

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2017

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

For the transition period from ___ to ___

Commission file number: 001-34785

FORM Holdings Corp.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

780 Third Avenue, 12th Floor, New York, NY
(Address of principal executive offices)

10017
(Zip Code)

(Registrant's Telephone Number, Including Area Code): (212) 309-7549

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

Title of each class

Name of each exchange on which registered

Common Stock, par value \$0.01 per share

The NASDAQ Stock Market LLC

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

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 May 15, 2017, 19,565,531 shares of the registrant's common stock were outstanding.

FORM Holdings Corp. and Subsidiaries

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PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

FORM Holdings Corp. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	March 31, 2017 (Unaudited)	December 31, 2016
Current assets		
Cash and cash equivalents	\$ 11,673	\$ 17,910
Accounts receivable, net	1,726	449
Inventory	2,918	2,943
Other current assets	1,379	2,242
Total current assets	<u>17,696</u>	<u>23,544</u>
Restricted cash	476	638
Property and equipment, net	16,226	16,467
Intangible assets, net	15,488	15,610
Goodwill	27,486	25,166
Other assets	1,330	1,382
Total assets	<u>\$ 78,702</u>	<u>\$ 82,807</u>
Current liabilities		
Accounts payable, accrued expenses and other current liabilities	\$ 10,497	\$ 11,630
Deferred revenue	328	143
Total current liabilities	<u>10,825</u>	<u>11,773</u>
Long-term liabilities		
Debt	6,500	6,500
Derivative warrant liabilities	233	259
Other liabilities	807	106
Total liabilities	<u>18,365</u>	<u>18,638</u>
Commitments and contingencies (see Note 10)		
Stockholders' equity		
Series A Convertible Preferred stock, \$0.01 par value per share; 500,000 shares authorized; 6,968 issued and none outstanding	—	—
Series B Convertible Preferred stock, \$0.01 par value per share; 5,000,000 shares authorized; 1,666,667 issued and none outstanding	—	—
Series C Junior Preferred stock, \$0.01 par value per share; 300,000 shares authorized; none issued and outstanding	—	—
Series D Convertible Preferred Stock, \$0.01 par value per share; 500,000 shares authorized; 491,427 issued and outstanding; liquidation value of \$23,588	5	5
Common stock, \$0.01 par value per share; 150,000,000 shares authorized; 19,198,454 and 18,304,881 issued and outstanding as of March 31, 2017 and December 31, 2016, respectively	192	183
Additional paid-in capital	282,773	280,221
Accumulated deficit	(227,293)	(220,868)
Accumulated other comprehensive loss	(57)	(13)
Total stockholders' equity attributable to the Company	<u>55,620</u>	<u>59,528</u>
Noncontrolling interests	4,717	4,641
Total stockholders' equity	<u>60,337</u>	<u>64,169</u>
Total liabilities and stockholders' equity	<u>\$ 78,702</u>	<u>\$ 82,807</u>

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

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

	Three months ended March 31,	
	2017	2016
Revenue		
Wellness	\$ 10,984	\$ —
Technology	3,525	1,294
Intellectual property	100	750
Total revenue	<u>14,609</u>	<u>2,044</u>
Cost of sales		
Wellness	8,835	—
Technology	2,960	1,127
Intellectual property*	99	720
Total cost of sales	<u>11,894</u>	<u>1,847</u>
Depreciation and amortization	1,899	851
General and administrative*	6,860	2,952
Total expenses	<u>20,653</u>	<u>5,650</u>
Operating loss	<u>(6,044)</u>	<u>(3,606)</u>
Non-operating income, net	111	337
Interest expense	(189)	(476)
Extinguishment of debt	—	(210)
Loss before income tax expense	<u>(6,122)</u>	<u>(3,955)</u>
Income tax expense	(227)	—
Consolidated net loss	<u>(6,349)</u>	<u>(3,955)</u>
Net income attributable to noncontrolling interests	(76)	—
Net loss attributable to the Company	<u>\$ (6,425)</u>	<u>\$ (3,955)</u>
Consolidated net loss	<u>\$ (6,349)</u>	<u>\$ (3,955)</u>
Other comprehensive loss: foreign currency translation	(44)	—
Comprehensive loss	<u>\$ (6,393)</u>	<u>\$ (3,955)</u>
Loss per share:		
Basic net loss per share	<u>\$ (0.34)</u>	<u>\$ (0.28)</u>
Diluted net loss per share	<u>\$ (0.34)</u>	<u>\$ (0.28)</u>
Weighted-average number of shares outstanding during the period:		
Basic	<u>18,862,715</u>	<u>14,158,680</u>
Diluted	<u>18,862,715</u>	<u>14,158,680</u>
*Includes stock-based compensation expense, as follows:		
Intellectual property costs	\$ —	\$ 68
General and administrative	741	395
Total stock-based compensation expense	<u>\$ 741</u>	<u>\$ 463</u>

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

FORM Holdings Corp. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands)

	Common stock	Preferred stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total FORM equity	Non-controlling interest	Total equity
December 31, 2016	\$ 183	\$ 5	\$ 280,221	\$ (220,868)	\$ (13)	\$ 59,528	\$ 4,641	\$ 64,169
Issuance of common stock for services	—	—	11	—	—	11	—	11
Shares of common stock issued for the acquisition of Excalibur	9	—	1,800	—	—	1,809	—	1,809
Stock-based compensation	—	—	741	—	—	741	—	741
Net loss for the period	—	—	—	(6,425)	—	(6,425)	—	(6,425)
Foreign currency translation	—	—	—	—	(44)	(44)	—	(44)
Noncontrolling interests	—	—	—	—	—	—	76	76
March 31, 2017	<u>\$ 192</u>	<u>\$ 5</u>	<u>\$ 282,773</u>	<u>\$ (227,293)</u>	<u>\$ (57)</u>	<u>\$ 55,620</u>	<u>\$ 4,717</u>	<u>\$ 60,337</u>
	Common stock	Preferred stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total FORM equity	Non-controlling interest	Total equity
December 31, 2015	\$ 132	\$ —	\$ 237,246	\$ (196,862)	\$ —	\$ 40,516	\$ —	\$ 40,516
Issuance of common stock for repayment of convertible debt and related interest	18	—	2,978	—	—	2,996	—	2,996
Stock-based compensation	—	—	463	—	—	463	—	463
Net loss for the period	—	—	—	(3,955)	—	(3,955)	—	(3,955)
March 31, 2016	<u>\$ 150</u>	<u>\$ —</u>	<u>\$ 240,687</u>	<u>\$ (200,817)</u>	<u>\$ —</u>	<u>\$ 40,020</u>	<u>\$ —</u>	<u>\$ 40,020</u>

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

FORM Holdings Corp. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three months ended March 31,	
	2017	2016
Cash flows from operating activities		
Consolidated net loss	\$ (6,349)	\$ (3,955)
Adjustments to reconcile consolidated net loss to net cash used in operating activities:		
Items not affecting cash flows		
Depreciation and amortization	1,899	851
Amortization of debt discount and debt issuance costs	—	414
Stock-based compensation	741	463
Amendment to warrants as part of debt modification	—	(281)
Loss on extinguishment of debt	—	356
Issuance of shares of common stock for services	11	—
Change in fair value of derivative warrant liabilities and conversion feature	(26)	11
Exchange rate gain, net	—	(86)
Changes in current assets and liabilities net of effects of acquisition		
Increase in accounts receivable	(742)	(814)
Decrease (increase) in inventory	76	(96)
Decrease in other current assets and other assets	1,121	239
Decrease in accounts payable, accrued expenses and other current liabilities	(1,693)	(2,490)
Increase in deferred revenue	65	193
Decrease in other liabilities	(2)	(234)
Net cash used in operating activities	<u>(4,899)</u>	<u>(5,429)</u>
Cash flows from investing activities		
Cash acquired as part of acquisition ⁽¹⁾	26	—
Acquisition of property and equipment	(895)	—
Acquisition of software	(64)	(86)
Decrease in deposits	—	1,173
Net cash provided by (used in) investing activities	<u>(933)</u>	<u>1,087</u>
Cash flows from financing activities		
Repayment of line of credit	(361)	—
Debt issuance costs	—	(50)
Net cash used in financing activities	<u>(361)</u>	<u>(50)</u>
Effect of exchange rate changes and foreign currency translation	(44)	1
Decrease in cash and cash equivalents	(6,237)	(4,391)
Cash and cash equivalents at beginning of period	17,910	24,951
Cash and cash equivalents at end of period	<u>\$ 11,673</u>	<u>\$ 20,560</u>
Cash paid during the period for		
Interest	\$ 150	\$ —
Noncash investing and financing transactions		
Issuance of common stock to repay debt and interest	—	2,996
(1) Cash acquired as part of acquisition		
Working capital (excluding cash and cash equivalents)	79	—
Property and equipment	(21)	—
Intangible assets	(556)	—
Goodwill	(2,320)	—
Deferred tax assets	(29)	—
Line of credit with interest	361	—
Other liabilities	387	—
Fair value of shares of common stock issued	1,809	—
Fair value of contingent liability	<u>316</u>	<u>—</u>
	<u>26</u>	<u>—</u>

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

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

Note 1. General

FORM Holdings Corp. (“FORM” or the “Company”) is a holding company of small to middle market growth companies. The Company has three operating segments: wellness, technology and intellectual property.

The Company’s wellness operating segment consists of XpresSpa, which is a leading airport retailer of spa services. XpresSpa is a well-recognized airport spa brand with 53 locations in 40 terminals and 22 airports in the United States, Netherlands, and United Arab Emirates. XpresSpa offers travelers premium spa services, including massage, nail and hair as well as spa and travel products. The Company acquired XpresSpa in the fourth quarter of 2016.

The Company’s technology operating segment consists of Group Mobile and FLI Charge as well as an 11% equity interest in InfoMedia Services Limited (“InfoMedia”). Group Mobile offers rugged hardware and software solutions, including laptops, tablets, and mobile printers, as well as installation and deployment services. FLI Charge offers wireless conductive charging and power solutions for electronic devices. The Company acquired Group Mobile and FLI Charge in the fourth quarter of 2015 and Excalibur Integrated Systems Inc. (“Excalibur”), which was merged with Group Mobile, in the first quarter of 2017. The Company’s equity interest in InfoMedia increased from 8.25% to 11% in the first quarter of 2017 due to a realignment of ownership interests.

The Company’s intellectual property operating segment is engaged in the monetization of patents related to content and ad delivery, remote monitoring and mobile technologies.

Note 2. Accounting and Reporting Policies

(a) Basis of presentation and principles of consolidation

The accompanying interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) for interim financial information and the instructions to Rule 10-01 of Regulation S-X, and should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2016. All adjustments that, in the opinion of management, are necessary for a fair presentation for the periods presented have been reflected by the Company. Such adjustments are of a normal, recurring nature. The results of operations for the three-month period ended March 31, 2017 are not necessarily indicative of the results that may be expected for the entire fiscal year or for any other interim period. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Use of estimates

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

(c) Revenue recognition

The Company recognizes revenue for the wellness operating segment from the sale of XpresSpa products and services at the point of sale, net of discounts and applicable sales taxes. Revenues from the XpresSpa wholesale and e-commerce businesses are recorded at the time goods are shipped. The Company excludes all sales taxes assessed to its customers. Sales taxes assessed on revenues are included in accounts payable, accrued expenses and other current liabilities in the condensed consolidated balance sheets until remitted to the state agencies.

The Company records revenue from product sales in the technology operating segment when title and risk of loss are passed to the customer, there is persuasive evidence of an arrangement for sale, delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured. The Company’s shipping terms typically specify F.O.B. destination, at which time title and risk of loss have passed to the customer. At the time of sale of hardware products, the Company records an estimate for sales returns and allowances based on historical experience. Hardware products sold by the Company are warranted by the vendor.

The Company has drop-shipment arrangements with many of its hardware vendors and suppliers to deliver products directly to customers. Revenue for drop-shipment arrangements is recorded on a gross basis upon delivery to the customer with contract terms that typically specify F.O.B. destination. Revenue is recognized on a gross basis, as the Company is the principal in the transaction, as the primary obligor in the arrangement, assumes the inventory risk if the product is returned by the customer, sets the price of the product to the customer, assumes credit risk for the amounts invoiced, and works closely with the customers to determine their hardware specifications.

Freight billed to customers is recognized as net product revenue and the related freight costs as a cost of sales.

On certain occasions, the Company’s technology operating segment will enter into a bill and hold arrangement with a customer. When this occurs, the Company makes a determination as to when it will be the proper time to recognize revenue. In doing so, the Company takes the following into consideration:

- whether the risks of ownership have passed to the customer;
- the customer must have made a fixed commitment to purchase the goods;
- the customer must request and have a substantial business purpose for ordering on a bill and hold basis;

- there must be a fixed schedule for delivery that is reasonable and consistent with the customer’s business purpose;
- the Company cannot retain any specific performance obligations that would make the earnings process incomplete;
- the goods must be segregated from remaining inventory (i.e., they cannot be used to fill orders for others); and
- the goods must be complete and ready for shipment.

For multiple-element arrangements in the Company’s technology operating segment that include hardware products, services and maintenance, the Company allocates revenue to all deliverables based on their relative selling prices. In such circumstances, the Company uses a hierarchy to determine the selling price to be used for allocating revenue to deliverables: (i) vendor-specific objective evidence of fair value (“VSOE”), (ii) third-party evidence of selling price (“TPE”) and (iii) best estimate of selling price (“ESP”). VSOE generally exists only when the Company sells the deliverable separately and is the price actually charged by the Company for that deliverable. ESPs reflect the Company’s best estimates of what the selling prices of elements would be if they were sold regularly on a stand-alone basis. The Company allocates revenue to all deliverables based on the VSOE of each element, and if VSOE does not exist revenue is recognized when elements lacking VSOE are delivered.

Revenue from patent licensing is recognized if collectability is reasonably assured, persuasive evidence of an arrangement exists, the sales price is fixed or determinable and delivery of the service has been rendered. Currently, revenue arrangements related to intellectual property provide for the payment of contractually determined fees and other consideration for the grant of certain intellectual property rights related to the Company’s patents. These rights typically include some combination of the following: (i) the grant of a non-exclusive, retroactive and future license to manufacture and/or sell products covered by patents, (ii) the release of the licensee from certain claims, and (iii) the dismissal of any pending litigation. The intellectual property rights granted typically extend until the expiration of the related patents. Pursuant to the terms of these agreements, the Company has no further obligation with respect to the grant of the non-exclusive retroactive and future licenses, covenants-not-to-sue, releases, and other deliverables, including no express or implied obligation on the Company’s part to maintain or upgrade the related technology, or provide future support or services. Generally, the agreements provide for the grant of the licenses, covenants-not-to-sue, releases, and other significant deliverables upon execution of the agreement, or upon receipt of the upfront payment. As such, the earnings process is complete and revenue is recognized upon the execution of the agreement, upon receipt of the upfront fee, and when all other revenue recognition criteria have been met.

(d) Cost of sales

Cost of sales for the Company's wellness operating segment consists of store-level costs. Store-level costs include all costs that are directly attributable to the store operations and include:

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

Cost of sales for the Company's technology operating segment includes costs to acquire or manufacture goods for inventory.

Cost of sales for the Company's intellectual property segment mainly includes expenses incurred in connection with the Company's patent licensing and enforcement activities, patent-related legal expenses paid to external patent counsel (including contingent legal fees), licensing and enforcement related research, consulting and other expenses paid to third parties, as well as related internal payroll expenses.

(e) Recently adopted accounting pronouncements

ASU No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business

In January 2017, the FASB issued Accounting Standards Update No. 2017-01 ("ASU 2017-01") "Business Combinations (Topic 805): Clarifying the Definition of a Business." ASU 2017-01 provides guidance to evaluate whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. If substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single asset or a group of similar assets, the assets acquired (or disposed of) are not considered a business. The Company adopted ASU 2017-01 as of January 1, 2017 on a prospective basis.

(f) Recent issued accounting pronouncements not yet adopted

ASU No. 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment

In January 2017, the FASB issued Accounting Standards Update No. 2017-04 ("ASU 2017-04") "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment." ASU 2017-04 eliminates step two of the goodwill impairment test and specifies that goodwill impairment should be measured by comparing the fair value of a reporting unit with its carrying amount. Additionally, the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount of net assets should be disclosed. ASU 2017-04 is effective for annual or interim goodwill impairment tests performed in fiscal years beginning after December 15, 2019; early adoption is permitted. The Company currently anticipates that the adoption of ASU 2017-04 will not have a material impact on its consolidated financial statements.

ASU No. 2017-09, Stock Compensation (Topic 718): Scope of Modification Accounting

In May 2017, the FASB issued Accounting Standards Update No. 2017-09 ("ASU 2017-09") "Stock Compensation (Topic 718): Scope of Modification Accounting." ASU 2017-09 provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The current disclosure requirements in Topic 718 apply regardless of whether an entity is required to apply modification accounting under the amendments in this update. ASU 2017-09 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017; early adoption is permitted. The Company is currently in the process of evaluating the potential impact of the adoption on its consolidated financial statements.

(g) Reclassification

Certain balances have been reclassified to conform to presentation requirements, including consistent presentation of cost of sales and general and administrative expenses to align presentation for operating segments.

Note 3. Net Loss per Share of Common Stock

The table below presents the computation of basic and diluted net losses per share of common stock:

	Three months ended March 31,	
	2017	2016
Basic numerator:		
Net loss attributable to shares of common stock	\$ (6,425)	\$ (3,955)
Basic denominator:		
Basic shares of common stock outstanding	18,862,715	14,158,680
Basic net loss per share of common stock	\$ (0.34)	\$ (0.28)
Diluted numerator:		
Diluted net loss attributable to shares of common stock	\$ (6,425)	\$ (3,955)

Diluted denominator:

Diluted shares of common stock outstanding	18,862,715	14,158,680
Diluted net loss per share of common stock	<u>\$ (0.34)</u>	<u>\$ (0.28)</u>

Net loss per share data presented excludes from the calculation of diluted net loss the following potentially dilutive securities, as they had an anti-dilutive impact:

Both vested and unvested options to purchase an equal number of shares of common stock of the Company	5,138,732	862,484
Unvested restricted stock units ("RSUs") to issue an equal number of shares of common stock of the Company	400,942	25,620
Warrants to purchase an equal number of shares of common stock of the Company	3,430,877	1,006,679
Preferred stock on an as converted basis	3,931,416	—
Conversion feature of notes	—	318,924
Total number of potentially dilutive instruments excluded from the calculation of net loss per share of common stock	<u>12,901,967</u>	<u>2,213,707</u>

Note 4. Business Combination

On February 2, 2017, the Company acquired Excalibur, which is an end-to-end solutions provider of mobile hardware devices, wireless network security, data networking, telephony and mobile application development and software solutions. Following the acquisition, Excalibur was merged with Group Mobile within the Company's technology operating segment.

In consideration for the acquisition, the Company issued 888,573 unregistered shares of the Company's common stock, par value \$0.01 per share, to the former stockholders of Excalibur (the "Excalibur Sellers"). In addition, the Excalibur Sellers will, in the three years following the closing of this transaction, also receive \$500 for each \$2,000 of gross profit generated by a specified list of Excalibur accounts annually, until such cumulative gross profit reaches \$6,000, and an additional \$500 when such cumulative profit reaches \$10,000, such amounts are payable in either cash or the Company's common stock, at the election of the Company.

