.8 million in the nine months ended September 30, 2022.

Administrative. Administrative expenses for the nine months ended September 30, 2023 were $12.8 million, an increase of $1.1 million, or 10%, compared to $11.6 million for the nine months ended September 30, 2022. The increase was primarily attributable to professional fees incurred during the nine months ended September 30, 2023 for a secondary offering of common shares by selling shareholders related to the Business Combination and increased public company costs as the Company emerged from emerging growth company status.

Salary, benefits and payroll taxes. Salary, benefits and payroll taxes for the nine months ended September 30, 2023 were $27.7 million, an increase of $2.6 million, or 10%, compared to $25.1 million for the nine months ended September 30, 2022. The increase was primarily attributable to measured increase in corporate headcount and higher performance based compensation for the nine months ended September 30, 2023.

Amortization of intangible assets. Amortization of intangible assets for the nine months ended September 30, 2023 and 2022 were both $12.6 million.

Other (expense) income. Other (expense) income, includes interest expense and change in fair value of warrant liabilities. Interest expense for the nine months ended September 30, 2023 was $12.7 million, a increase of $1.7 million, or 16%, compared to $10.9 million for the nine months ended September 30, 2022. The increase in interest expense was related to higher interest rates and prepayment penalties to extinguish the second lien term loan offset by lower debt balances as the Company repaid a total of $61.6 million in debt instruments since the third quarter of 2022. The change in fair value of warrant liabilities during the nine months ended September 30, 2023 was a loss of $26.7 million compared to a gain of $62.2 million during the nine months ended September 30, 2022. Net loss in change in fair value of warrant liabilities was the result of increases in market prices of our common stock and other observable inputs deriving the value of the financial instruments and the exchange of approximately 95% of the Public Warrants and approximately 50% of Sponsor Warrants for the Company's common shares in April 2023. Refer to Note 5 to the Condensed Consolidated Financial statements in this report for further detail.

Income tax (benefit) expense . Income tax benefit for the nine months ended September 30, 2023 was a $2.2 million, a decrease of $2.4 million, or 1,153%, compared to an income tax expense of $0.2 million for the nine months ended September 30, 2022. The decrease was primarily driven by the recognition of a discrete tax benefit of approximately $3.4 million in uncertain tax benefits during the third quarter of 2023 related to foreign tax exposures as a result of our participation in a tax amnesty program in Italy that settled such liability in August 2023, offset by an increase in the taxable income and a change in valuation allowance, withholding taxes due in various jurisdictions and the decrease in availability of net operating losses.

Net income. Net income for the nine months ended September 30, 2023 was $4.3 million, as compared to net income of $55.5 million in the nine months ended September 30, 2022. The $51.1 million decrease was primarily attributable to the $88.9 million negative change in fair value of warrant liabilities partially offset by the $37.1 million positive change in income from operations. The change in fair value of the outstanding warrants during the nine months ended September 30, 2023 was a loss of ($26.7) million compared to a gain of $62.2 million during the nine months ended September 30, 2022. Excluding the change in fair value of warrant liabilities, the improvement in the nine months ended September 30, 2023 was primarily a result of the $37.1 million change in income from operations correlated to the increase in the number of health and wellness centers onboard ships operating during the nine month period and our on-board initiatives to drive revenue growth.

Liquidity and Capital Resources

Overview

Prior to Since our resumption of operations following the conclusion of the COVID-19 pandemic, we have funded our operations principally with cash flow from operations. Upon the onset of the COVID-19 pandemic in March 2020, we took prudently aggressive actions to increase our financial flexibility by securing and reallocating capital resources, including: (i) eliminating all non-essential operating and capital expenditures, (ii) withdrawing the Company dividend program until further notice, (iii) deferring payment of a dividend declared on February 26, 2020 until approved by the Board of Directors, (iv) completing the 2020 Private Placement on June 12, 2020; (v) borrowing $7 million, net, on our First Lien Revolving Facility, leaving $13 million available and undrawn; and (vi) entering into an agreement to allow for the Company to operate its ATM Program, which permitted the Company to sell, from time to time, common shares up to an aggregate offering price of $50.0 million, pursuant to which, as of July 31, 2022, shares representing approximately $10 million remained available for sale under the Agreement, and which Agreement was terminated by the Company on August 1, 2022.