The fair value of the total purchase price is \$2,125 and includes a fair value of contingent consideration of \$316 and fair value of unregistered shares of common stock issued of \$1,809.

Assets acquired and liabilities assumed were recorded at their fair values as of the acquisition date. The purchase price for the acquisition was allocated to the net tangible and intangible assets based on their fair values as of the acquisition date. The excess of the purchase price over the net tangible assets and intangible assets was recorded as goodwill. The table below presents preliminary allocation of the purchase price:

	Fair Value
Assets	
Current assets (including cash of \$26)	\$ 628
Deferred tax assets	29
Property and equipment	21
Intangible assets	556
Goodwill	2,320
Total assets	<u>3,554</u>
Liabilities	
Accounts payable and accrued expenses	1,214
Deferred tax liabilities	215
Total liabilities	<u>1,429</u>
Net assets, fair value	<u>\$ 2,125</u>

The allocation of the purchase price was based upon a preliminary valuation performed using the Company's estimates and assumptions, which are subject to change within the measurement period (up to one year from the acquisition date).

Note 5. Segment Information

Prior to January 1, 2017, the Company had four operating segments: XpresSpa, which was acquired on December 23, 2016, Group Mobile, FLI Charge and intellectual property. Following the acquisitions of XpresSpa in December 2016 and Excalibur in February 2017, the Company re-evaluated the operating segments and roles within the executive team to better align financial and human capital resources. The Company's operating segments are defined as components of an enterprise about which separate financial information is available that is regularly evaluated by the enterprise's chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. The Company concluded that it conducts its business through three operating segments, which are also its reportable segments: wellness, technology and intellectual property.

Segment operating results reflect losses before corporate and unallocated shared expenses, interest expense, income taxes and noncontrolling interests. Corporate and unallocated shared expenses principally consist of costs for corporate functions, rent for office space, stock-based compensation, executive management and certain unallocated administrative support functions.

	Three months ended March 31,	
	2017	2016
Revenue		
Wellness	\$ 10,984	\$ —
Technology	3,525	1,294
Intellectual property	100	750
Total revenue	<u>\$ 14,609</u>	<u>\$ 2,044</u>
Cost of sales		
Wellness	\$ 8,835	\$ —
Technology	2,960	1,127
Intellectual property	99	720
Total cost of sales	<u>\$ 11,894</u>	<u>\$ 1,847</u>
Segment operating loss		
Wellness	\$ (2,371)	\$ —
Technology	(1,475)	(1,101)
Intellectual property	(5)	(703)
Corporate	(2,193)	(1,802)
Total segment operating loss	<u>(6,044)</u>	<u>(3,606)</u>
Non-operating expense, net	(78)	(349)
Loss before income tax expense	<u>\$ (6,122)</u>	<u>\$ (3,955)</u>
	March 31,	December 31,
	2017	2016
Assets		
Wellness	\$ 55,076	\$ 57,527
Technology	12,838	8,634
Intellectual property	765	940
Corporate	10,023	15,706
Total assets	<u>\$ 78,702</u>	<u>\$ 82,807</u>

General and administrative costs are allocated among the operating segments and non-operating corporate segment. The non-operating corporate segment does not have any revenue, but does incur expenses such as compensation expenses, rent and infrastructure costs. The non-operating corporate segment's assets are mainly comprised of cash.

The Company currently operates in two geographical segments: United States and all other countries. The following table represents the geographical revenue, segment operating loss, and total asset information as of and for the three months ended March 31, 2017 and 2016. There were no concentrations of geographical revenue, segment operating loss or total assets related to any single foreign country that were material to the Company's condensed consolidated financial statements.

	Three months ended March 31,	
	2017	2016
Revenue		
United States	\$ 13,493	\$ 2,044
All other countries	1,116	—
Total revenue	<u>\$ 14,609</u>	<u>\$ 2,044</u>
Cost of sales		
United States	\$ 11,217	\$ 1,847
All other countries	677	—
Total cost of sales	<u>\$ 11,894</u>	<u>\$ 1,847</u>
Segment operating income (loss)		
United States	\$ (6,234)	\$ (3,606)
All other countries	190	—
Total segment operating loss	<u>\$ (6,044)</u>	<u>\$ (3,606)</u>
Non-operating expense, net	(78)	(349)
Loss before income tax expense	<u>\$ (6,122)</u>	<u>\$ (3,955)</u>
	March 31,	December 31,
	2017	2016
Assets		
United States	\$ 77,073	\$ 80,053
All other countries	1,629	2,754
Total assets	<u>\$ 78,702</u>	<u>\$ 82,807</u>

Note 6. Fair Value Measurements

The following table presents the placement in the fair value hierarchy of liabilities measured at fair value on a recurring basis as of March 31, 2017 and December 31, 2016:

	Balance	Fair value measurement at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
March 31, 2017:				
May 2015 Warrants	\$ 233	\$ —	\$ —	\$ 233
December 31, 2016:				
May 2015 Warrants	\$ 259	\$ —	\$ —	\$ 259

The Company measures its derivative liabilities at fair value. The May 2015 Warrants were classified within Level 3 because they were valued using the Black-Scholes-Merton model, which utilizes significant inputs that are unobservable in the market. These derivative warrant liabilities were initially measured at fair value and are marked to market at each balance sheet date.

In addition to the above, the Company's financial instruments as of March 31, 2017 and December 31, 2016, consisted of cash and cash equivalents, receivables, accounts payable and Debt. The carrying amounts of all the aforementioned financial instruments approximate fair value because of the short-term maturities of these instruments.

The following table summarizes the changes in the Company's liabilities measured at fair value using significant unobservable inputs (Level 3) during the three month period ended March 31, 2017:

	May 2015 Warrants
December 31, 2016	\$ 259
Decrease in fair value of the derivative warrant liabilities	(26)
March 31, 2017	<u>\$ 233</u>

Valuation processes for Level 3 Fair Value Measurements

Fair value measurement of the derivative warrant liabilities falls within Level 3 of the fair value hierarchy. The fair value measurements are evaluated by management to ensure that changes are consistent with expectations of management based upon the sensitivity and nature of the inputs.

March 31, 2017:

Description	Valuation technique	Unobservable inputs	Range
May 2015 Warrants	Black-Scholes-Merton	Volatility	42.47%
		Risk free interest rate	1.48%
		Expected term, in years	3.09
		Dividend yield	0.00%

December 31, 2016:

Description	Valuation technique	Unobservable inputs	Range
May 2015 Warrants	Black-Scholes-Merton	Volatility	45.15%
		Risk-free interest rate	1.57%
		Expected term, in years	3.34
		Dividend yield	0.00%

Sensitivity of Level 3 measurements to changes in significant unobservable inputs

The inputs to estimate the fair value of the Company's derivative warrant liabilities were the current market price of the Company's common stock, the exercise price of the derivative warrant liabilities, their remaining expected term, the volatility of the Company's common stock price and the risk-free interest rate over the expected term. Significant changes in any of those inputs in isolation can result in a significant change in the fair value measurement.

Generally, an increase in the market price of the Company's shares of common stock, an increase in the volatility of the Company's shares of common stock, and an increase in the remaining term of the derivative warrant liabilities would each result in a directionally similar change in the estimated fair value of the Company's derivative warrant liabilities. Such changes would increase the associated liability while decreases in these assumptions would decrease the associated liability. An increase in the risk-free interest rate or a decrease in the differential between the derivative warrant liabilities' exercise price and the market price of the Company's shares of common stock would result in a decrease in the estimated fair value measurement and thus a decrease in the associated liability. The Company has not, and does not plan to, declare dividends on its common stock, and as such, there is no change in the estimated fair value of the derivative warrant liabilities due to the dividend assumption.

The following table presents the placement in the fair value hierarchy of shares of the contingent liability assumed by the Company following the acquisition of Excalibur on February 2, 2017, which was measured at fair value on a non-recurring basis as of March 31, 2017:

	Balance	Fair value measurement at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
March 31, 2017:				
Contingent liability	\$ 316	\$ —	\$ —	\$ 316

The purchase consideration value of the contingent liability assumed by the Company following the acquisition of Excalibur on February 2, 2017 was determined using the Monte-Carlo simulation and, as such, was classified as Level 3 of the fair value hierarchy.

Note 7. Stock-based Compensation

As of March 31, 2017, 1,255,270 shares of the Company's common stock were available for future grants under the Company's 2012 Employee, Director and Consultant Equity Incentive Plan. Total stock-based compensation expense for the periods ended March 31, 2017 and 2016 was \$741 and \$463, respectively.

The following table illustrates the options granted during the three-month period ended March 31, 2017.

Title	Grant date	No. of options	Exercise price	Fair value at grant date	Vesting terms	Assumptions used in Black-Scholes option pricing model
Directors, management, and employees	January 2017	1,545,000	\$2.12 – \$2.15	\$0.89 – \$0.96	Over 1 year for directors; Over 3 years for management and employees	Volatility: 44.27% – 44.90% Risk free interest rate: 1.95% – 2.16% Expected term, in years: 5.29 – 5.79 Dividend yield: 0.00%

The following table illustrates the RSUs granted during the three-month period ended March 31, 2017.

Title	Grant date	No. of RSUs	Fair value at grant date	Vesting term
Management and employees	January 2017	400,942	\$ 2.12	Over 1 year period, vesting on 1 year anniversary of grant date

The activity related to stock options and RSUs during the three-month period ended March 31, 2017 consisted of the following:

	RSUs		Options			
	No. of RSUs	Weighted average grant date fair value	No. of options	Weighted average exercise price	Exercise price range	Weighted average grant date fair value
Outstanding as of January 1, 2017	—	—	3,679,101	\$ 7.60	\$ 1.55 – 55.00	\$ 5.41
Granted	400,942	\$ 2.12	1,545,000	\$ 2.12	\$ 2.12 – 2.15	\$ 0.93
Vested/Exercised	—	—	—	—	—	—
Forfeited	—	—	(69,001)	\$ 25.92	\$ 1.90 – 37.20	\$ 17.58
Expired	—	—	(16,368)	\$ 43.66	\$ 9.94 – 55.00	\$ 22.02
Outstanding as of March 31, 2017	400,942	\$ 2.12	5,138,732	\$ 5.59	\$ 1.55 – 41.00	\$ 3.85
Exercisable as of March 31, 2017	—	—	2,028,941	\$ 11.39	\$ 1.55 – 41.00	—

On January 20, 2017, the Company entered into amended employment agreements with its named executive officers. Under the terms of some of these agreements, certain of these officers are entitled to a percentage of the amount equal to the total amount of cash and the fair market value of all non-cash consideration paid or payable to the Company or its stockholders in connection with an initial public offering or a change of control of certain subsidiaries of the Company. The amended employment agreements also allow for the granting of equity awards to certain officers in connection with an initial public offering of certain subsidiaries of the Company.

The Company did not recognize tax benefits related to its stock-based compensation as there is a full valuation allowance recorded.

Note 8. Income Taxes

The Company's provision for income taxes consists of federal, state, local, and foreign taxes in amounts necessary to align the Company's year-to-date provision for income taxes with the effective tax rate that the Company expects to achieve for the full year. Each quarter, the Company updates its estimate of the annual effective tax rate and records cumulative adjustments as deemed necessary. The income tax provisions for the quarter ended March 31, 2017 reflect an estimated global annual effective tax rate of approximately -7.27%. As of March 31, 2017, deferred tax assets generated from the Company's U.S. activities were offset by a valuation allowance because realization depends on generating future taxable income, which, in the Company's estimation, is not more likely than not to be generated before such net operating loss carryforwards expire. The Company expects its effective tax rate for its current fiscal year to be significantly lower than the statutory rate as a result of a full valuation allowance; therefore, any loss before income taxes does not generate a corresponding income tax benefit.

Income tax expense for the quarter ended March 31, 2017 of \$227 was attributable primarily to tax deductions related to goodwill, for which there is no corresponding financial statement amortization expense, partially offset by the reduction in the valuation allowance needed following the acquisition of Excalibur's deferred tax liability. The final annual tax rate cannot be determined until the end of the fiscal year; therefore, the actual tax rate could differ from current estimates. Although the Company has an immaterial amount of uncertain tax positions, the Company does not expect to record any additional material provisions for unrecognized tax benefits with the next year.

Note 9. Related Parties Transactions

XpresSpa entered in a credit agreement and secured promissory note (the "Debt") with Rockmore Investment Master Fund Ltd. ("Rockmore") on April 22, 2015 that was amended on August 8, 2016. Rockmore is an investment entity controlled by the Company's board member, Bruce T. Bernstein. The Debt had an outstanding balance of \$6,500 as of March 31, 2017 and December 31, 2016, included in long-term liabilities in the condensed consolidated balance sheets. During the quarter ended March 31, 2017, XpresSpa paid \$150 of interest and recorded \$189 of interest expense. During May 2017, as per the original agreement and with Rockmore's consent, the Company elected to extend the maturity date of the Debt from May 1, 2018 to May 1, 2019. No other material terms of the Debt were amended.

In addition, the Company paid \$212 to Mr. Bernstein during March 2017 for the legal costs incurred in conjunction with the acquisition of XpresSpa and certain legal proceedings related to litigation with Amiral Holdings SAS ("Amiral") prior to the completion of such acquisition, as Mr. Bernstein was indemnified by XpresSpa and was a defendant in the Amiral legal proceedings. These costs are included in accounts payable, accrued expenses and other current liabilities in the condensed consolidated balance sheet as of December 31, 2016.

Note 10. Commitments and Contingencies

Litigation and legal proceedings

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

With respect to the Company's outstanding legal matters, based on its current knowledge, the Company's management believes that the amount or range of a potential loss will not, either individually or in the aggregate, have a material adverse effect on its business, consolidated financial position, results of operations or cash flows. However, the outcome of such legal matters is inherently unpredictable and subject to significant uncertainties. The Company evaluated the matters described below, and assessed the probability and likelihood of the occurrence of liability. Based on management's estimates, the Company recorded \$650, which is included in accounts payable, accrued expenses, and other current liabilities in the condensed consolidated balance sheet as of March 31, 2017.

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

Wellness

Cordial

Effective October 2014, XpresSpa terminated its former Airport Concession Disadvantaged Business Enterprise (“ACDBE”) partner, Cordial Endeavor Concessions of Atlanta, LLC (“Cordial”), in several store locations at Hartsfield-Jackson Atlanta International Airport.

On January 3, 2017, XpresSpa filed a lawsuit in the Supreme Court of the State of New York, County of New York against Cordial and several related parties. The lawsuit alleges breach of contract, unjust enrichment, breach of fiduciary duty, fraudulent inducement, fraudulent concealment, tortious interference, and breach of good faith and fair dealing related to XpresSpa’s former partnership with Cordial as XpresSpa’s ACDBE partner in several store locations at Hartsfield-Jackson Atlanta International Airport (the “Cordial Litigation”). On March 3, 2017, XpresSpa filed a first amended complaint against Cordial. On March 5, 2017, Cordial filed a motion to dismiss the Cordial Litigation.

On January 4, 2017, XpresSpa filed a lawsuit in the United States District Court for the Southern District of New York against its former attorney, Kevin Ross, and his law firm, alleging malpractice, unjust enrichment, breach of fiduciary duty, fraudulent inducement, fraudulent concealment, tortious interference, and promissory estoppel related to XpresSpa’s former partnership with Cordial, as well as XpresSpa’s engagement of Kevin Ross as its attorney (the “Ross Litigation”). On March 2, 2017, the defendants filed a letter with the Court requesting a pre-motion conference in anticipation of the defendants’ filing of a motion to dismiss. On March 17, 2017, XpresSpa filed a First Amended Complaint against the defendants.

Both the Cordial Litigation and Ross Litigation are pending before the respective courts; no schedule has been set in either matter.

In re Chen et al.

On March 16, 2015, four former employees of XpresSpa who worked at locations in John F. Kennedy International Airport and LaGuardia Airport filed a putative class and collective action wage-hour litigation in the United States District Court for the Eastern District of New York, claiming that they and other spa technicians were misclassified, and that overtime was unpaid. On September 23, 2016, the Court conditionally certified the class. The parties held a mediation on February 28, 2017 and reached an agreement on a settlement in principle. The parties are in the process of drafting a formal settlement agreement incorporating the agreed-upon terms.

Other

XpresSpa is involved in various other claims and legal actions that arise in the ordinary course of business. The Company does not believe that the ultimate resolution of these actions will have a material adverse effect on XpresSpa’s financial position, results of operations, liquidity, or capital resources. However, a significant increase in the number of these claims, or one or more successful claims under which the Company incurs greater liabilities than the Company currently anticipates, could materially and adversely affect the Company’s business, financial condition, results of operations and cash flows.

Intellectual Property

The Company’s intellectual property operating segment is engaged in litigation, for which no liability is recorded, as the Company does not expect a material negative outcome.

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

This Quarterly Report on Form 10-Q contains “forward-looking statements” that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The statements contained herein that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are often identified by the use of words such as, but not limited to, “anticipates,” “believes,” “can,” “continues,” “could,” “estimates,” “expects,” “intends,” “may,” “will be,” “plans,” “projects,” “seeks,” “should,” “targets,” “will,” “would,” and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled “Risk Factors” included in our Annual Report on Form 10-K for the year ended December 31, 2016 filed on March 30, 2017 (the “2016 Annual Report”) and this Quarterly Report on Form 10-Q and any future reports we file with the Securities and Exchange Commission (“SEC”). The forward-looking statements set forth herein speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements, except as required by law.

All references in this Quarterly Report on Form 10-Q to “we,” “us” and “our” refer to FORM Holdings Corp., a Delaware corporation, and its condensed consolidated subsidiaries.

Overview

FORM Holdings Corp. (“FORM” or the “Company”) is a holding company of small to middle market growth companies. We have three operating segments: wellness, technology and intellectual property.

Our wellness operating segment consists of XpresSpa, which is a leading airport retailer of spa services. XpresSpa is a well-recognized airport spa brand with 53 locations in 40 terminals and 22 airports in the United States, Netherlands, and United Arab Emirates. XpresSpa offers travelers premium spa services, including massage, nail and hair as well as spa and travel products. We acquired XpresSpa in the fourth quarter of 2016.

Our technology operating segment consists of Group Mobile and FLI Charge as well as an 11% equity interest in InfoMedia Services Limited (“InfoMedia”). Group Mobile offers rugged hardware and software solutions, including laptops, tablets, and mobile printers, as well as installation and deployment services. FLI Charge offers wireless conductive charging and power solutions for electronic devices. We acquired Group Mobile and FLI Charge in the fourth quarter of 2015. Our equity interest in InfoMedia increased from 8.25% to 11% in the first quarter of 2017 due to a realignment of ownership interests.

On February 2, 2017, we completed the acquisition of Excalibur Integrated Systems, Inc. (“Excalibur”). On that date, we acquired 100% of the capital stock of Excalibur, an end-to-end solutions provider of mobile hardware devices, wireless network security, data networking, telephony and mobile application development and software solutions. Following the acquisition, Excalibur was merged with Group Mobile within our technology operating segment.

In consideration for the acquisition, we issued to the former stockholders of Excalibur (the “Excalibur Sellers”) an aggregate of 888,573 unregistered shares of our common stock, par value \$0.01 per share. The Excalibur Sellers will, in the three years following the closing of this transaction, also receive \$500,000 for each \$2,000,000 of gross profit generated by a specified list of Excalibur accounts annually, until such cumulative gross profit reaches \$6,000,000, and an additional \$500,000 when such cumulative profit reaches \$10,000,000, such amounts payable in either cash or shares of our common stock, at our election.

Our intellectual property operating segment is engaged in the monetization of patents related to content and ad delivery, remote monitoring and mobile technologies.

2017 Highlights

	Three Months Ended March 31, 2017				
	Corporate	Wellness	Technology	Intellectual Property	Total
Total revenue	\$ —	\$ 10,984,000	\$ 3,525,000	\$ 100,000	\$ 14,609,000
Cost of sales					
Products	—	912,000	2,960,000	—	3,872,000
Labor	—	5,309,000	—	—	5,309,000
Occupancy	—	1,771,000	—	—	1,771,000
Other operating costs	—	843,000	—	99,000	942,000
Total cost of sales	—	8,835,000	2,960,000	99,000	11,894,000
Gross profit	—	2,149,000	565,000	1,000	2,715,000
Gross profit as a % of total revenue	—	19.6%	16.0%	1.0%	18.6%
Depreciation and amortization					
Depreciation	5,000	1,129,000	23,000	—	1,157,000
Amortization	—	586,000	150,000	6,000	742,000
Total depreciation and amortization	5,000	1,715,000	173,000	6,000	1,899,000
Stock-based compensation	741,000	—	—	—	741,000
Merger and acquisition and integration costs	42,000	484,000	—	—	526,000
Other general and administrative	1,405,000	2,321,000	1,867,000	—	5,593,000

Total general and administrative	2,188,000	2,805,000	1,867,000	—	6,860,000
Operating loss	<u>\$ (2,193,000)</u>	<u>\$ (2,371,000)</u>	<u>\$ (1,475,000)</u>	<u>\$ (5,000)</u>	<u>\$ (6,044,000)</u>

Prior to January 1, 2017, we had four operating segments: XpresSpa, which was acquired on December 23, 2016, Group Mobile, FLI Charge and intellectual property. Following the acquisitions of XpresSpa in December 2016 and Excalibur in February 2017, we re-evaluated the operating segments and roles within the executive team to better align financial and human capital resources. Our operating segments are defined as components of an enterprise about which separate financial information is available that is regularly evaluated by the enterprise's chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. We concluded that we conduct our business through three operating segments, which are also our reportable segments: wellness, technology and intellectual property.

Segment operating results reflect losses before corporate and unallocated shared expenses, interest expense, income taxes and noncontrolling interests.

Wellness

Our wellness operating segment recognized revenue of \$10,984,000 during the first quarter of 2017, which was generated by XpresSpa for services provided and health and beauty products sold. We acquired XpresSpa on December 23, 2016 and are actively integrating its corporate functions and optimizing the operating segment's performance. Since the acquisition, we opened two new flagship locations, the first opening in John F. Kennedy International Airport's Terminal 4 during the first quarter of 2017 and the second in Phoenix Sky Harbor International Airport's Terminal 4 during the second quarter of 2017. We also closed two small temporary kiosks to better align our resources. As of March 31, 2017, we operated 53 total XpresSpa locations.

Store-level costs include all costs that are directly attributable to the store operations and include:

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

General and administrative costs include insurance, infrastructure, payroll and benefits, inventory planning, marketing and other costs. Also included in general and administrative costs are expenses related to the integration of XpresSpa as well as office consolidation and moving costs, which amounted to \$484,000 during the first quarter of 2017.

Depreciation and amortization costs include the depreciation of leasehold improvements and equipment and the amortization of the brand and customer relationship intangible assets, which were recorded at fair value as of the acquisition date.

Technology

Our technology operating segment predominantly includes revenues and cost of sales generated by Group Mobile and Excalibur. During the first quarter of 2017, Group Mobile's revenue increased 173.4% from \$1,277,000 for the three-month period ended March 31, 2016 to \$3,491,000 for the three-month period ended March 31, 2017, respectively. This was mainly due to the increased sales pipeline throughout 2016 and early 2017. In addition, this operating segment includes costs associated with the development of FLI Charge's technology and products.

Intellectual Property

The intellectual property operating segment includes revenues from one-time patent licenses as well as expenses incurred in connection with our patent licensing and related internal payroll expenses.

Corporate

Corporate and unallocated shared expenses principally consist of costs for corporate functions, rent for office space, stock-based compensation, executive management and certain unallocated administrative support functions.

Results of Operations

Three-month period ended March 31, 2017 compared to the three-month period ended March 31, 2016

Revenue

	Three months ended March 31,		
	2017	2016	Change
Revenue	\$ 14,609,000	\$ 2,044,000	\$ 12,565,000

During the three-month period ended March 31, 2017, we recorded total revenue of \$14,609,000, which represents an increase of \$12,565,000 (or 614.7%) compared to the three-month period ended March 31, 2016. The three-month period ended March 31, 2017 is the first full quarter that includes XpresSpa revenues and operating results. Our technology operating segment demonstrated 172.4% growth in quarterly revenues from \$1,294,000 for the three-month period ended March 31, 2016 to \$3,525,000 for the three-month period ended March 31, 2017, respectively. We did not recognize any revenue generated by Excalibur prior to its acquisition on February 2, 2017 or XpresSpa prior to its acquisition on December 23, 2016.

Cost of sales

	Three months ended March 31,		
	2017	2016	Change
Cost of sales	\$ 11,894,000	\$ 1,847,000	\$ 10,047,000

During the three-month period ended March 31, 2017, we recorded total cost of sales of \$11,894,000, which represents an increase of \$10,047,000 (or 544.0%) compared to the three-month period ended March 31, 2016. The three-month period ended March 31, 2017 is the first full quarter that includes XpresSpa cost of sales. We did not recognize any cost of sales generated by Excalibur prior to its acquisition on February 2, 2017 or XpresSpa prior to its acquisition on December 23, 2016. We expect the cost of sales to increase over time as we incur the full results of operations of XpresSpa and Excalibur.

During the three-month period ended March 31, 2016, cost of sales related only to our technology and intellectual property operating segments, as this was prior to our acquisition of XpresSpa and the establishment of a wellness operating segment.

We expect our cost of sales will grow as our revenues increase. As a percentage of revenue, cost of sales were 81.4% in the first quarter of 2017 and 90.4% in first quarter of 2016. This decrease is primarily driven by new product and services offerings by our technology operating segment. In addition, the first quarter of 2016 included \$720,000 of intellectual property costs related to enforcement efforts against ZTE Corporation and ASUSTeK Computer Inc. as compared to \$99,000 of intellectual property costs incurred during the first quarter of 2017, which mostly relates to internal payroll expenses. We expect that total cost of sales will continue to decline as a percentage of sales over time through the improvement of store-level performance by our wellness operating segment and as our technology operating segment implements new offerings, made possible due to the integration of Excalibur into Group Mobile.

Depreciation and amortization

	Three months ended March 31,		
	2017	2016	Change
Depreciation and amortization	\$ 1,899,000	\$ 851,000	\$ 1,048,000

During the three-month period ended March 31, 2017, depreciation and amortization expense totaled \$1,899,000, which represents an increase of \$1,048,000 (or 123.1%), compared to the amortization expense recorded during the three-month period ended March 31, 2016. There was no depreciation expense recorded for the three-month period ended March 31, 2016. The increase is driven by the depreciation of leasehold improvements and equipment of \$1,129,000 and the amortization of the brand and customer relationship intangible assets of \$585,000, which were acquired as part of our acquisition of XpresSpa within our wellness operating segment in December 2016. Additionally, we experienced a decline in amortization of our patents of \$724,000 in our intellectual property operating segment. We expect depreciation and amortization expense will increase gradually over time as we open more stores in our wellness operating segment and new locations and will remain somewhat constant in our technology operating segment.

General and administrative

	Three months ended March 31,		
	2017	2016	Change
General and administrative	\$ 6,860,000	\$ 2,952,000	\$ 3,908,000

During the three-month period ended March 31, 2017, general and administrative expenses increased by \$3,908,000 (or 132.4%) compared to the three-month period ended March 31, 2016. The three-month period ended March 31, 2017 is the first full quarter that includes XpresSpa general and administrative expenses. As a percentage of revenue, total general and administrative expenses were 47.0% and 144.4% during the first quarter of 2017 and 2016, respectively.

The overall increase in general and administrative expenses was primarily due to our acquisitions of XpresSpa in December 2016 and Excalibur in February 2017, as they incurred general and administrative expenses of \$2,321,000 and \$105,000 during the first quarter of 2017, respectively. We did not recognize any general and administrative expenses generated by Excalibur prior to its acquisition on February 2, 2017 or XpresSpa prior to its acquisition on December 23, 2016. Additionally, there was an increase in stock-based compensation expense of approximately \$278,000, which was a result of equity awards granted to our directors, management and employees in April 2016 and January 2017.

Non-operating expense, net

	Three months ended March 31,		
	2017	2016	Change
Non-operating expense, net	\$ (78,000)	\$ (349,000)	\$ 271,000

During the three-month period ended March 31, 2017, we recorded total net non-operating expense in the amount of \$78,000 compared to total net non-operating expense in the amount of \$349,000 recorded during the three-month period ended March 31, 2016.

For the three-month period ended March 31, 2017, we recorded interest expense of \$189,000 mainly related to XpresSpa's Debt. This was reduced by a gain of \$26,000 on the revaluation of the derivative warrant liabilities and additional non-operating gains of \$85,000.

For the three-month period ended March 31, 2016, we recorded interest expense of \$476,000 for interest recorded related to outstanding notes. We elected to repay principal installments on the notes in shares of our common stock, which were issued at a discount to market prices, which resulted in \$210,000 recorded as a loss on the extinguishment of debt. These expenses were reduced by a gain of \$270,000 on the revaluation of the derivative warrant liabilities and conversion feature related to the notes and foreign exchange gains in connection with our deposits with courts.

Liquidity and Capital Resources

Our primary liquidity and capital requirements are for new XpresSpa locations for our wellness operating segment, as well as working capital for our technology operating segment. As of March 31, 2017, we had cash and cash equivalents of \$11,673,000 that we expect to utilize, along with cash flows from operations, to provide capital to support the growth of our business, primarily through opening new XpresSpa locations, maintaining our existing XpresSpa locations, purchasing inventory for Group Mobile to support the growth in sales and maintaining corporate functions. In addition, we have approximately \$6,023,000 of trade receivables, inventory and other current assets to support our working capital needs.

Our total cash decreased \$6,237,000 to \$11,673,000 from December 31, 2016 to March 31, 2017. Included in our key payments that attributed to this decrease are payments related to the following matters:

Acquisition and integration-related professional fees	\$	776,000
Leases and tax-related matters		453,000
Severance		120,000
Capital expenditures, net		933,000
Interest paid on Debt		150,000
Repayment of line of credit upon Excalibur acquisition		361,000
	<u>\$</u>	<u>2,793,000</u>

Our accounts payable, accrued expenses and other current liabilities, for the periods ended March 31, 2017 and December 31, 2016, were as follows:

	March 31, 2017	December 31, 2016
Accounts payable		
Wellness	\$ 3,374,000	\$ 3,967,000
Technology	1,374,000	463,000
Intellectual Property	88,000	213,000
Corporate	518,000	844,000
Accrued expenses	3,631,000	4,068,000
Accrued compensation	635,000	1,356,000
Tax liabilities	831,000	676,000
Other	46,000	43,000
	<u>\$ 10,497,000</u>	<u>\$ 11,630,000</u>

Accounts payable are primarily comprised of trade payables to vendors, including amounts owed to vendors for acquiring inventory in our wellness and technology operating segments.

Accounts payable related to our wellness operating segment relate to construction in progress, purchase of inventory and other costs for operations in the normal course of business.

Accounts payable related to our technology operating segment consist of inventory purchased once there is a commitment from a customer.

As of March 31, 2017, accrued expenses were primarily comprised of accrued legal costs of \$650,000, gift card and customer rewards expenses of \$610,000, merchant financing arrangement costs of \$466,000, accrued insurance costs of \$298,000, and other operations-related costs that were accrued due to timing.

Based on our current operating plans, we expect to have sufficient funds for at least the next 12 months of operations. In addition, we may choose to raise additional funds in connection with new store openings and potential acquisitions of operating assets, which will be complementary to our wellness operating segment. There can be no assurance, however, that any such opportunities will materialize.

Off-Balance Sheet Arrangements

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

Critical Accounting Estimates

These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in our Annual Report on Form 10-K filed with the SEC on March 30, 2017, which includes a description of our critical accounting policies that involve subjective and complex judgments that could potentially affect reported results. While there have been no material changes to our critical accounting policies as to the methodologies or assumptions we apply under them, we continue to monitor such methodologies and assumptions.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required as we are a smaller reporting company.

Item 4. Controls and Procedures.

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of March 31, 2017, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

The scope of management's assessment of the effectiveness of internal control over financial reporting includes all of our subsidiaries except XpresSpa and Excalibur, which were acquired on December 23, 2016 and February 2, 2017, respectively. Our consolidated revenue for the three-month period ended March

31, 2017 was \$14,609,000, of which XpresSpa and Excalibur represented \$11,682,000, and our total assets as of March 31, 2017 were \$78,702,000, of which XpresSpa and Excalibur represented \$58,507,000.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

For information regarding legal proceedings, see Note 10 “Commitments and Contingencies” in our notes to the condensed consolidated financial statements included in “Item 1. Financial Statements.”

Item 1A. Risk Factors.

There have been no material changes to the risk factors discussed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2016.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	Description
10.1*	Third Amendment to Employment Agreement by and between FORM Holdings, Inc. and Clifford Weinstein, dated as of January 18, 2017.
10.2*	Employment Agreement by and between FORM Holdings, Inc. and Edward Jankowski, dated as of January 20, 2017.
10.3*	Employment Agreement by and between FORM Holdings, Inc. and Andrew D. Perlman, dated as of January 18, 2017.
10.4*	Employment Agreement by and between FORM Holdings, Inc. and Anastasia Nyrkovskaya, dated as of January 17, 2017.
10.5*	Employment Agreement by and between FORM Holdings, Inc. and Jason Charkow, dated as of January 17, 2017.
10.6	Form of Stock Purchase Agreement, dated as of February 2, 2016, by and between FORM Holdings Corp., Excalibur Integrated Systems, Inc., each of the holders of the capital stock of Excalibur, and the sellers' representative (incorporated by reference from Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on February 3, 2017).
31.1*	Certification of Principal Executive Officer pursuant to Exchange Act, Rules 13a - 14(a) and 15d - 14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a - 14(a) and 15d - 14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
*	Filed herewith.
**	Furnished herein.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on the 15th day of May 2017.

FORM Holdings Corp.

By:

/s/ ANASTASIA NYRKOVSKAYA

Anastasia Nyrkovskaya
Chief Financial Officer
(Principal Financial and Accounting Officer)

THIRD AMENDMENT TO EMPLOYMENT AGREEMENT

This AMENDMENT (this "Amendment") is made and entered into as of the 18th day of January, 2017 (the "Effective Date"), and is by and between Cliff J. Weinstein, an individual residing at the address listed in the files of the Company ("Executive"), and FORM Holdings Corp. (formerly Vringo, Inc.), a Delaware corporation with principal offices located at 780 3rd Avenue, 12th Floor, New York, NY 10017 (the "Company").

WITNESSETH

WHEREAS, the Executive and the Company entered into an Employment Agreement on February 13, 2013 (the "Agreement"), as amended on August 20, 2015 and October 13, 2015; and

WHEREAS, the Company and the Executive desire to amend the bonuses and incentive compensation provision by amending the Agreement as set forth in this Amendment;

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

1. Section 5 of the Agreement shall be amended to include:

The Executive shall be entitled to the incentive of either 5(a) (Change of Control Incentive) or 5(b) (Public Offering Incentive), whichever occurs first, subject to the conditions set forth in Section 5(a) or 5(b) as applicable.

- (a) Change of Control Incentive: Provided that on the date of the closing of a Change of Control of FLI Charge, Inc. ("FLI Charge") the Executive is either employed by FLI Charge or receiving severance and has not been terminated for Cause, the Executive will be entitled to 5% of the amount equal to the total amount of cash and the fair market value (on the date of payment) of all non-cash consideration paid or payable to the Company or its stockholders in connection with the Change of Control of FLI Charge net of transaction expenses and less the original Company acquisition price of FLI Charge of \$1,500,000 and less any past or future capital contributions made or to be made by the Company or its stockholders; provided, however, to the extent that (i) any consideration otherwise receivable by the Company or its stockholders is deposited in escrow or otherwise receivable as a non-contingent deferred payment; and/or (ii) any portion of the consideration is payable to the Company or its stockholders as a contingent deferred payment (a "Future Payment Event"), such amounts shall be paid to the Executive only if and when such amounts become payable to the Company or its stockholders. Notwithstanding the foregoing, except if the Future Payment Event is subject to a substantial risk of forfeiture in accordance with Section 409A of the Internal Revenue Code (the "Code"), if the amount payable in connection with a Future Payment Event will be received by the Company or the Company's stockholders on a date that is later than the fifth anniversary of the effective time of the Change of Control, the Executive will not be eligible to receive any payment in connection with such Future Payment Event. If the Future Payment Event is subject to a substantial risk of forfeiture at the time the Change of Control becomes effective, the Executive shall remain eligible to receive a distribution from any Future Payment Event in accordance with this paragraph. As used in this Agreement, "Change of Control" shall have the meaning set forth in the Company's 2012 Employee, Director and Consultant Equity Incentive Plan.
-

or

(b) Public Offering Incentive: Provided that on the date of the closing of a public spin-off or initial public offering of FLI Charge ("Public Offering") the Executive is either employed by FLI Charge or receiving severance and has not been terminated for Cause, the Executive will receive restricted stock units ("RSUs"), pursuant to FLI Charge's equity incentive plan then in effect, equal to 5% of FLI Charge's outstanding shares of common stock issued in the Public Offering; provided, however, that the RSUs will not begin to vest until at least one hundred eighty (180) days after the Public Offering.

2. The Executive acknowledges that this Amendment, the execution thereof, and any communication or negotiations between the Executive and the Company related to this Amendment or otherwise, do not constitute Good Reason termination (as defined in the Agreement) under the Agreement.
3. This Amendment shall be governed by and construed in accordance with the internal laws of the State of New York without reference to principles of conflicts of laws.
4. This Amendment may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one of the same instrument.

IN WITNESS WHEREOF, the Executive and the Company have caused this Amendment to be executed as of the date first above written.

[Remainder of Page Intentionally Left Blank]

[Signature Page Follows]

[Signature Page to Third Amendment to Employment Agreement]

Cliff Weinstein

FORM HOLDINGS CORP.