Since the substantial easing of COVID-19 pandemic restrictions, our Our principal uses for our liquidity have been funding our return to service on 189 of our health and wellness centers onboard 193 cruise ships and in 54 51 destination resorts, including associated working capital investment and capital expenditures, expenditures; debt service, including full repayment of $7

million $7 million borrowed under our First Lien Revolving Facility, full repayment of our $25 million Second Lien Term Loan Facility, and $37 million $62 million repayment of our First Lien Term Loan Facility. Facility; and purchasing 1,395,432 of our common shares from Steiner Leisure Limited pursuant to a share repurchase agreement, among other uses of our liquidity.

Our results continued to experience significant recovery from the adverse impact of the recent pandemic during the three months ended September 30, 2023 March 31, 2024 when compared to the prior year period, building upon the increasing magnitude of our positive net operating cash flows. Taking into account the actions described above, the magnitude and positive trend of our results of operations, and our current financial condition and resources, we have concluded that we will have sufficient liquidity to satisfy our obligations existing and planned capital requirements over the next twelve months and thereafter and comply with all debt covenants as required by our debt agreements.

Table of Contents

Cash Flows

The following table shows summary cash flow information for the nine three months ended September 30, 2023 March 31, 2024 and the nine months ended September 30, 2022. 2023.

(in thousands)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Net income	$ 4,330	$ 55,489

Depreciation and amortization	16,498	15,974
Amortization of deferred financing costs	1,226	770
Change in fair value of warrant liabilities	26,736	(62,200)
Stock-based compensation	7,045	9,296
Income tax benefit from change in reserve of uncertain tax positions	(3,440)	—
Provision for doubtful accounts	55	13
Loss from write-offs of property and equipment	20	10
Noncash lease expense	61	55
Deferred income taxes	227	70
Changes in working capital	(6,421)	(2,591)
Net cash provided by operating activities	46,337	16,886
Capital expenditures	(2,871)	(3,268)
Net cash used in investing activities	(2,871)	(3,268)
Proceeds from exercise of warrants	2,216	59
Repayment on term loan facilities	(51,042)	(8,255)
Net cash used in financing activities	(48,826)	(8,196)
Effect of exchange rates	98	(1,113)
Net (decrease) increase in cash, cash equivalents and restricted cash	**$ (5,262)**	**$ 4,309**

(in thousands)	**Three Months Ended March 31, 2024**	**Three Months Ended March 31, 2023**
Net income (loss)	$ 21,166	$ (15,904)
Depreciation and amortization	6,209	5,509
Amortization of deferred financing costs	346	324
Change in fair value of warrant liabilities	(7,723)	21,900
Stock-based compensation	2,094	2,591
Provision for doubtful accounts	4	5
Noncash lease expense	11	51
Deferred income taxes	—	227
Change in working capital	(7,153)	(12,511)
Net cash provided by operating activities	14,954	2,192
Capital expenditures	(1,206)	(1,319)
Net cash used in investing activities	(1,206)	(1,319)
Proceeds from exercise of warrants	51,698	215

Repurchase of common shares	(7,736)	—
Repayment on term loan facilities	(20,000)	(10,521)
Net cash provided by (used in) financing activities	23,962	(10,306)
Effect of exchange rate changes on cash	(24)	168
Net increase (decrease) in cash and cash equivalents and restricted cash	**$ 37,686**	**$ (9,265)**

Comparison of Results for the nine months ended September 30, 2023 Three Months Ended March 31, 2024 and 2022 2023

Operating activities. Our net cash provided by operating activities for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 were $46.3 million $15.0 million and $16.9 million $2.2 million, respectively. In the nine three months ended September 30, 2023 March 31, 2024, net operating cash flows continued continue to accelerate from 2022, 2023, as the Company has returned to normalized operations. grew total revenue 16%, income from operations by 52% and enhanced our balance sheet.

Investing activities. Our net cash used in investing activities for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 were $2.9 million $1.2 million and $3.3 million $1.3 million, respectively.