By: _____
Name: Andrew Perlman
Title: CEO

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of the 20th day of January, 2017 (the "Effective Date"), and is by and between Edward Jankowski, an individual residing at the address listed in the Company's files ("Executive"), and FORM Holdings Corp., a Delaware corporation with principal offices located at 780 3rd Avenue, 12th Floor, New York, NY 10017 (the "Company").

WITNESSETH

WHEREAS, the Executive desires to continue to be employed by the Company as a Senior Vice President of the Company and CEO of XpresSpa Holdings, LLC ("SVP") under the terms set forth herein and the Company wishes to continue to employ Executive in such capacity;

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

1. Employment and Duties.

(a) Subject to the terms of this Agreement, the Company agrees to continue to employ, and Executive agrees to continue to serve, as its SVP. The duties and responsibilities of Executive shall include the duties and responsibilities normally associated with such positions and such other executive officer duties and responsibilities consistent with such positions as the Company's CEO may from time to time reasonably assign in good faith to Executive. At all times during the Employment Period (as defined below), the Executive shall report directly to the Company's CEO. The Executive is and will be the senior most executive and service provider to XpresSpa Holdings, LLC and its subsidiaries including, without limitation, any entities acquired by or merged with XpresSpa (collectively, "XpresSpa").

(b) Executive shall devote substantially all of his working time and efforts during the Company's normal business hours to the business and affairs of XpresSpa and to the diligent and faithful performance of the duties and responsibilities duly assigned to him pursuant to this Agreement. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) performing services for such other companies as the Company may designate or permit (which permission shall not be unreasonably withheld), (ii) serving, with the prior written consent of the Company's Board of Directors (the "Board"), which consent shall not be unreasonably withheld, as an officer or member of the boards of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of noncompeting businesses or charitable, educational or civic organizations, (iii) engaging in charitable activities and community affairs and (iv) managing Executive's personal investments and affairs; provided, however, that the activities set out in clauses (i), (ii), (iii) and (iv) shall be limited by Executive so as not to materially interfere, individually or in the aggregate, with the performance of Executive's duties and responsibilities hereunder.

2. Term. The Company hereby agrees to employ Executive, and Executive hereby accepts employment with the Company, upon the terms set forth in this Agreement, for the period commencing on the Effective Date and ending on the three year anniversary of the Effective Date, unless sooner terminated in accordance with the provisions of Section 9 below (such period is the "Employment Period"). The parties agree to commence negotiations to enter into a new employment agreement at least twelve (12) months prior to the expiration of the Employment Period and to conclude those negotiations no later than the date that is six (6) months prior to the expiration of the Employment Period (the "6 Month Date"). If the negotiations are not concluded and a new agreement executed by the 6 Month Date, the Employment Period shall be extended two (2) months for every whole or partial month that the negotiations extend past the 6 Month Date; provided, however, that the Employment Period shall not be extended for more than one (1) year.

3. Place of Employment. Executive's services shall be performed at the Company's offices located at 780 3rd Avenue, 12th Floor, New York 10017 and any other locus where the Company and Executive mutually agree is an acceptable location from which Executive's services may be performed. The parties acknowledge that any location in the Borough of Manhattan, City of New York, is an acceptable location. The parties further acknowledge, however, that Executive may be required to travel in connection with the performance of his duties hereunder.

4. Compensation.

(a) Base Salary. For all services to be rendered by Executive pursuant to this Agreement, the Company agrees to pay Executive during the Employment Period an annual base salary, less applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions (the "Base Salary") at an annual rate of \$375,000. During the Employment Period, the Board has the discretion to raise the Base Salary from time-to-time and shall reevaluate the Executive's Base Salary on at least an annual basis (with first reevaluation on or about June 2017). The Base Salary shall be paid in periodic installments in accordance with the Company's regular payroll practices.

5. Bonuses and Incentive Compensation.

(a) During the Employment Period, the Executive will be eligible to participate in any annual bonus and other incentive compensation program that the Company may adopt from time to time for its executive officers. If the Executive has earned any bonus or non-equity based incentive compensation (collectively, "Incentive Compensation") which remains unpaid upon termination of Employment for any reason whether by Executive or Company other than for Cause then Executive shall be entitled to receive such Incentive Compensation at the time the Company distributes such Incentive Compensation to other executive officers of the Company. Such amount shall be prorated for the year of termination equal to the amount of Incentive Compensation earned multiplied by a fraction the numerator of which the number of days that Executive worked for the Company prior to the date of termination and the denominator of which is 365.

To the extent that the Company is required pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act to develop and implement a policy (the "Policy") providing for the recovery from the Executive of any payment of incentive based compensation (whether in cash or in equity) paid to the Executive that was based upon erroneous data contained in an accounting statement, this Agreement shall be deemed amended and the Policy incorporated herein by reference as of the date that the Company takes all necessary corporate action to adopt the Policy, without requiring any further action of the Company or the Executive, provided that any such Policy shall only be binding on the Executive if the same Policy applies to the Company's other executive officers.

(b) Subject to the conditions set forth in this Section 5(b), the Executive shall be entitled to the incentive of either 5(b)(i) (Change of Control of XpresSpa Incentive) or 5(b)(ii) (Public Offering Incentive), whichever occurs first:

- (i) Change of Control of XpresSpa Incentive: Provided that on the date of the closing of a Change of Control of XpresSpa the Executive is either employed by XpresSpa or receiving the Severance Benefit and has not been terminated for Cause, the Executive will be entitled on the date of closing (except as provided below regarding a Future Payment Event) to 2% of the amount equal to the total amount of cash and the fair market value (on the date of payment) of all non-cash consideration paid or payable to the Company or its stockholders in connection with the Change of Control of XpresSpa net of transaction expenses payable to third parties and less the original Company acquisition price of XpresSpa of \$45,000,000 and less any past or future capital contributions made or to be made by the Company or its stockholders; provided, however, to the extent that (A) any consideration otherwise receivable by the Company or its stockholders is deposited in escrow or otherwise receivable as a non-contingent deferred payment; and/or (B) any portion of the consideration is payable to the Company or its stockholders as a contingent deferred payment (a "Future Payment Event"), such amounts shall be paid to the Executive only if and when such amounts become payable to the Company or its stockholders. Notwithstanding the foregoing, except if the Future Payment Event is subject to a substantial risk of forfeiture in accordance with Section 409A of the Internal Revenue Code (the "Code"), if the amount payable in connection with a Future Payment Event will be received by the Company or the Company's stockholders on a date that is later than the fifth anniversary of the effective time of the Change of Control of XpresSpa, the Executive will not be eligible to receive any payment in connection with such Future Payment Event. If the Future Payment Event is subject to a substantial risk of forfeiture at the time the Change of Control of XpresSpa becomes effective, the Executive shall remain eligible to receive a distribution from any Future Payment Event in accordance with this paragraph. In no event shall the Executive receive any payments until the Company or its stockholders receives payment. As used in this Section 5(b)(i) only, "Change of Control of XpresSpa" shall mean (A) an acquisition or series of acquisitions by a person(s) or entity(ies) (unrelated to FORM) of more than fifty percent (50%) of the outstanding shares or securities entitled to vote for the election of directors or similar managing authority of XpresSpa or (B) a sale or disposition of all or substantially all of XpresSpa's assets to an unrelated third party.

or

- (ii) Public Offering Incentive: Provided that on the date of the closing of a public spin-off or initial public offering of XpresSpa ("Public Offering") the Executive is either employed by XpresSpa or receiving the Severance Benefit and has not been terminated for Cause, the Executive will receive deferred stock units ("DSUs"), pursuant to XpresSpa's equity incentive plan then in effect, equal to 2% of XpresSpa's outstanding shares of common stock immediately after the Public Offering; the DSUs will be settled in common stock of XpresSpa twelve (12) months after the date of the Public Offering; provided, however, that the Company shall not deliver the shares until it is reasonably satisfied that the Executive has arranged for all required withholdings under applicable law to be made to the Company and in no event later than the time permitted under Section 409A.

(c) Notwithstanding anything to the contrary in any applicable equity award agreement, upon termination of employment for any reason other than for Cause, the vesting of such number of stock options, RSUs and other stock-based awards outstanding and held by the Executive as of the date of termination of Executive's employment that would have vested in the one year period immediately following the termination of employment of Executive ("Post-Termination Period") will vest during the Post-Termination Period provided that in the sole discretion of the Board, during the Post-Termination Period, the Executive makes himself reasonably available and cooperates with reasonable requests from the Company concerning any business or legal matters (including, without limitation, response to a subpoena or testimony in any litigation matters) involving facts or events relating to the Company that may be within the Executive's knowledge. The Company will in good faith consider Executive's obligations for other persons and/or employers, and will take its best efforts to accommodate such obligations in connection with any such cooperation request. Upon submission of invoices, the Company will reimburse the Executive for reasonable expenses (including, but not limited to, legal fees and travel) incurred in carrying out the provisions of this paragraph. The Executive will provide the Company with reasonable advance written notice prior to incurring any expenses in excess of \$2500. Without limiting the foregoing, if Executive is not receiving Severance Benefit during the Post-Termination Period, then the Company will pay the Executive additional compensation, in such amount and form as the parties reasonably agree, in connection with any cooperation request by the Company of the Executive which is reasonably expected to exceed five hours in the aggregate (including for this purposes time spent in connection with any prior cooperation requests).

(d) In addition, subject to any permitted action by the Board upon a Change of Control (as defined in the Company's 2012 Employee, Director and Consultant Equity Incentive Plan) or other merger, sale, dissolution or liquidation of the Company under the Company's applicable equity plan to terminate the stock options or other stock-based awards, any stock option granted on or after the Effective Date, which has vested, shall be exercisable for not less than one year from the date of termination of Executive's employment (subject to the scheduled expiration of any option) and if such option is an incentive stock option it shall automatically convert and be deemed a non-qualified option as of the date that is three months from termination of Executive's employment.

6. Expenses. Executive shall be entitled to reimbursement for all reasonable and appropriate travel, entertainment, and other expenses incurred by Executive while employed (in accordance with the policies and procedures established by the Company for its executive officers) in the performance of his duties and responsibilities under this Agreement; provided that Executive properly accounts for such expenses in accordance with Company policies and procedures. The Company shall cause a credit card to be issued to Executive to be used by the Executive solely to pay for travel and entertainment expenditures reasonably necessary for the performance of his duties and Company and otherwise in accordance with written policies and procedures approved by the Board, but use of such credit card is not a condition for reimbursement. The Executive shall be responsible for any unreasonable or inappropriate expenses incurred in violation of Company policies and procedures.

7. Other Benefits. During the Employment Period, the Executive shall be eligible to participate in all incentive, savings, retirement (401(k)), and welfare benefit plans, health, medical, dental, vision, life (including accidental death and dismemberment) and disability insurance plans (collectively, to the extent they exist, "Benefit Plans"), in substantially the same manner and at substantially the same levels as the Company makes such opportunities available to the Company's executive officers, provided however, that the Company may not reduce the benefits provided to the Executive under these Benefits Plans without the Executive's written consent.

8. Vacation. During the Employment Period, the Executive shall be entitled to twenty (20) days of paid time off ("PTO") per year. PTO shall be taken at such times as are mutually convenient to the Executive and the Company. The Executive may carry up to ten (10) days of unused PTO forward from one calendar year to the next. All other unused PTO will be forfeited at the end of the calendar year. The Company shall not pay executive for any unused PTO upon termination of employment except as required by applicable law or provided under Company policy.

9. Termination of Employment.

(a) General. The Employment Period and the Executive's employment hereunder shall terminate upon the earliest to occur of: (i) Executive's death, (ii) a termination by reason of Executive's Disability, (iii) a termination by the Company with or without Cause, (iv) a termination by Executive with or without Good Reason, or (v) the last day of the Employment Period. Notwithstanding anything herein to the contrary, the payment (or commencement of a series of payments) hereunder of any nonqualified deferred compensation (within the meaning of Section 409A of the Internal Revenue Code) upon a termination of employment shall be delayed until such time as Executive has also undergone a "separation from service" as defined in Treas. Reg. 1.409A-1(h), at which time such nonqualified deferred compensation (calculated as of the date of Executive's termination of employment hereunder) shall be paid (or commence to be paid) to Executive on the schedule set forth in this Section 9 as if Executive had undergone such termination of employment (under the same circumstances) on the date of Executive's ultimate "separation from service."

(b) Death. If Executive dies during the Employment Period, this Agreement and the Executive's employment with the Company shall automatically terminate and the Company shall have no further obligations to the Executive or his heirs, administrators or executors with respect to compensation and benefits accruing thereafter, except for the obligation to pay to the Executive's heirs, administrators or executors (i) any earned but unpaid Base Salary up to and through the date of termination (within fourteen (14) days following termination), (ii) any earned but unpaid Incentive Compensation under the terms set forth in Section 5(a); (iii) any and all reasonable expenses paid or incurred by the Executive in connection with and related to the performance of his duties and responsibilities for the Company up to and through the date of termination, and (iv) any benefits provided under the Company's employee benefit plans pursuant to, and in accordance with, the terms of such plans through the date of termination (including, without limitation, any death benefit or disability benefit plans or programs) (collectively, the "Accrued Obligations") The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(c) Disability. In the event that during the Employment Period the Company determines that the Executive is unable to perform his essential duties and responsibilities hereunder to the full extent required by the Company by reason of a Disability (as defined below), this Agreement and the Executive's employment with the Company shall terminate immediately upon notice to the Executive, and the Company shall have no further obligations or liability to the Executive or his heirs, administrators or executors with respect to compensation and benefits accruing thereafter, except for the obligation to pay the Accrued Obligations. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions. For purposes of this Agreement, "Disability" shall mean a physical or mental disability that prevents the performance by the Executive, with or without reasonable accommodation, of his essential duties and responsibilities hereunder for ninety (90) consecutive days, or an aggregate of one hundred and eighty (180) days during any twelve consecutive months, as determined consistent with applicable law, provided that the determination of Executive's physical or mental health and the date of the Disability shall be determined by a medical expert who will examine the Executive as appointed by mutual agreement between the Company and the Executive, which agreement shall not be unreasonably withheld or delayed by either party. Executive hereby consents to such examination and consultation regarding Executive's health and ability to perform as aforesaid.

(d) By the Company for Cause.

(1) At any time during the Employment Period, the Company may terminate this Agreement and the Executive's employment hereunder for Cause. Such termination shall be effective immediately upon notice to the Executive. "Cause" as used in this Agreement (and with respect to any other arrangement (including, without limitation, any option, RSU or other equity-based arrangement) with the Company or its affiliates) shall mean: (a) through no fault of the officers of the Company and/or the Board, the willful and continued failure of the Executive to perform substantially his duties and responsibilities for the Company (other than any such failure resulting from Executive's death or Disability) after a written demand by the Board for substantial performance is delivered to the Executive by the Company, which specifically identifies the manner in which the Board believes that the Executive has not substantially performed his duties and responsibilities, which willful and continued failure is not cured by the Executive within thirty (30) days of his receipt of such written demand; (b) the conviction of, or plea of guilty or *nolo contendere* to a felony, (c) intentional breach of Section 10 of this Agreement, (d) an intentional breach of the Non-Disclosure and Non-Solicitation Agreement then in effect (the "NDA") which results or could reasonably be expected to result in harm to the Company; or (e) a unanimous good faith finding by the Board that Executive has engaged in (i) (A) fraud, (B) dishonesty, or (C) gross negligence, in each case related to the Company, or (ii) criminal misconduct which results or could reasonably be expected to result in harm to the Company, which, if curable, has not been cured by Executive within thirty (30) days after his receipt of a written notice from the Board stating with reasonable specificity the basis of such finding.

(2) Upon termination of this Agreement for Cause, the Company shall have no further obligations or liability to the Executive or his heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay the Executive the Accrued Obligations. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(3) It is expressly acknowledged and agreed that the decision as to whether "Cause" exists for termination of the employment relationship by the Company is delegated to the Board for determination.

(e) By the Executive for Good Reason.

(1) At any time during the Employment Period, subject to the conditions set forth in Section 9(e)(2) below, the Executive may terminate this Agreement and the Executive's employment with the Company for Good Reason. "Good Reason" as used in this Agreement shall mean the occurrence of any of the following events: (a) without the Executive's prior written consent, a material diminution of the duties, authorities or responsibilities of the Executive; (b) the change, without the Executive's prior written consent, to the Executive's position or the Executive's title that is subordinate to the title of SVP; (c) a reduction in Executive's Base Salary; (d) the Company's requirement that Executive regularly report to work in a location that is more than 50 miles from the Company's current New York office as of the date of this Agreement, without the Executive's prior written consent; (e) a change in Executive's reporting relationship other than to the Company's CEO; (f) a material breach by the Company of this Agreement, or RSU or options grants; or (g) the failure of the Company to provide compensation, including Base Salary, Incentive Compensation (if any) and benefits to Executive as required herein when due.

(2) The Executive shall not be entitled to terminate this Agreement for Good Reason unless and until he shall have delivered written notice to the Company of his intention to terminate this Agreement and his employment with the Company for Good Reason, which notice must be provided within ninety (90) days following the initial occurrence of the grounds purporting to constitute Good Reason (or following the Executive's actual knowledge of such purported grounds) and which specifies in reasonable detail the circumstances claimed to provide the basis for such termination for Good Reason, and the Company shall not have eliminated the circumstances constituting Good Reason within thirty (30) days of its receipt from the Executive of such written notice. The Company shall retain the discretion to terminate the Employment Period at any time during the Good Reason notice period provided for in this Section 9(e)(2).

(3) In the event that the Executive terminates this Agreement and his employment with the Company for Good Reason, the Company shall pay or provide to the Executive (or, following his death, to the Executive's heirs, administrators or executors):

(A) The Accrued Obligations through the date the Employment Period is terminated.

(B) An amount of Base Salary (at the rate of Base Salary in effect immediately prior to the Executive's termination hereunder) equal to one (1) times the Executive's Base Salary. . Except as otherwise provided in this Agreement, the Company shall pay to Executive the amounts provided in this Section 9(e)(3)(B) (the "Severance Benefit") in substantially equal installments commencing on the Company's next regular payroll date following the date the Release (referenced in Section 9(i) below) becomes irrevocable and enforceable, provided, however, that if the ninety (90) day period referenced in Section 9(i) below begins in one calendar year and ends in the following calendar year, the Company shall pay to Executive the amounts provided in this Section 9(e)(3)(B) in substantially equal installments commencing on the Company's first eligible regular payroll date occurring in the following calendar year. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(C) Subject to Section 9(i) below, COBRA continuation coverage paid in full by the Company, so long as Executive has not become actually covered by the medical plan of a subsequent employer during any such month and is otherwise entitled to COBRA continuation coverage, with such payments for up to a maximum of twelve (12) months following the date of termination. After such period, Executive is responsible for paying the full cost for any additional COBRA continuation coverage to which Executive is then entitled. If the Company's payment of the COBRA premiums on the Executive's behalf would violate the nondiscrimination rules or cause the reimbursement of claims to be taxable under the Patient Protection and Affordable Care Act of 2010, together with the Health Care and Education Reconciliation Act of 2010 (collectively, the "Act") or Section 105(h) of the Code, the Company paid premiums shall be treated as taxable payments and be subject to imputed income tax treatment to the extent necessary to eliminate any discriminatory treatment or taxation under the Act or Section 105(h) of the Code.

(f) By Executive without Good Reason. At any time during the Employment Period, the Executive shall be entitled to terminate this Agreement and the Executive's employment with the Company without Good Reason by providing prior written notice to the Company of at least ninety (90) calendar days, provided however that the Company shall maintain the discretion to terminate the Employment Period at any time during the notice period set forth in this Section 9(f). Upon termination by the Executive of this Agreement and the Executive's employment with the Company without Good Reason, the Company shall have no further obligations or liability to the Executive or his heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay the Executive the Accrued Obligations. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(g) By the Company without Cause. At any time during the Employment Period, the Company shall be entitled to terminate this Agreement and the Executive's employment with the Company without Cause upon written notice to the Executive which shall set forth a date of termination. Upon termination by the Company of this Agreement and the Executive's employment with the Company without Cause, the Company shall pay or provide to the Executive (or, following his death, to the Executive's heirs, administrators or executors) the amounts and benefits due upon a resignation for Good Reason, as further described in Section 9(e)(3). The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(h) Upon Expiration of the Employment Period. If the Executive's employment terminates upon the expiration of the Employment Period set forth in Section 1, the Company shall have no further obligations or liability to the Executive or his heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay the Executive the Accrued Obligations.

(i) Release of Claims. It is agreed that an express condition of the payment or provision by the Company of any severance amount or post termination benefit called for under Section 9(e)(3) and Section 9(g) of this Agreement (other than the payment of any Accrued Obligations) shall be subject to the Company's concurrent receipt of a general release of all claims against the Company and its affiliates by Executive in the form reasonably acceptable to the Company and Executive and negotiated in good faith, and such release must be effective and irrevocable prior to the ninetieth (90th) day following the termination of the Executive's employment (the "Release"). Any payments scheduled to be paid under Sections 9(e)(3) or 9(g) during such 90 day period pending the effectiveness of such Release, will be accumulated and paid, subject to Section 9(j) below, on such 90th day or earlier following the effectiveness of such Release as would not result in a violation of Code Section 409A.

(j) Additional Section 409A Provisions. Notwithstanding any provision in this Agreement to the contrary:

(1) Any payment otherwise required to be made hereunder to Executive at any date as a result of the termination of Executive's employment that constitutes nonqualified deferred compensation subject to Section 409A of the Code shall be delayed for such period of time as may be necessary to meet the requirements of Section 409A(a) (2)(B)(i) of the Code (the "Delay Period"). On the first business day following the expiration of the Delay Period, Executive shall be paid, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence, and any remaining payments not so delayed shall continue to be paid pursuant to the payment schedule set forth herein.

(2) Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

(3) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A of the Code), (i) any such expense reimbursement shall be made by the Company no later than the last day of the taxable year following the taxable year in which such expense was incurred by Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; *provided*, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

(k) In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable and/or benefits provided to the Executive under this Agreement, and such amounts payable and/or benefits provided to the Executive under this Agreement shall not be reduced because Executive obtains other employment, becomes self-employed and/or receives remuneration and/or benefits from a third party after the date of termination.

10. Covenant Not to Compete.

(a) The Executive recognizes that the services to be performed by him hereunder are special, unique and extraordinary. The parties confirm that it is reasonably necessary for the protection of the Company that the Executive agree, and accordingly, the Executive does hereby agree, that, he shall not, directly or indirectly, at any time during the "Restricted Period" within the "Restricted Area" engage in any "Restricted Business Activity" (as those terms are defined in Sections 10(b), (c) and (d) below). In the event of any inconsistencies between the terms of this Agreement and the NDA, this Agreement shall control.

(b) The term "Restricted Business Activity" as used in this Section 10, means that the Executive shall not, directly or indirectly:

(1) provide services, either on his own behalf or as an officer, director, partner, consultant, associate, employee, owner, agent, independent contractor, or coventurer of any third party that sells products or services that are directly competitive with the products or services sold by XpresSpa during the Employment Period; or

(2) solicit any material commercial relationships of XpresSpa, other than in the furtherance of the business of XpresSpa during the Employment Period ;

provided however, that Restricted Business Activity shall not be construed to prevent and this Agreement shall not prevent the Executive from (i) owning, directly or indirectly, in the aggregate, an amount not exceeding two percent (2%) of the issued and outstanding voting securities of any class of any company whose voting capital stock is traded or listed on a national securities exchange or in the over-the-counter market; or (ii) soliciting any material commercial relationships of XpresSpa for the purpose of selling products or providing services that are not the same or substantially similar to the products or services sold by XpresSpa during the Employment Period. Notwithstanding anything herein or in any Agreement to the contrary, Maria Leo will be deemed not to be a "material commercial relationship."

(c) The term "Restricted Period," as used in this Section 10, shall mean during the Employment Period and (i) in the case of termination by the Executive for Good Reason or by the Company without Cause, so long as the Executive is paid the Severance Benefit by the Company under Sections 9(e) or 9(g); or (ii) in the case of termination by the Executive without Good Reason, by the Company for Cause or upon expiration of the Agreement under Section 2, one (1) year after the date the Executive is actually no longer employed by the Company. Notwithstanding the foregoing, waiver of any Restricted Period by the Company shall not waive the Executive's entitlement to the Severance Benefit.

(d) The term "Restricted Area" as used in this Section 10 shall mean worldwide.

(e) If any of the restrictions contained in this Section 10 shall be deemed to be unenforceable by reason of the extent, duration or geographical scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration, geographical scope, or other provisions hereof, and in its reduced form this Section shall then be enforceable in the manner contemplated hereby.

(f) The provisions of this Section 10 shall survive the termination of the Executive's employment hereunder and until the end of the Restricted Period.

11. Dispute Resolution.

(a) In the event of a breach or anticipated breach of the Agreement by either Party, the non-breaching Party shall inform the breaching Party by letter of the suspected or anticipated breach. The breaching Party shall have ten (10) days to cure said breach, if curable. In the event the breach has not been cured within ten (10) days, if curable, then the non-breaching Party may pursue arbitration as described below.

(b) Any dispute arising between the Parties under this Agreement, shall be submitted exclusively to binding arbitration before the American Arbitration Association (“AAA”) for resolution. Such arbitration shall be conducted in New York, New York, and the arbitrator will apply New York law, including federal law as applied in New York courts. The arbitration shall be conducted in accordance with AAA Employment Arbitration Rules as modified herein. The arbitration shall be conducted by a single arbitrator and the award of the arbitrator shall be final and binding on the parties, and judgment on the award may be confirmed and entered in any state or federal court in the State and City of New York. The arbitration shall be conducted on a strictly confidential basis, and the Parties shall not disclose the existence of a claim, the nature of a claim, any documents, exhibits, or information exchanged or presented in connection with such a claim, or the result of any action (collectively, “Arbitration Materials”) to any third party, with the sole exception of their respective legal counsel, who also shall be bound by these confidentiality terms. Nothing herein shall prevent either Party from seeking or obtaining an injunction in aid of arbitration.

(c) In the event of any court proceeding to challenge or enforce an arbitrator’s award, the parties hereby consent to the exclusive jurisdiction of the state and federal courts in New York, New York and agree to venue in that jurisdiction. Each Party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by delivering a copy thereof to such Party in accordance with the notice provisions of Section 12 below. The Parties agree to take all steps necessary to protect the confidentiality of all confidential information, including the Arbitration Materials, in connection with any such proceeding, agree to file all confidential information under seal, and agree to the entry of an appropriate protective order.

12. Miscellaneous.

(a) The Executive acknowledges that the services to be rendered by him under the provisions of this Agreement are of a special, unique and extraordinary character and that it would be difficult or impossible to replace such services. Furthermore, the parties acknowledge that monetary damages alone would not be an adequate remedy for any breach by the Executive of this Agreement. Accordingly, the Executive agrees that any breach or threatened breach by him of this Agreement shall entitle the Company, in addition to all other legal remedies available to it, to apply to any court of competent jurisdiction to seek to enjoin such breach or threatened breach. The parties understand and intend that each restriction agreed to by the Executive hereinabove shall be construed as separable and divisible from every other restriction, that the unenforceability of any restriction shall not limit the enforceability, in whole or in part, of any other restriction, and that one or more or all of such restrictions may be enforced in whole or in part as the circumstances warrant. In the event that any restriction in this Agreement is more restrictive than permitted by law in the jurisdiction in which the Company seeks enforcement thereof, such restriction shall be limited to the extent permitted by law. The remedy of injunctive relief herein set forth shall be in addition to, and not in lieu of, any other rights or remedies that the Company may have at law or in equity.

(b) The Executive may not assign or delegate any of his rights or duties under this Agreement without the express written consent of the Company. The Company will require any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, the "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this subsection (b) or which otherwise becomes bound by all of the terms and provisions of this Agreement by operation of law.

(c) This Agreement, together with the NDA and any indemnification agreement, equity plan, stock option agreement, restricted stock unit agreement or other stock agreement to which plaintiff is a party or otherwise subject to, constitutes and embodies the full and complete understanding and agreement of the parties with respect to the Executive's employment by the Company, and supersedes all prior understandings and agreements, whether oral or written, between the Executive and the Company, and shall not be amended, modified or changed except by an instrument in writing executed by the party to be charged. The invalidity or partial invalidity of one or more provisions of this Agreement shall not invalidate any other provision of this Agreement. No waiver by either party of any provision or condition to be performed shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

(d) Executive acknowledges that he has had the opportunity to be represented by separate independent counsel in the negotiation of this Agreement, has consulted with his attorney of choice, or voluntarily chose not to do so, concerning the execution and meaning of this Agreement, and has read this Agreement and fully understands the terms hereof, and is executing the same of his own free will. Executive warrants and represents that he has had sufficient time to consider whether to enter into this Agreement and that he is relying solely on his own judgment and the advice of his own counsel, if any, in deciding to execute this Agreement.

(e) This Agreement shall inure to the benefit of, be binding upon and enforceable against, the parties hereto and their respective successors, heirs, beneficiaries and permitted assigns including, any successor of XpresSpa including a purchaser of all or substantially all of XpresSpa's assets.

(f) If this Agreement or the Employment Period is terminated for any reason, the NDA and Sections 9 and 10 shall survive termination of this Agreement.

(g) The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(h) All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, sent by registered or certified mail, return receipt requested, postage prepaid, or by reputable national overnight delivery service (e.g. FedEx) for overnight delivery to the party at the address set forth in the preamble to this Agreement, or to such other address as either party may hereafter give the other party notice of in accordance with the provisions hereof. Notices shall be deemed given on the sooner of the date actually received or the third business day after deposited in the mail or one business day after deposited with an overnight delivery service for overnight delivery. Notice to the Executive must also be made by copy to Austin S. Lilling, Esq., Katten Muchin Rosenman LLP, 575 Madison Ave., New York, NY 10022 (provided that such copy shall not constitute notice hereunder or personal service).

(i) This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without reference to principles of conflicts of laws.

(j) This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one of the same instrument. The parties hereto have executed this Agreement as of the date set forth above.

(k) Each Party will pay its own costs and expenses related to the transactions contemplated by this Agreement, except that the Company shall pay Katten Muchin Rosenman, LLP up to \$10,000 for legal fees incurred in connection with the review and negotiation of this Agreement prior to the Effective Date.

[Remainder of Page Intentionally Left Blank] [Signature Page Follows]

[Signature Page to Executive Employment Agreement]

IN WITNESS WHEREOF, the Executive and the Company have caused this Executive Employment Agreement to be executed as of the date first above written.

Edward Jankowski

FORM HOLDINGS CORP.

By: _____
Name: Andrew Perlman
Title: CEO

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of the 18th day of January, 2017 (the "Effective Date"), and is by and between Andrew Perlman, an individual residing at the address listed in the Company's files ("Executive"), and FORM Holdings Corp., a Delaware corporation with principal offices located at 780 3rd Avenue, 12th Floor, New York, NY 10017 (the "Company").

WITNESSETH

WHEREAS, the Executive desires to continue to be employed by the Company as its Chief Executive Officer ("CEO") under the terms set forth herein and the Company wishes to continue to employ Executive in such capacity;

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

1. Employment and Duties.

(a) Subject to the terms of this Agreement, the Company agrees to continue to employ, and Executive agrees to continue to serve, as its CEO. The duties and responsibilities of Executive shall include the duties and responsibilities normally associated with such positions and such other executive officer duties and responsibilities consistent with such positions as the Company's Board of Directors (the "Board") may from time to time reasonably assign in good faith to Executive. At all times during the Employment Period (as defined below), the Executive shall report directly to the Board.

(b) Executive shall continue to serve as a member of the Board until the term of the Executive's directorship expires and the Executive is not reelected or his earlier resignation or removal from the Board. As long as the Executive remains the CEO of the Company, the Nominating and Governance Committee will recommend the Executive for reelection to the Board. At the unanimous (with the Executive abstaining) request of the Board, upon termination of his employment by the Company for Cause (as defined below) or by the Executive without Good Reason (as defined below), the Executive shall resign as a member of the Board and any committees thereof and, in the absence of any other written resignation proffered to the Board, this Agreement shall constitute such a written resignation, effective upon the termination of employment by the Company for Cause or by the Executive without Good Reason. Executive shall devote substantially all of his working time and efforts during the Company's normal business hours to the business and affairs of the Company and its subsidiaries and to the diligent and faithful performance of the duties and responsibilities duly assigned to him pursuant to this Agreement. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) performing services for such other companies as the Company may designate or permit (which permission shall not be unreasonably withheld), (ii) serving, with the prior written consent of the Board, which consent shall not be unreasonably withheld, as an officer or member of the boards of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of noncompeting businesses or charitable, educational or civic organizations, (iii) engaging in charitable activities and community affairs, and (iv) managing Executive's personal investments and affairs; provided, however, that the activities set out in clauses (i), (ii), (iii) and (iv) shall be limited by Executive so as not to materially interfere, individually or in the aggregate, with the performance of Executive's duties and responsibilities hereunder.

2. Term. The Company hereby agrees to employ Executive, and Executive hereby accepts employment with the Company, upon the terms set forth in this Agreement, for the period commencing on the Effective Date and ending on the three year anniversary of the Effective Date, unless sooner terminated in accordance with the provisions of Section 9 below (such period is the "Employment Period"). The parties agree to commence negotiations to enter into a new employment agreement at least twelve (12) months prior to the expiration of the Employment Period and to conclude those negotiations no later than the date that is six (6) months prior to the expiration of the Employment Period (the "6 Month Date"). If the negotiations are not concluded and a new agreement executed by the 6 Month Date, the Employment Period shall be extended two (2) months for every whole or partial month that the negotiations extend past the 6 Month Date; provided, however, that the Employment Period shall not be extended for more than one (1) year.

3. Place of Employment. Executive's services shall be performed at the Company's offices located at 780 3rd Avenue, 12th Floor, New York 10017 and any other locus where the Company and Executive mutually agree is an acceptable location from which Executive's services may be performed. The parties acknowledge that any location in the Borough of Manhattan, City of New York, is an acceptable location. The parties further acknowledge, however, that Executive may be required to travel in connection with the performance of his duties hereunder.

4. Compensation.

(a) Base Salary. For all services to be rendered by Executive pursuant to this Agreement, the Company agrees to pay Executive during the Employment Period an annual base salary, less applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions (the "Base Salary") at an annual rate of \$450,000. During the Employment Period, the Board has the discretion to raise the Base Salary from time-to-time and shall reevaluate the Executive's Base Salary on at least an annual basis. The Base Salary shall be paid in periodic installments in accordance with the Company's regular payroll practices.

5. Bonuses and Incentive Compensation.

(a) During the Employment Period, the Executive will be eligible to participate in any annual bonus and other incentive compensation program that the Company may adopt from time to time for its executive officers. If the Executive has earned any bonus or non-equity based incentive compensation (collectively, "Incentive Compensation") which remains unpaid upon termination of Employment for any reason whether by Executive or Company other than for Cause then Executive shall be entitled to receive such Incentive Compensation at the time the Company distributes such Incentive Compensation to other executive officers of the Company. Such amount shall be prorated for the year of termination equal to the amount of Incentive Compensation earned multiplied by a fraction the numerator of which the number of days that Executive worked for the Company prior to the date of termination and the denominator of which is 365.

To the extent that the Company is required pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act to develop and implement a policy (the "Policy") providing for the recovery from the Executive of any payment of incentive based compensation (whether in cash or in equity) paid to the Executive that was based upon erroneous data contained in an accounting statement, this Agreement shall be deemed amended and the Policy incorporated herein by reference as of the date that the Company takes all necessary corporate action to adopt the Policy, without requiring any further action of the Company or the Executive, provided that any such Policy shall only be binding on the Executive if the same Policy applies to the Company's other executive officers.

(b) Notwithstanding anything to the contrary in any applicable equity award agreement, upon termination of employment for any reason other than Cause, the vesting of such number of stock options, RSUs and other stock-based awards outstanding and held by the Executive as of the date of termination of Executive's employment that would have vested in the one year period immediately following the termination of employment of Executive ("Post-Termination Period") will vest during the Post-Termination Period provided that in the sole discretion of the Board, during the Post-Termination Period, the Executive makes himself reasonably available and cooperates with reasonable requests from the Company concerning any business or legal matters (including, without limitation, response to a subpoena or testimony in any litigation matters) involving facts or events relating to the Company that may be within the Executive's knowledge. The Company will in good faith consider Executive's obligations for other persons and/or employers, and will take its best efforts to accommodate such obligations in connection with any such cooperation request. Upon submission of invoices, the Company will reimburse the Executive for reasonable expenses (including, but not limited to, legal fees and travel) incurred in carrying out the provisions of this paragraph. The Executive will provide the Company with reasonable advance written notice prior to incurring any expenses in excess of \$2500. Without limiting the foregoing, if Executive is not receiving Severance Benefit during the Post-Termination Period, then the Company will pay the Executive additional compensation, in such amount and form as the parties reasonably agree, in connection with any cooperation request by the Company of the Executive which is reasonably expected to exceed five hours in the aggregate (including for this purposes time spent in connection with any prior cooperation requests).

(c) In addition, subject to any permitted action by the Board upon a Change of Control or other merger, sale, dissolution or liquidation of the Company under the Company's applicable equity plan to terminate the stock options or other stock-based awards, any stock option granted on or after the Effective Date, which has vested, shall be exercisable for not less than one year from the date of termination of Executive's employment (subject to the scheduled expiration of any option) and if such option is an incentive stock option it shall automatically convert and be deemed a non-qualified option as of the date that is three months from termination of Executive's employment. As used in this Agreement, "Change of Control" shall have the meaning set forth in the Company's 2012 Employee Director and Consultant Equity Incentive Plan.

6. Expenses. Executive shall be entitled to reimbursement for all reasonable and appropriate travel) entertainment, and other expenses incurred by Executive while employed (in accordance with the policies and procedures established by the Company for its executive officers) in the performance of his duties and responsibilities under this Agreement; provided that Executive properly accounts for such expenses in accordance with Company policies and procedures. The Company shall cause a credit card to be issued to Executive to be used by the Executive solely to pay for travel and entertainment expenditures reasonably necessary for the performance of his duties and Company and otherwise in accordance with written policies and procedures approved by the Board, but use of such credit card is not a condition for reimbursement. The Executive shall be responsible for any unreasonable or inappropriate expenses incurred in violation of Company policies and procedures.