Financing activities. Our net cash used in provided by (used in) financing activities for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 were $48.8 million $24.0 million and $8.2 million, ($10.3) million, respectively. For the nine three months ended September 30, 2023 March 31, 2024, the Company received proceeds from the exercise of public and private warrants of $51.7 million, repaid $36.0 million $20.0 million on the First Lien Term Loan Facility and $15.0 million utilized $7.7 million to repurchase 606,386 of our common shares. For the three months ended March 31, 2023, the Company repaid $0.5 million on the First Lien Term Loan Facility and $10.0 million on the Second Lien Term Loan Facility and received proceeds from the exercise of warrants of $2.2 million. For the nine months ended September 30, 2022, the Company repaid $1.3 million on the first lien term loan facility, $7.0 million on the revolving facility and received proceeds from the exercise of public warrants of $0.059 million..

$0.2 million.

Seasonality

A significant portion of our revenues are generated onboard cruise ships and are subject to specific individual cruise itineraries, as to dependent on time of year and geographic location, among other factors. As a result, we experience varying degrees of seasonality as the demand for cruises is stronger in the Northern Hemisphere during the summer months and during holidays. Accordingly, the third quarter and holiday periods generally result in the our highest revenue yields for us. yields. Further, cruises and destination resorts have been negatively affected by the frequency and intensity of hurricanes, particularly during the August through October period, which may be increasing in frequency and intensity due to climate change.

Table of Contents

Contractual Obligations

As of September 30, 2023 March 31, 2024, our net future contractual obligations have not changed significantly from the amounts disclosed in our 2022 2023 Form 10-K.

Critical Accounting Policies

Management's discussion and analysis of financial condition and results of operations is based upon our condensed consolidated unaudited financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated unaudited financial statements and the reported amount of revenues and expenses during the reporting period. Actual results may differ from these estimates under different assumptions or conditions. At least quarterly, management reevaluates its judgments and estimates, which are based on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances.

Our critical accounting policies are included in our 2022 2023 Form 10-K. We believe that there have been no significant changes during the nine three months ended September 30, 2023 March 31, 2024 to the critical accounting policies disclosed in our 2022 2023 Form 10-K.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, income or expenses, results of operations, liquidity, capital expenditures or capital resources.

Inflation and Economic Conditions

We do not believe that inflation has had a material adverse effect on our revenues or results of operations. However, public demand for activities, including cruises, is influenced by general economic conditions, including inflation, global health epidemics/pandemics and customer preferences. Periods of economic softness could have a material adverse effect on the cruise industry and hospitality industry upon which we are dependent. Such a slowdown could adversely affect our results of operations and financial condition. The COVID-19 pandemic substantially negatively impacted our business, operations, results of operations and financial condition in 2022 and 2021. Recurrence of the more severe aspects of the recent adverse economic conditions, increases in inflation rates and interest rates, as well as periods of fuel price increases, could have a material adverse effect on our business, results of operations and financial condition during the period of such recurrence. Weakness in the U.S. Dollar compared to the U.K. Pound Sterling and the Euro also could have a material adverse effect on our results of operations and financial condition.

Cautionary Statement Regarding Forward-Looking Statements

From time to time, including in this report and other disclosures, we may issue “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements reflect our current views about future events and are subject to known and unknown risks, uncertainties and other factors which may cause our actual results to differ materially from those expressed or implied by such forward-looking statements. We attempt, whenever possible, to identify these statements by using words like “will,” “may,” “could,” “should,” “would,” “believe,” “expect,” “anticipate,” “forecast,” “future,” “intend,” “plan,” “estimate” and similar expressions of future intent or the negative of such terms.

Such forward-looking statements include, but are not limited to, statements regarding:

- the potential impact of global epidemics a recurrence of the recent pandemic or future pandemics on the industries and the markets in which the Company operates and the Company’s business, operations, results of operations and financial condition, including cash flows and liquidity;
- the demand for the Company’s services together with the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors or changes in the business environment in which the Company operates;
- changes in consumer preferences or the markets for the Company’s services and products;

28

- changes in applicable laws or regulations;
- competition for the Company’s services and the availability of competition for opportunities for expansion of the Company’s business;
- difficulties of managing growth profitably;
- the loss of one or more members of the Company’s management team;
- changes in the market for the products we offer for sale;
- other risks and uncertainties included from time to time in the Company’s reports (including all amendments to those repor filed with the U.S. Securities and Exchange Commission;
- other risks and uncertainties indicated in our 2022 2023 Form 10-K, including those set forth under the section entitled “*Risk Factors*”; and

24

Table of Contents

- other statements preceded by, followed by or that include the words “estimate,” “plan,” “project,” “forecast,” “intend,” “expec “anticipate,” “believe,” “seek,” “target” or similar expressions.