7. Other Benefits. During the Employment Period, the Executive shall be eligible to participate in all incentive, savings, retirement (401(k)), and welfare benefit plans, health, medical, dental, vision, life (including accidental death and dismemberment) and disability insurance plans (collectively, to the extent they exist, "Benefit Plans"), in substantially the same manner and at substantially the same levels as the Company makes such opportunities available to the Company's executive officers, provided however, that the Company may not reduce the benefits provided to the Executive under these Benefits Plans without the Executive's written consent.

8. Vacation. During the Employment Period, the Executive shall be entitled to twenty (20) days of paid time off ("PTO") per year. PTO shall be taken at such times as are mutually convenient to the Executive and the Company. The Executive may carry up to ten (10) days of unused PTO forward from one calendar year to the next. All other unused PTO will be forfeited at the end of the calendar year. The Company shall not pay executive for any unused PTO upon termination of employment except as required by applicable law or provided under Company policy.

9. Termination of Employment.

(a) General. The Employment Period and the Executive's employment hereunder shall terminate upon the earliest to occur of: (i) Executive's death, (ii) a termination by reason of Executive's Disability, (iii) a termination by the Company with or without Cause, (iv) a termination by Executive with or without Good Reason, or (v) the last day of the Employment Period. Notwithstanding anything herein to the contrary, the payment (or commencement of a series of payments) hereunder of any nonqualified deferred compensation (within the meaning of Section 409A of the Internal Revenue Code, (the "Code")) upon a termination of employment shall be delayed until such time as Executive has also undergone a "separation from service" as defined in Treas. Reg. 1.409A-1(h), at which time such nonqualified deferred compensation (calculated as of the date of Executive's termination of employment hereunder) shall be paid (or commence to be paid) to Executive on the schedule set forth in this Section 9 as if Executive had undergone such termination of employment (under the same circumstances) on the date of Executive's ultimate "separation from service."

(b) Death. If Executive dies during the Employment Period, this Agreement and the Executive's employment with the Company shall automatically terminate and the Company shall have no further obligations to the Executive or his heirs, administrators or executors with respect to compensation and benefits accruing thereafter, except for the obligation to pay to the Executive's heirs, administrators or executors (i) any earned but unpaid Base Salary up to and through the date of termination (within fourteen (14) days following termination), (ii) any earned but unpaid Incentive Compensation under the terms set forth in Section 5(a); (iii) any and all reasonable expenses paid or incurred by the Executive in connection with and related to the performance of his duties and responsibilities for the Company up to and through the date of termination, and (iv) any benefits provided under the Company's employee benefit plans pursuant to, and in accordance with, the terms of such plans through the date of termination (including, without limitation, any death benefit or disability benefit plans or programs) (collectively, the "Accrued Obligations"). The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(c) Disability. In the event that during the Employment Period the Company determines that the Executive is unable to perform his essential duties and responsibilities hereunder to the full extent required by the Company by reason of a Disability (as defined below), this Agreement and the Executive's employment with the Company shall terminate immediately upon notice to the Executive, and the Company shall have no further obligations or liability to the Executive or his heirs, administrators or executors with respect to compensation and benefits accruing thereafter, except for the obligation to pay the Accrued Obligations. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions. For purposes of this Agreement, "Disability" shall mean a physical or mental disability that prevents the performance by the Executive, with or without reasonable accommodation, of his essential duties and responsibilities hereunder for ninety (90) consecutive days, or an aggregate of one hundred and eighty (180) days during any twelve consecutive months, as determined consistent with applicable law, provided that the determination of Executive's physical or mental health and the date of the Disability shall be determined by a medical expert who will examine the Executive as appointed by mutual agreement between the Company and the Executive, which agreement shall not be unreasonably withheld or delayed by either party. Executive hereby consents to such examination and consultation regarding Executive's health and ability to perform as aforesaid.

(d) By the Company for Cause.

(1) At any time during the Employment Period, the Company may terminate this Agreement and the Executive's employment hereunder for Cause. Such termination shall be effective immediately upon notice to the Executive. "Cause" as used in this Agreement (and with respect to any other arrangement (including, without limitation, any option, RSU or other equity-based arrangement) with the Company or its affiliates) shall mean: (a) through no fault of the Board, the willful and continued failure of the Executive to perform substantially his duties and responsibilities for the Company (other than any such failure resulting from Executive's death or Disability) after a written demand by the Board for substantial performance is delivered to the Executive by the Company, which specifically identifies the manner in which the Board believes that the Executive has not substantially performed his duties and responsibilities, which willful and continued failure is not cured by the Executive within thirty (30) days of his receipt of such written demand; (b) the conviction of, or plea of guilty or nolo contendere to a felony, (c) intentional breach of Section 10 of this Agreement, (d) an intentional breach of the Non-Disclosure and Non-Solicitation Agreement then in effect (the "NDA") which results or could reasonably be expected to result in harm to the Company or (e) a unanimous good faith finding by the Board (with the Executive abstaining) that Executive has engaged in (i)(A) fraud, (B) dishonesty, or (C) gross negligence, in each case related to the Company or (ii) criminal misconduct which results or could reasonably be expected to result in harm to the Company, which, if curable, has not been cured by Executive within thirty (30) days after his receipt of a written notice from the Board stating with reasonable specificity the basis of such finding.

(2) Upon termination of this Agreement for Cause, the Company shall have no further obligations or liability to the Executive or his heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay the Executive the Accrued Obligations. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(3) It is expressly acknowledged and agreed that the decision as to whether "Cause" exists for termination of the employment relationship by the Company is delegated to the Board for determination.

(e) By the Executive for Good Reason.

(1) At any time during the Employment Period, subject to the conditions set forth in Section 9(e)(2) below, the Executive may terminate this Agreement and the Executive's employment with the Company for Good Reason. "Good Reason" as used in this Agreement shall mean the occurrence of any of the following events: (a) the assignment, without the Executive's prior written consent, to the Executive of duties that result in a material diminution of the duties, authorities or responsibilities of the Executive; provided, however, the failure of the Executive to be reelected to the Board shall not be deemed to be a diminution of duties; (b) the change, without the Executive's prior written consent, to the Executive's position or the Executive's title that is subordinate to the title of CEO; (c) a reduction in Executive's Base Salary; (d) the Company's requirement that Executive regularly report to work in a location that is more than 50 miles from the Company's current New York office as of the date of this Agreement, without the Executive's prior written consent; (e) a change in Executive's reporting relationship other than to the Board, provided however, that Good Reason does not include a change in the reporting relationship whereby Executive will report to the board of directors of an acquiring company after a Change of Control; (f) a material breach by the Company of this Agreement or RSU or options grants; or (g) the failure of the Company to provide compensation, including Base Salary, Incentive Compensation (if any) and benefits to Executive as required herein when due.

(2) The Executive shall not be entitled to terminate this Agreement for Good Reason unless and until he shall have delivered written notice to the Company of his intention to terminate this Agreement and his employment with the Company for Good Reason, which notice specifies in reasonable detail the circumstances claimed to provide the basis for such termination for Good Reason, and the Company shall not have eliminated the circumstances constituting Good Reason within thirty (30) days of its receipt from the Executive of such written notice. The Company shall retain the discretion to terminate the Employment Period at any time during the Good Reason notice period provided for in this Section 9(e)(2).

(3) In the event that the Executive terminates this Agreement and his employment with the Company for Good Reason, the Company shall pay or provide to the Executive (or, following his death, to the Executive's heirs, administrators or executors):

(A) The Accrued Obligations through the date the Employment Period is terminated.

(B) An amount of Base Salary (at the rate of Base Salary in effect immediately prior to the Executive's termination hereunder) equal to one (1) times the Executive's Base Salary. Except as otherwise provided in this Agreement, the Company shall pay to Executive the amounts provided in this Section 9(e)(3)(B) (the "Severance Benefit") in substantially equal installments commencing on the Company's next regular payroll date following the date the Release (referenced in Section 9(i) below) becomes irrevocable and enforceable, provided, however, that if the ninety (90) day period referenced in Section 9(i) below begins in one calendar year and ends in the following calendar year, the Company shall pay to Executive the amounts provided in this Section 9(e)(3)(B) in substantially equal installments commencing on the Company's first eligible regular payroll date occurring in the following calendar year. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(C) Subject to Section 9(i) below, COBRA continuation coverage paid in full by the Company, so long as Executive has not become actually covered by the medical plan of a subsequent employer during any such month and is otherwise entitled to COBRA continuation coverage, with such payments for up to a maximum of twelve (12) months following the date of termination. After such period, Executive is responsible for paying the full cost for any additional COBRA continuation coverage to which Executive is then entitled. If the Company's payment of the COBRA premiums on the Executive's behalf would violate the nondiscrimination rules or cause the reimbursement of claims to be taxable under the Patient Protection and Affordable Care Act of 2010, together with the Health Care and Education Reconciliation Act of 2010 (collectively, the "Act" or Section 105(h) of the Code, the Company paid premiums shall be treated as taxable payments and be subject to imputed income tax treatment to the extent necessary to eliminate any discriminatory treatment or taxation under the Act or Section 105(h) of the Code.

(f) By Executive without Good Reason. At any time during the Employment Period, the Executive shall be entitled to terminate this Agreement and the Executive's employment with the Company without Good Reason by providing prior written notice to the Company of at least ninety (90) calendar days, provided however that the Company shall maintain the discretion to terminate the Employment Period at any time during the notice period set forth in this Section 9(t). Upon termination by the Executive of this Agreement and the Executive's employment with the Company without Good Reason, the Company shall have no further obligations or liability to the Executive or his heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay the Executive the Accrued Obligations. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(g) By the Company without Cause. At any time during the Employment Period, the Company shall be entitled to terminate this Agreement and the Executive's employment with the Company without Cause upon written notice to the Executive which shall set forth a date of termination. Upon termination by the Company of this Agreement and the Executive's employment with the Company without Cause, the Company shall pay or provide to the Executive (or, following his death, to the Executive's heirs, administrators or executors) the amounts and benefits due upon a resignation for Good Reason, as further described in Section 9(e)(3). The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(h) Upon Expiration of the Employment Period. If the Executive's employment terminates upon the expiration of the Employment Period set forth in Section 1, the Company shall have no further obligations or liability to the Executive or his heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay the Executive the Accrued Obligations.

(i) Release of Claims. It is agreed that an express condition of the payment or provision by the Company of any severance amount or post termination benefit called for under Section 9(e)(3) and Section 9(g) of this Agreement (other than the payment of any Accrued Obligations) shall be subject to the Company's concurrent receipt of a general release of all claims against the Company and its affiliates by Executive in the form reasonably acceptable to the Company and Executive and such release must be effective and irrevocable prior to the ninetieth (90th) day following the termination of the Executive's employment (the "Release"). Any payments scheduled to be paid under Sections 9(e)(3) or 9(g) during such 90 day period pending the effectiveness of such Release, will be accumulated and paid, subject to Section 9(j) below, on such 90th day or earlier following the effectiveness of such Release as would not result in a violation of Code Section 409A.

(j) Additional Section 409A Provisions. Notwithstanding any provision in this Agreement to the contrary:

(1) Any payment otherwise required to be made hereunder to Executive at any date as a result of the termination of Executive's employment that constitutes nonqualified deferred compensation subject to Section 409A of the Code shall be delayed for such period of time as may be necessary to meet the requirements of Section 409A(a) (2)(B)(i) of the Code (the "Delay Period"). On the first business day following the expiration of the Delay Period, Executive shall be paid, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence, and any remaining payments not so delayed shall continue to be paid pursuant to the payment schedule set forth herein.

(2) Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

(3) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A of the Code), (i) any such expense reimbursement shall be made by the Company no later than the last day of the taxable year following the taxable year in which such expense was incurred by Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; provided, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

10. Covenant Not to Compete.

(a) The Executive recognizes that the services to be performed by him hereunder are special, unique and extraordinary. The parties confirm that it is reasonably necessary for the protection of the Company that the Executive agree, and accordingly, the Executive does hereby agree, that, he shall not, directly or indirectly, at any time during the "Restricted Period" within the "Restricted Area" engage in any "Restricted Business Activity" (as those terms are defined in Sections 10(b), (c) and (d) below). In the event of any inconsistencies between the terms of this Agreement and the NDA, this Agreement shall control.

(b) The term "Restricted Business Activity" as used in this Section 10, means that the Executive shall not, directly or indirectly:

(1) provide services, either on his own behalf or as an officer, director, partner, consultant, associate, employee, owner, agent, independent contractor, or coventurer of any third party that sells products or services that are directly competitive with the products or services sold by the Company during the Employment Period; or

(2) solicit any material commercial relationships of the Company, other than in the furtherance of the business of the Company during the Employment Period;

provided however, that Restricted Business Activity shall not be construed to prevent and this Agreement shall not prevent the Executive from (i) owning, directly or indirectly, in the aggregate, an amount not exceeding two percent (2%) of the issued and outstanding voting securities of any class of any company whose voting capital stock is traded or listed on a national securities exchange or in the over-the-counter market; or (ii) soliciting any material commercial relationships of the Company for the purpose of selling products or providing services that are not the same or substantially similar to the products or services sold by the Company during the Employment Period.

(c) The term "Restricted Period," as used in this Section 10, shall mean during the Employment Period and (i) in the case of termination by the Executive for Good Reason or by the Company without Cause, so long as the Executive is paid the Severance Benefit by the Company under Sections 9(e) or 9(g) or (ii) in the case of termination by the Executive without Good Reason, by the Company for Cause or upon expiration of the Agreement under Section 2, one (1) year after the date the Executive is actually no longer employed by the Company. Notwithstanding the foregoing, waiver of any Restricted Period by the Company shall not waive the Executive's entitlement to the Severance Benefit.

(d) The term "Restricted Area" as used in this Section 10 shall mean worldwide.

(e) If any of the restrictions contained in this Section 10 shall be deemed to be unenforceable by reason of the extent, duration or geographical scope thereof; or otherwise, then the court making such determination shall have the right to reduce such extent, duration, geographical scope, or other provisions hereof; and in its reduced form this Section shall then be enforceable in the manner contemplated hereby.

(f) The provisions of this Section 10 shall survive the termination of the Executive's employment hereunder and until the end of the Restricted Period.

11. Dispute Resolution.

(a) In the event of a breach or anticipated breach of the Agreement by either Party the non-breaching Party shall inform the breaching Party by letter of the suspected or anticipated breach. The breaching Party shall have ten (10) days to cure said breach, if curable. In the event the breach has not been cured within ten (10) days, if curable, then the non-breaching Party may pursue arbitration as described below.

(b) Any dispute arising between the Parties under this Agreement, shall be submitted exclusively to binding arbitration before the American Arbitration Association ("AAA") for resolution. Such arbitration shall be conducted in New York, New York, and the arbitrator will apply New York law, including federal law as applied in New York courts. The arbitration shall be conducted in accordance with AAA Employment Arbitration Rules as modified herein. The arbitration shall be conducted by a single arbitrator and the award of the arbitrator shall be final and binding on the parties, and judgment on the award may be confirmed and entered in any state or federal court in the State and City of New York. The arbitration shall be conducted on a strictly confidential basis, and the Parties shall not disclose the existence of a claim, the nature of a claim, any documents, exhibits, or information exchanged or presented in connection with such a claim, or the result of any action (collectively, "Arbitration Materials") to any third party, with the sole exception of their respective legal counsel, who also shall be bound by these confidentiality terms. Nothing herein shall prevent either Party from seeking or obtaining an injunction in aid of arbitration.

(c) In the event of any court proceeding to challenge or enforce an arbitrator's award, the parties hereby consent to the exclusive jurisdiction of the state and federal courts in New York, New York and agree to venue in that jurisdiction. Each Party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by delivering a copy thereof to such Party in accordance with the notice provisions of Section 12 below. The Parties agree to take all steps necessary to protect the confidentiality of all confidential information, including the Arbitration Materials, in connection with any such proceeding, agree to file all confidential information under seal, and agree to the entry of an appropriate protective order.

12. Miscellaneous.

(a) The Executive acknowledges that the services to be rendered by him under the provisions of this Agreement are of a special, unique and extraordinary character and that it would be difficult or impossible to replace such services. Furthermore, the parties acknowledge that monetary damages alone would not be an adequate remedy for any breach by the Executive of this Agreement. Accordingly, the Executive agrees that any breach or threatened breach by him of this Agreement shall entitle the Company, in addition to all other legal remedies available to it, to apply to any court of competent jurisdiction to seek to enjoin such breach or threatened breach. The parties understand and intend that each restriction agreed to by the Executive hereinabove shall be construed as separable and divisible from every other restriction, that the unenforceability of any restriction shall not limit the enforceability, in whole or in part, of any other restriction, and that one or more or all of such restrictions may be enforced in whole or in part as the circumstances warrant. In the event that any restriction in this Agreement is more restrictive than permitted by law in the jurisdiction in which the Company seeks enforcement thereof, such restriction shall be limited to the extent permitted by law. The remedy of injunctive relief herein set forth shall be in addition to, and not in lieu of, any other rights or remedies that the Company may have at law or in equity.

(b) The Executive may not assign or delegate any of his rights or duties under this Agreement without the express written consent of the Company. The Company will require any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, the "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this subsection (b) or which otherwise becomes bound by all of the terms and provisions of this Agreement by operation of law.

(c) This Agreement, together with the NOA and any indemnification agreement, equity plan, stock option agreement, restricted stock unit agreement or other stock agreement to which plaintiff is a party or otherwise subject to, constitutes and embodies the full and complete understanding and agreement of the parties with respect to the Executive's employment by the Company, and supersedes all prior understandings and agreements, whether oral or written, between the Executive and the Company, and shall not be amended, modified or changed except by an instrument in writing executed by the party to be charged. The invalidity or partial invalidity of one or more provisions of this Agreement shall not invalidate any other provision of this Agreement. No waiver by either party of any provision or condition to be performed shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

(d) Executive acknowledges that he has had the opportunity to be represented by separate independent counsel in the negotiation of this Agreement, has consulted with his attorney of choice, or voluntarily chose not to do so, concerning the execution and meaning of this Agreement, and has read this Agreement and fully understands the terms hereof, and is executing the same of his own free will. Executive warrants and represents that he has had sufficient time to consider whether to enter into this Agreement and that he is relying solely on his own judgment and the advice of his own counsel, if any, in deciding to execute this Agreement.

(e) This Agreement shall inure to the benefit of, be binding upon and enforceable against, the parties hereto and their respective successors, heirs, beneficiaries and permitted assigns.

(f) If this Agreement or the Employment Period is terminated for any reason, the NDA and Sections 9 and 10 shall survive termination of this Agreement.

(g) The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(h) All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, sent by registered or certified mail, return receipt requested, postage prepaid, or by reputable national overnight delivery service (e.g. FedEx) for overnight delivery to the party at the address set forth in the preamble to this Agreement, or to such other address as either party may hereafter give the other party notice of in accordance with the provisions hereof. Notices shall be deemed given on the sooner of the date actually received or the third business day after deposited in the mail or one business day after deposited with an overnight delivery service for overnight delivery.

(i) This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without reference to principles of conflicts of laws.

(j) This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one of the same instrument. The parties hereto have executed this Agreement as of the date set forth above.

(k) Each Party will pay its own costs and expenses related to the transactions contemplated by this Agreement.

[Remainder of Page Intentionally Left Blank]

[Signature Page Follows]

[Signature Page to Executive Employment Agreement]

IN WITNESS WHEREOF, the Executive and the Company have caused this Executive Employment Agreement to be executed as of the date first above written.

Andrew Perlman

FORM HOLDINGS CORP.

By: _____
Name: Bruce Bernstein
Title: Chair of the Compensation
Committee of the Board of Directors

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of the 17th day of January, 2017 (the "Effective Date"), and is by and between Anastasia Nyrkovskaya, an individual residing at the address listed in the Company's files ("Executive"), and FORM Holdings Corp., a Delaware corporation with principal offices located at 780 3rd Avenue, 12th Floor, New York, NY 10017 (the "Company").

WITNESSETH

WHEREAS, the Executive desires to continue to be employed by the Company as its Chief Financial Officer ("CFO") under the terms set forth herein and the Company wishes to continue to employ Executive in such capacity;

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

1. Employment and Duties.

(a) Subject to the terms of this Agreement, the Company agrees to continue to employ, and Executive agrees to continue to serve, as its CFO. The duties and responsibilities of Executive shall include the duties and responsibilities normally associated with such positions and such other executive officer duties and responsibilities consistent with such positions as the CEO may from time to time reasonably assign in good faith to Executive. At all times during the Employment Period (as defined below), the Executive shall report directly to the CEO.

(b) Executive shall devote substantially all of her working time and efforts during the Company's normal business hours to the business and affairs of the Company and its subsidiaries and to the diligent and faithful performance of the duties and responsibilities duly assigned to him pursuant to this Agreement. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) performing services for such other companies as the Company may designate or permit (which permission shall not be unreasonably withheld), (ii) serving, with the prior written consent of the Company's Board of Directors (the "Board"), which consent shall not be unreasonably withheld, as an officer or member of the boards of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of noncompeting businesses or charitable, educational or civic organizations, (iii) engaging in charitable activities and community affairs, and (iv) managing Executive's personal investments and affairs; provided, however, that the activities set out in clauses (i), (ii), (iii) and (iv) shall be limited by Executive so as not to materially interfere, individually or in the aggregate, with the performance of Executive's duties and responsibilities hereunder.

2. Term. The Company hereby agrees to employ Executive, and Executive hereby accepts employment with the Company, upon the terms set forth in this Agreement, for the period commencing on the Effective Date and ending on the three year anniversary of the Effective Date, unless sooner terminated in accordance with the provisions of Section 9 below (such period is the "Employment Period"). The parties agree to commence negotiations to enter into a new employment agreement at least twelve (12) months prior to the expiration of the Employment Period and to conclude those negotiations no later than the date that is six (6) months prior to the expiration of the Employment Period (the "6 Month Date"). If the negotiations are not concluded and a new agreement executed by the 6 Month Date, the Employment Period shall be extended two (2) months for every whole or partial month that the negotiations extend past the 6 Month Date; provided, however, that the Employment Period shall not be extended for more than one (1) year.

3. Place of Employment. Executive's services shall be performed at the Company's offices located at 780 3rd Avenue, 12th Floor, New York 10017 and any other locus where the Company and Executive mutually agree is an acceptable location from which Executive's services may be performed. The parties acknowledge that any location in the Borough of Manhattan, City of New York, is an acceptable location. The parties further acknowledge, however, that Executive may be required to travel in connection with the performance of her duties hereunder.

4. Compensation.

(a) Base Salary. For all services to be rendered by Executive pursuant to this Agreement, the Company agrees to pay Executive during the Employment Period an annual base salary, less applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions (the "Base Salary") at an annual rate of \$375,000. During the Employment Period, the Board has the discretion to raise the Base Salary from time-to-time and shall reevaluate the Executive's Base Salary on at least an annual basis. The Base Salary shall be paid in periodic installments in accordance with the Company's regular payroll practices.

5. Bonuses and Incentive Compensation.

(a) During the Employment Period, the Executive will be eligible to participate in any annual bonus and other incentive compensation program that the Company may adopt from time to time for its executive officers. If the Executive has earned any bonus or non-equity based incentive compensation (collectively, "Incentive Compensation") which remains unpaid upon termination of Employment for any reason whether by Executive or Company other than for Cause then Executive shall be entitled to receive such Incentive Compensation at the time the Company distributes such Incentive Compensation to other executive officers of the Company. Such amount shall be prorated for the year of termination equal to the amount of Incentive Compensation earned multiplied by a fraction the numerator of which the number of days that Executive worked for the Company prior to the date of termination and the denominator of which is 365.

To the extent that the Company is required pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act to develop and implement a policy (the "Policy") providing for the recovery from the Executive of any payment of incentive based compensation (whether in cash or in equity) paid to the Executive that was based upon erroneous data contained in an accounting statement, this Agreement shall be deemed amended and the Policy incorporated herein by reference as of the date that the Company takes all necessary corporate action to adopt the Policy, without requiring any further action of the Company or the Executive, provided that any such Policy shall only be binding on the Executive if the same Policy applies to the Company's other executive officers.

(b) Notwithstanding anything to the contrary in any applicable equity award agreement, upon termination of employment for any reason other than Cause, the vesting of such number of stock options, RSUs and other stock-based awards outstanding and held by the Executive as of the date of termination of Executive's employment that would have vested in the one year period immediately following the termination of employment of Executive ("Post-Termination Period ") will vest during the Post-Termination Period provided that in the sole discretion of the Board, during the Post-Termination Period, the Executive makes herself reasonably available and cooperates with reasonable requests from the Company concerning any business or legal matters (including, without limitation, response to a subpoena or testimony in any litigation matters) involving facts or events relating to the Company that may be within the Executive's knowledge. The Company will in good faith consider Executive's obligations for other persons and/or employers, and will take its best efforts to accommodate such obligations in connection with any such cooperation request. Upon submission of invoices, the Company will reimburse the Executive for reasonable expenses (including, but not limited to, legal fees and travel) incurred in carrying out the provisions of this paragraph. The Executive will provide the Company with reasonable advance written notice prior to incurring any expenses in excess of \$2500. Without limiting the foregoing, if Executive is not receiving Severance Benefit during the Post-Termination Period, then the Company will pay the Executive additional compensation, in such amount and form as the parties reasonably agree, in connection with any cooperation request by the Company of the Executive which is reasonably expected to exceed five hours in the aggregate (including for this purposes time spent in connection with any prior cooperation requests).

(c) In addition, subject to any permitted action by the Board upon a Change of Control or other merger, sale, dissolution or liquidation of the Company under the Company's applicable equity plan to terminate the stock options or other stock-based awards, any stock option granted on or after the Effective Date, which has vested, shall be exercisable for not less than one year from the date of termination of Executive's employment (subject to the scheduled expiration of any option) and if such option is an incentive stock option it shall automatically convert and be deemed a non-qualified option as of the date that is three months from termination of Executive's employment. As used in this Agreement, "Change of Control" shall have the meaning set forth in the Company's 2012 Employee, Director and Consultant Equity Incentive Plan.

6. Expenses. Executive shall be entitled to reimbursement for all reasonable and appropriate travel, entertainment, and other expenses incurred by Executive while employed (in accordance with the policies and procedures established by the Company for its executive officers) in the performance of her duties and responsibilities under this Agreement; provided that Executive properly accounts for such expenses in accordance with Company policies and procedures. The Company shall cause a credit card to be issued to Executive to be used by the Executive solely to pay for travel and entertainment expenditures reasonably necessary for the performance of her duties and Company and otherwise in accordance with written policies and procedures approved by the Board, but use of such credit card is not a condition for reimbursement. The Executive shall be responsible for any unreasonable or inappropriate expenses incurred in violation of Company policies and procedures.

7. Other Benefits. During the Employment Period, the Executive shall be eligible to participate in all incentive, savings, retirement (401(k)), and welfare benefit plans, health, medical, dental, vision, life (including accidental death and dismemberment) and disability insurance plans (collectively, to the extent they exist, "Benefit Plans"), in substantially the same manner and at substantially the same levels as the Company makes such opportunities available to the Company's executive officers, provided however, that the Company may not reduce the benefits provided to the Executive under these Benefits Plans without the Executive's written consent.

8. Vacation. During the Employment Period, the Executive shall be entitled to twenty (20) days of paid time off ("PTO") per year. PTO shall be taken at such times as are mutually convenient to the Executive and the Company. The Executive may carry up to ten (10) days of unused PTO forward from one calendar year to the next. All other unused PTO will be forfeited at the end of the calendar year. The Company shall not pay executive for any unused PTO upon termination of employment except as required by applicable law or provided under Company policy.

9. Termination of Employment.

(a) General. The Employment Period and the Executive's employment hereunder shall terminate upon the earliest to occur of: (i) Executive's death, (ii) a termination by reason of Executive's Disability, (iii) a termination by the Company with or without Cause, (iv) a termination by Executive with or without Good Reason, or (v) the last day of the Employment Period. Notwithstanding anything herein to the contrary, the payment (or commencement of a series of payments) hereunder of any nonqualified deferred compensation (within the meaning of Section 409A of the Internal Revenue Code, (the "Code")) upon a termination of employment shall be delayed until such time as Executive has also undergone a "separation from service" as defined in Treas. Reg. 1.409A-1(h), at which time such nonqualified deferred compensation (calculated as of the date of Executive's termination of employment hereunder) shall be paid (or commence to be paid) to Executive on the schedule set forth in this Section 9 as if Executive had undergone such termination of employment (under the same circumstances) on the date of Executive's ultimate "separation from service."

(b) Death. If Executive dies during the Employment Period, this Agreement and the Executive's employment with the Company shall automatically terminate and the Company shall have no further obligations to the Executive or her heirs, administrators or executors with respect to compensation and benefits accruing thereafter, except for the obligation to pay to the Executive's heirs, administrators or executors (i) any earned but unpaid Base Salary up to and through the date of termination (within fourteen (14) days following termination), (ii) any earned but unpaid Incentive Compensation under the terms set forth in Section 5(a); (iii) any and all reasonable expenses paid or incurred by the Executive in connection with and related to the performance of her duties and responsibilities for the Company up to and through the date of termination, and (iv) any benefits provided under the Company's employee benefit plans pursuant to, and in accordance with, the terms of such plans through the date of termination (including, without limitation, any death benefit or disability benefit plans or programs) (collectively, the "Accrued Obligations"). The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(c) Disability. In the event that during the Employment Period the Company determines that the Executive is unable to perform her essential duties and responsibilities hereunder to the full extent required by the Company by reason of a Disability (as defined below), this Agreement and the Executive's employment with the Company shall terminate immediately upon notice to the Executive, and the Company shall have no further obligations or liability to the Executive or her heirs, administrators or executors with respect to compensation and benefits accruing thereafter, except for the obligation to pay the Accrued Obligations. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions. For purposes of this Agreement, "Disability" shall mean a physical or mental disability that prevents the performance by the Executive, with or without reasonable accommodation, of her essential duties and responsibilities hereunder for ninety (90) consecutive days, or an aggregate of one hundred and eighty (180) days during any twelve consecutive months, as determined consistent with applicable law, provided that the determination of Executive's physical or mental health and the date of the Disability shall be determined by a medical expert who will examine the Executive as appointed by mutual agreement between the Company and the Executive, which agreement shall not be unreasonably withheld or delayed by either party. Executive hereby consents to such examination and consultation regarding Executive's health and ability to perform as aforesaid.

(d) By the Company for Cause.

(1) At any time during the Employment Period, the Company may terminate this Agreement and the Executive's employment hereunder for Cause. Such termination shall be effective immediately upon notice to the Executive. "Cause" as used in this Agreement (and with respect to any other arrangement (including, without limitation, any option, RSU or other equity-based arrangement) with the Company or its affiliates) shall mean: (a) through no fault of the officers of the Company and/or the Board, the willful and continued failure of the Executive to perform substantially her duties and responsibilities for the Company (other than any such failure resulting from Executive's death or Disability) after a written demand by the Board for substantial performance is delivered to the Executive by the Company, which specifically identifies the manner in which the Board believes that the Executive has not substantially performed her duties and responsibilities, which willful and continued failure is not cured by the Executive within thirty (30) days of her receipt of such written demand; (b) the conviction of, or plea of guilty or nolo contendere to a felony, (c) intentional breach of Section 10 of this Agreement, (d) an intentional breach of the Non-Disclosure and Non-Solicitation Agreement then in effect (the "NDA") which results or could reasonably be expected to result in harm to the Company; or (e) a unanimous good faith finding by the Board that Executive has engaged in (i)(A) fraud, (B) dishonesty, or (C) gross negligence, in each case related to the Company or (ii) criminal misconduct which results or could reasonably be expected to result in harm to the Company, which, if curable, has not been cured by Executive within thirty (30) days after her receipt of a written notice from the Board stating with reasonable specificity the basis of such finding.

(2) Upon termination of this Agreement for Cause, the Company shall have no further obligations or liability to the Executive or her heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay the Executive the Accrued Obligations. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(3) It is expressly acknowledged and agreed that the decision as to whether "Cause" exists for termination of the employment relationship by the Company is delegated to the Board for determination.

(e) By the Executive for Good Reason.

(1) At any time during the Employment Period, subject to the conditions set forth in Section 9(e)(2) below, the Executive may terminate this Agreement and the Executive's employment with the Company for Good Reason. "Good Reason" as used in this Agreement shall mean the occurrence of any of the following events: (a) the assignment, without the Executive's prior written consent, to the Executive of duties that result in a material diminution of the duties, authorities or responsibilities of the Executive; (b) the change, without the Executive's prior written consent, to the Executive's position or the Executive's title that is subordinate to the title of CFO; (c) a reduction in Executive's Base Salary; (d) the Company's requirement that Executive regularly report to work in a location that is more than 50 miles from the Company's current New York office as of the date of this Agreement, without the Executive's prior written consent; (e) a change in Executive's reporting relationship other than to the CEO; (f) a material breach by the Company of this Agreement or RSU or options grants; or (g) the failure of the Company to provide compensation, including Base Salary, Incentive Compensation (if any) and benefits to Executive as required herein when due.

(2) The Executive shall not be entitled to terminate this Agreement for Good Reason unless and until he shall have delivered written notice to the Company of her intention to terminate this Agreement and her employment with the Company for Good Reason, which notice specifies in reasonable detail the circumstances claimed to provide the basis for such termination for Good Reason, and the Company shall not have eliminated the circumstances constituting Good Reason within thirty (30) days of its receipt from the Executive of such written notice. The Company shall retain the discretion to terminate the Employment Period at any time during the Good Reason notice period provided for in this Section 9(e)(2).

(3) In the event that the Executive terminates this Agreement and her employment with the Company for Good Reason, the Company shall pay or provide to the Executive (or, following her death, to the Executive's heirs, administrators or executors):

(A) The Accrued Obligations through the date the Employment Period is terminated.

(B) An amount of Base Salary (at the rate of Base Salary in effect immediately prior to the Executive's termination hereunder) equal to one (1) times the Executive's Base Salary. Except as otherwise provided in this Agreement, the Company shall pay to Executive the amounts provided in this Section 9(e)(3)(B) (the "Severance Benefit") in substantially equal installments commencing on the Company's next regular payroll date following the date the Release (referenced in Section 9(i) below) becomes irrevocable and enforceable, provided, however, that if the ninety (90) day period referenced in Section 9(i) below begins in one calendar year and ends in the following calendar year, the Company shall pay to Executive the amounts provided in this Section 9(e)(3)(B) in substantially equal installments commencing on the Company's first eligible regular payroll date occurring in the following calendar year. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(C) Subject to Section 9(i) below, COBRA continuation coverage paid in full by the Company, so long as Executive has not become actually covered by the medical plan of a subsequent employer during any such month and is otherwise entitled to COBRA continuation coverage, with such payments for up to a maximum of twelve (12) months following the date of termination. After such period, Executive is responsible for paying the full cost for any additional COBRA continuation coverage to which Executive is then entitled. If the Company's payment of the COBRA premiums on the Executive's behalf would violate the nondiscrimination rules or cause the reimbursement of claims to be taxable under the Patient Protection and Affordable Care Act of 2010, together with the Health Care and Education Reconciliation Act of 2010 (collectively, the "Act") or Section 105(h) of the Code, the Company paid premiums shall be treated as taxable payments and be subject to imputed income tax treatment to the extent necessary to eliminate any discriminatory treatment or taxation under the Act or Section 105(h) of the Code.

(f) By Executive without Good Reason. At any time during the Employment Period, the Executive shall be entitled to terminate this Agreement and the Executive's employment with the Company without Good Reason by providing prior written notice to the Company of at least ninety (90) calendar days, provided however that the Company shall maintain the discretion to terminate the Employment Period at any time during the notice period set forth in this Section 9(t). Upon termination by the Executive of this Agreement and the Executive's employment with the Company without Good Reason, the Company shall have no further obligations or liability to the Executive or her heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay the Executive the Accrued Obligations. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(g) By the Company without Cause. At any time during the Employment Period, the Company shall be entitled to terminate this Agreement and the Executive's employment with the Company without Cause upon written notice to the Executive which shall set forth a date of termination. Upon termination by the Company of this Agreement and the Executive's employment with the Company without Cause, the Company shall pay or provide to the Executive (or, following her death, to the Executive's heirs, administrators or executors) the amounts and benefits due upon a resignation for Good Reason, as further described in Section 9(e)(3). The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(h) Upon Expiration of the Employment Period. If the Executive's employment terminates upon the expiration of the Employment Period set forth in Section 1, the Company shall have no further obligations or liability to the Executive or her heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay the Executive the Accrued Obligations.

(i) Release of Claims. It is agreed that an express condition of the payment or provision by the Company of any severance amount or post termination benefit called for under Section 9(e)(3) and Section 9(g) of this Agreement (other than the payment of any Accrued Obligations) shall be subject to the Company's concurrent receipt of a general release of all claims against the Company and its affiliates by Executive in the form reasonably acceptable to the Company and Executive, and such release must be effective and irrevocable prior to the ninetieth (90th) day following the termination of the Executive's employment (the "Release"). Any payments scheduled to be paid under Sections 9(e)(3) or 9(g) during such 90 day period pending the effectiveness of such Release, will be accumulated and paid, subject to Section 9(j) below, on such 90th day or earlier following the effectiveness of such Release as would not result in a violation of Code Section 409A.

(g) Additional Section 409A Provisions. Notwithstanding any provision in this Agreement to the contrary:

(1) Any payment otherwise required to be made hereunder to Executive at any date as a result of the termination of Executive's employment that constitutes nonqualified deferred compensation subject to Section 409A of the Code shall be delayed for such period of time as may be necessary to meet the requirements of Section 409A(a)(2)(B)(i) of the Code (the "Delay Period"). On the first business day following the expiration of the Delay Period, Executive shall be paid, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence, and any remaining payments not so delayed shall continue to be paid pursuant to the payment schedule set forth herein.