These forward-looking statements are based on information available as of the date of this report and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date. We do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

For a discussion of our market risks, refer to Part II, Item 7A. - Quantitative and Qualitative Disclosures about Market Risk in our 2022 2023 Form 10-K. 10-K. There have been no material changes to our exposure to market risks since the date of our 2023 Form 10-K.

Item 4. Controls and Procedures

We carried out an evaluation under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as that term is defined in Rules Rule 13a-15(e) and 15(d)-15(e) of the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2023. March 31, 2024 to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in U.S. Securities and Exchange Commission rules and forms, and includes controls and procedures designed to ensure that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as that term is is defined in Rules Rule 13a-15(f) and 15(d)-15(f) under the Exchange Act) that occurred during the three months ended September 30, 2023 March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

[Table of Contents](#)

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There have been no material changes in the risk factors previously disclosed in the Company's 2022 2023 Form 10-K, Part II, Item 1A. "Risk Factors." However, the risks and uncertainties that we face are not limited to those set forth in the 2022 2023 Form 10-K. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also materially and adversely affect our business and the trading price of our securities.

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

Not applicable. None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the quarter ended September 30, 2023, none of our directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K). None.

Item 6. Exhibits

Exhibit No.	
31.1 31.1*	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 2002.
31.2 31.2*	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 32.1**	Section 1350 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 32.2**	Section 1350 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS* 101.INS	The following financial information from Inline XBRL Instance Document – the Company's Quarterly Report on Form 10-Q for instance document does not appear in the quarter ended September 30, 2023 formatted in iXBRL (Inline eXtensible Business Reporting Language) includes: (i) Interactive Data File because its XBRL tags are embedded within the Condensed Consolidated Statements of Operations, (ii) the Condensed Consolidated Statements of Comprehensive (Loss) Income, (iii) the Condensed Consolidated Statements of Equity and (v) Notes to Condensed Consolidated Financial Statements. Inline XBRL document.

101.SCH*	Inline XBRL Taxonomy Extension Schema Document. Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page for the Company's Quarterly Report on Form 10-Q has been formatted in Inline XBRL and contained in Exhibit 101

______

30 * Filed herewith.

** Furnished herewith.

Table of Contents

SIGNATURES

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

Dated: November 3, 2023 May 3, 2024

ONESPAWORLD HOLDINGS LIMITED

By: /s/ Leonard Fluxman

Leonard Fluxman

Executive Chairman, President, Chief Executive Officer and Director

Principal Executive Officer

By : /s/ STEPHEN B. LAZARUS

Stephen B. Lazarus

Chief Financial Officer and Chief Operating Officer

Principal Financial and Accounting Officer

31 27

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)/ RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Leonard Fluxman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of OneSpaWorld Holdings Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2023 May 3, 2024	/s/ Leonard Fluxman
	Leonard Fluxman
	President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a)/ RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Stephen B. Lazarus, certify that:

1. I have reviewed this quarterly report on Form 10-Q of OneSpaWorld Holdings Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2023 May 3, 2024

/s/ Stephen B. Lazarus

Stephen B. Lazarus

Chief Financial Officer and Chief Operating Officer

Exhibit 32.1

SECTION 1350 CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), the undersigned officer of OneSpaWorld Holdings Limited certifies that, to his knowledge: (1) this Quarterly Report of OneSpaWorld Holdings Limited (the “Company”) on Form 10-Q for the period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (this “Report”), fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Leonard Fluxman

Leonard Fluxman

President and Chief Executive Officer

November May 3, 2023 2024

Exhibit 32.2

SECTION 1350 CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), the undersigned officer of OneSpaWorld Holdings Limited certifies that, to his knowledge: (1) this Quarterly Report of OneSpaWorld Holdings Limited (the “Company”) on Form 10-Q for the period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (this “Report”), fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Stephen B. Lazarus

Stephen B. Lazarus

Chief Financial Officer and Chief Operating Officer

November May 3, 2023 2024

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

REFINITIV