(2) Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

(3) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A of the Code), (i) any such expense reimbursement shall be made by the Company no later than the last day of the taxable year following the taxable year in which such expense was incurred by Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; provided, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

10. Covenant Not to Compete.

(a) The Executive recognizes that the services to be performed by him hereunder are special, unique and extraordinary. The parties confirm that it is reasonably necessary for the protection of the Company that the Executive agree, and accordingly, the Executive does hereby agree, that, he shall not, directly or indirectly, at any time during the "Restricted Period" within the "Restricted Area" engage in any "Restricted Business Activity" (as those terms are defined in Sections 10(b), (c) and (d) below). In the event of any inconsistencies between the terms of this Agreement and the NOA, this Agreement shall control.

(b) The term "Restricted Business Activity" as used in this Section 10, means that the Executive shall not, directly or indirectly:

(1) provide services, either on her own behalf or as an officer, director, partner, consultant, associate, employee, owner, agent, independent contractor, or coventurer of any third party that sells products or services that are directly competitive with the products or services sold by the Company during the Employment Period; or

(2) solicit any material commercial relationships of the Company, other than in the furtherance of the business of the Company during the Employment Period;

provided however, that Restricted Business Activity shall not be construed to prevent and this Agreement shall not prevent the Executive from (i) owning, directly or indirectly, in the aggregate, an amount not exceeding two percent (2%) of the issued and outstanding voting securities of any class of any company whose voting capital stock is traded or listed on a national securities exchange or in the over-the-counter market; or (ii) soliciting any material commercial relationships of the Company for the purpose of selling products or providing services that are not the same or substantially similar to the products or services sold by the Company during the Employment Period.

(c) The term "Restricted Period," as used in this Section 10, shall mean during the Employment Period and (i) in the case of termination by the Executive for Good Reason or by the Company without Cause, so long as the Executive is paid the Severance Benefit by the Company under Sections 9(e) or 9(g) or (ii) in the case of termination by the Executive without Good Reason, by the Company for Cause or upon expiration of the Agreement under Section 2, one (1) year after the date the Executive is actually no longer employed by the Company. Notwithstanding the foregoing, waiver of any Restricted Period by the Company shall not waive the Executive's entitlement to the Severance Benefit.

(d) The term "Restricted Area" as used in this Section 10 shall mean worldwide.

(e) If any of the restrictions contained in this Section 10 shall be deemed to be unenforceable by reason of the extent, duration or geographical scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration, geographical scope, or other provisions hereof, and in its reduced form this Section shall then be enforceable in the manner contemplated hereby.

(f) The provisions of this Section 10 shall survive the termination of the Executive's employment hereunder and until the end of the Restricted Period.

11. Dispute Resolution.

(a) In the event of a breach or anticipated breach of the Agreement by either Party, the non-breaching Party shall inform the breaching Party by letter of the suspected or anticipated breach. The breaching Party shall have ten (10) days to cure said breach, if curable. In the event the breach has not been cured within ten (10) days, if curable, then the non-breaching Party may pursue arbitration as described below.

(b) Any dispute arising between the Parties under this Agreement, shall be submitted exclusively to binding arbitration before the American Arbitration Association ("AAA") for resolution. Such arbitration shall be conducted in New York, New York, and the arbitrator will apply New York law, including federal law as applied in New York courts. The arbitration shall be conducted in accordance with AAA Employment Arbitration Rules as modified herein. The arbitration shall be conducted by a single arbitrator and the award of the arbitrator shall be final and binding on the parties, and judgment on the award may be confirmed and entered in any state or federal court in the State and City of New York. The arbitration shall be conducted on a strictly confidential basis, and the Parties shall not disclose the existence of a claim, the nature of a claim, any documents, exhibits, or information exchanged or presented in connection with such a claim, or the result of any action (collectively, "Arbitration Materials") to any third party, with the sole exception of their respective legal counsel, who also shall be bound by these confidentiality terms. Nothing herein shall prevent either Party from seeking or obtaining an injunction in aid of arbitration.

(d) In the event of any court proceeding to challenge or enforce an arbitrator's award, the parties hereby consent to the exclusive jurisdiction of the state and federal courts in New York, New York and agree to venue in that jurisdiction. Each Party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by delivering a copy thereof to such Party in accordance with the notice provisions of Section 12 below. The Parties agree to take all steps necessary to protect the confidentiality of all confidential information, including the Arbitration Materials, in connection with any such proceeding, agree to file all confidential information under seal, and agree to the entry of an appropriate protective order.

12. Miscellaneous.

(a) The Executive acknowledges that the services to be rendered by him under the provisions of this Agreement are of a special, unique and extraordinary character and that it would be difficult or impossible to replace such services. Furthermore, the parties acknowledge that monetary damages alone would not be an adequate remedy for any breach by the Executive of this Agreement. Accordingly, the Executive agrees that any breach or threatened breach by him of this Agreement shall entitle the Company, in addition to all other legal remedies available to it, to apply to any court of competent jurisdiction to seek to enjoin such breach or threatened breach. The parties understand and intend that each restriction agreed to by the Executive hereinabove shall be construed as separable and divisible from every other restriction, that the unenforceability of any restriction shall not limit the enforceability, in whole or in part, of any other restriction, and that one or more or all of such restrictions may be enforced in whole or in part as the circumstances warrant. In the event that any restriction in this Agreement is more restrictive than permitted by law in the jurisdiction in which the Company seeks enforcement thereof, such restriction shall be limited to the extent permitted by law. The remedy of injunctive relief herein set forth shall be in addition to, and not in lieu of, any other rights or remedies that the Company may have at law or in equity.

(b) The Executive may not assign or delegate any of her rights or duties under this Agreement without the express written consent of the Company. The Company will require any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, the "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this subsection (b) or which otherwise becomes bound by all of the terms and provisions of this Agreement by operation of law.

(c) This Agreement, together with the NDA and any indemnification agreement, equity plan, stock option agreement, restricted stock unit agreement or other stock agreement to which plaintiff is a party or otherwise subject to, constitutes and embodies the full and complete understanding and agreement of the parties with respect to the Executive's employment by the Company, and supersedes all prior understandings and agreements, whether oral or written, between the Executive and the Company, and shall not be amended, modified or changed except by an instrument in writing executed by the party to be charged. The invalidity or partial invalidity of one or more provisions of this Agreement shall not invalidate any other provision of this Agreement. No waiver by either party of any provision or condition to be performed shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

(d) Executive acknowledges that he has had the opportunity to be represented by separate independent counsel in the negotiation of this Agreement, has consulted with her attorney of choice, or voluntarily chose not to do so, concerning the execution and meaning of this Agreement, and has read this Agreement and fully understands the terms hereof, and is executing the same of her own free will. Executive warrants and represents that he has had sufficient time to consider whether to enter into this Agreement and that he is relying solely on her own judgment and the advice of her own counsel, if any, in deciding to execute this Agreement.

(e) This Agreement shall inure to the benefit of, be binding upon and enforceable against, the parties hereto and their respective successors, heirs, beneficiaries and permitted assigns.

(f) If this Agreement or the Employment Period is terminated for any reason, the NDA and Sections 9 and 10 shall survive termination of this Agreement.

(g) The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(h) All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, sent by registered or certified mail, return receipt requested, postage prepaid, or by reputable national overnight delivery service (e.g. FedEx) for overnight delivery to the party at the address set forth in the preamble to this Agreement, or to such other address as either party may hereafter give the other party notice of in accordance with the provisions hereof. Notices shall be deemed given on the sooner of the date actually received or the third business day after deposited in the mail or one business day after deposited with an overnight delivery service for overnight delivery.

(i) This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without reference to principles of conflicts of laws.

(j) This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one of the same instrument. The parties hereto have executed this Agreement as of the date set forth above.

(k) Each Party will pay its own costs and expenses related to the transactions contemplated by this Agreement.

* * *

[Signature Page to Executive Employment Agreement]

IN WITNESS WHEREOF, the Executive and the Company have caused this Executive Employment Agreement to be executed as of the date first above written.

Anastasia Nyrkovskaya

FORM HOLDINGS CORP.

By: _____
Name: Andrew Perlman
Title: CEO

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of the 17th day of January, 2017 (the "Effective Date"), and is by and between Jason S. Charkow, an individual residing at the address listed in the Company's files ("Executive"), and FORM Holdings Corp., a Delaware corporation with principal offices located at 780 3rd Avenue, 12th Floor, New York, NY 10017 (the "Company").

WITNESSETH

WHEREAS, the Executive desires to continue to be employed by the Company as its Senior Vice President, Legal and Business Affairs ("SVP") under the terms set forth herein and the Company wishes to continue to employ Executive in such capacity;

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

1. Employment and Duties.

(a) Subject to the terms of this Agreement, the Company agrees to continue to employ, and Executive agrees to continue to serve, as its SVP. The duties and responsibilities of Executive shall include the duties and responsibilities normally associated with such positions and such other executive officer duties and responsibilities consistent with such positions as the CEO may from time to time reasonably assign in good faith to Executive. At all times during the Employment Period (as defined below), the Executive shall report directly to the CEO.

(b) Executive shall devote substantially all of his working time and efforts during the Company's normal business hours to the business and affairs of the Company and its subsidiaries and to the diligent and faithful performance of the duties and responsibilities duly assigned to him pursuant to this Agreement. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) performing services for such other companies as the Company may designate or permit (which permission shall not be unreasonably withheld), (ii) serving, with the prior written consent of the Company's Board of Directors (the "Board"), which consent shall not be unreasonably withheld, as an officer or member of the boards of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of noncompeting businesses or charitable, educational or civic organizations, (iii) engaging in charitable activities and community affairs, and (iv) managing Executive's personal investments and affairs; provided, however, that the activities set out in clauses (i), (ii), (iii) and (iv) shall be limited by Executive so as not to materially interfere, individually or in the aggregate, with the performance of Executive's duties and responsibilities hereunder.

2. Term. The Company hereby agrees to employ Executive, and Executive hereby accepts employment with the Company, upon the terms set forth in this Agreement, for the period commencing on the Effective Date and ending on the three year anniversary of the Effective Date, unless sooner terminated in accordance with the provisions of Section 9 below (such period is the "Employment Period"). The parties agree to commence negotiations to enter into a new employment agreement at least twelve (12) months prior to the expiration of the Employment Period and to conclude those negotiations no later than the date that is six (6) months prior to the expiration of the Employment Period (the "6 Month Date"). If the negotiations are not concluded and a new agreement executed by the 6 Month Date, the Employment Period shall be extended two (2) months for every whole or partial month that the negotiations extend past the 6 Month Date; provided, however, that the Employment Period shall not be extended for more than one (1) year.

3. Place of Employment. Executive's services shall be performed at the Company's offices located at 780 3rd Avenue, 12th Floor, New York 10017 and any other locus where the Company and Executive mutually agree is an acceptable location from which Executive's services may be performed. The parties acknowledge that any location in the Borough of Manhattan, City of New York, is an acceptable location. The parties further acknowledge, however, that Executive may be required to travel in connection with the performance of his duties hereunder.

4. Compensation.

(a) Base Salary. For all services to be rendered by Executive pursuant to this Agreement, the Company agrees to pay Executive during the Employment Period an annual base salary, less applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions (the "Base Salary") at an annual rate of \$300,000. During the Employment Period, the Board has the discretion to raise the Base Salary from time-to-time and shall reevaluate the Executive's Base Salary on at least an annual basis. The Base Salary shall be paid in periodic installments in accordance with the Company's regular payroll practices.

5. Bonuses and Incentive Compensation.

(a) During the Employment Period, the Executive will be eligible to participate in any annual bonus and other incentive compensation program that the Company may adopt from time to time for its executive officers. If the Executive has earned any bonus or non-equity based incentive compensation (collectively, "Incentive Compensation") which remains unpaid upon termination of Employment for any reason whether by Executive or Company other than for Cause then Executive shall be entitled to receive such Incentive Compensation at the time the Company distributes such Incentive Compensation to other executive officers of the Company. Such amount shall be prorated for the year of termination equal to the amount of Incentive Compensation earned multiplied by a fraction the numerator of which the number of days that Executive worked for the Company prior to the date of termination and the denominator of which is 365.

To the extent that the Company is required pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act to develop and implement a policy (the "Policy") providing for the recovery from the Executive of any payment of incentive based compensation (whether in cash or in equity) paid to the Executive that was based upon erroneous data contained in an accounting statement, this Agreement shall be deemed amended and the Policy incorporated herein by reference as of the date that the Company takes all necessary corporate action to adopt the Policy, without requiring any further action of the Company or the Executive, provided that any such Policy shall only be binding on the Executive if the same Policy applies to the Company's other executive officers.

(b) Notwithstanding anything to the contrary in any applicable equity award agreement, upon termination of employment for any reason other than for Cause, the vesting of such number of stock options, RSUs and other stock-based awards outstanding and held by the Executive as of the date of termination of Executive's employment that would have vested in the one year period immediately following the termination of employment of Executive ("Post-Termination Period") will vest during the Post-Termination Period provided that in the sole discretion of the Board, during the Post-Termination Period, the Executive makes himself reasonably available and cooperates with reasonable requests from the Company concerning any business or legal matters (including, without limitation, response to a subpoena or testimony in any litigation matters) involving facts or events relating to the Company that may be within the Executive's knowledge. The Company will in good faith consider Executive's obligations for other persons and/or employers, and will take its best efforts to accommodate such obligations in connection with any such cooperation request. Upon submission of invoices, the Company will reimburse the Executive for reasonable expenses (including, but not limited to, legal fees and travel) incurred in carrying out the provisions of this paragraph. The Executive will provide the Company with reasonable advance written notice prior to incurring any expenses in excess of \$2500. Without limiting the foregoing, if Executive is not receiving Severance Benefit during the Post-Termination Period, then the Company will pay the Executive additional compensation, in such amount and form as the parties reasonably agree, in connection with any cooperation request by the Company of the Executive which is reasonably expected to exceed five hours in the aggregate (including for this purposes time spent in connection with any prior cooperation requests).

(c) In addition, subject to any permitted action by the Board upon a Change of Control or other merger, sale, dissolution or liquidation of the Company under the Company's applicable equity plan to terminate the stock options or other stock-based awards, any stock option granted on or after the Effective Date, which has vested, shall be exercisable for not less than one year from the date of termination of Executive's employment-(subject to the scheduled expiration of any option) and if such option is an incentive stock option it shall automatically convert and be deemed a non-qualified option as of the date that is three months from termination of Executive's employment. As used in this Agreement, "Change of Control" shall have the meaning set forth in the Company's 2012 Employee, Director and Consultant Equity Incentive Plan.

6. Expenses. Executive shall be entitled to reimbursement for all reasonable and appropriate travel, entertainment, and other expenses incurred by Executive while employed (in accordance with the policies and procedures established by the Company for its executive officers) in the performance of his duties and responsibilities under this Agreement; provided that Executive properly accounts for such expenses in accordance with Company policies and procedures. The Company shall cause a credit card to be issued to Executive to be used by the Executive solely to pay for travel and entertainment expenditures reasonably necessary for the performance of his duties and Company and otherwise in accordance with written policies and procedures approved by the Board, but use of such credit card is not a condition for reimbursement. The Executive shall be responsible for any unreasonable or inappropriate expenses incurred in violation of Company policies and procedures.

7. Other Benefits. During the Employment Period, the Executive shall be eligible to participate in all incentive, savings, retirement (401(k)), and welfare benefit plans, health, medical, dental, vision, life (including accidental death and dismemberment) and disability insurance plans (collectively, to the extent they exist, "Benefit Plans"), in substantially the same manner and at substantially the same levels as the Company makes such opportunities available to the Company's executive officers, provided however, that the Company may not reduce the benefits provided to the Executive under these Benefits Plans without the Executive's written consent.

8. Vacation. During the Employment Period, the Executive shall be entitled to twenty (20) days of paid time off ("PTO") per year. PTO shall be taken at such times as are mutually convenient to the Executive and the Company. The Executive may carry up to ten (10) days of unused PTO forward from one calendar year to the next. All other unused PTO will be forfeited at the end of the calendar year. The Company shall not pay executive for any unused PTO upon termination of employment except as required by applicable law or provided under Company policy.

9. Termination of Employment.

(a) General. The Employment Period and the Executive's employment hereunder shall terminate upon the earliest to occur of: (i) Executive's death, (ii) a termination by reason of Executive's Disability, (iii) a termination by the Company with or without Cause, (iv) a termination by Executive with or without Good Reason, or (v) the last day of the Employment Period. Notwithstanding anything herein to the contrary, the payment (or commencement of a series of payments) hereunder of any nonqualified deferred compensation (within the meaning of Section 409A of the Internal Revenue Code, (the "Code")) upon a termination of employment shall be delayed until such time as Executive has also undergone a "separation from service" as defined in Treas. Reg. 1.409A-1(h), at which time such nonqualified deferred compensation (calculated as of the date of Executive's termination of employment hereunder) shall be paid (or commence to be paid) to Executive on the schedule set forth in this Section 9 as if Executive had undergone such termination of employment (under the same circumstances) on the date of Executive's ultimate "separation from service."

(b) Death. If Executive dies during the Employment Period, this Agreement and the Executive's employment with the Company shall automatically terminate and the Company shall have no further obligations to the Executive or his heirs, administrators or executors with respect to compensation and benefits accruing thereafter, except for the obligation to pay to the Executive's heirs, administrators or executors (i) any earned but unpaid Base Salary up to and through the date of termination (within fourteen (14) days following termination), (ii) any earned but unpaid Incentive Compensation under the terms set forth in Section 5(a); (iii) any and all reasonable expenses paid or incurred by the Executive in connection with and related to the performance of his duties and responsibilities for the Company up to and through the date of termination, and (iv) any benefits provided under the Company's employee benefit plans pursuant to, and in accordance with, the terms of such plans through the date of termination (including, without limitation, any death benefit or disability benefit plans or programs) (collectively, the "Accrued Obligations"). The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(c) Disability. In the event that during the Employment Period the Company determines that the Executive is unable to perform his essential duties and responsibilities hereunder to the full extent required by the Company by reason of a Disability (as defined below), this Agreement and the Executive's employment with the Company shall terminate immediately upon notice to the Executive, and the Company shall have no further obligations or liability to the Executive or his heirs, administrators or executors with respect to compensation and benefits accruing thereafter, except for the obligation to pay the Accrued Obligations. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions. For purposes of this Agreement, "Disability" shall mean a physical or mental disability that prevents the performance by the Executive, with or without reasonable accommodation, of his essential duties and responsibilities hereunder for ninety (90) consecutive days, or an aggregate of one hundred and eighty (180) days during any twelve consecutive months, as determined consistent with applicable law, provided that the determination of Executive's physical or mental health and the date of the Disability shall be determined by a medical expert who will examine the Executive as appointed by mutual agreement between the Company and the Executive, which agreement shall not be unreasonably withheld or delayed by either party. Executive hereby consents to such examination and consultation regarding Executive's health and ability to perform as aforesaid.

(d) By the Company for Cause.

(1) At any time during the Employment Period, the Company may terminate this Agreement and the Executive's employment hereunder for Cause. Such termination shall be effective immediately upon notice to the Executive. "Cause" as used in this Agreement (and with respect to any other arrangement (including, without limitation, any option, RSU or other equity-based arrangement) with the Company or its affiliates) shall mean: (a) through no fault of the officers of the Company and/or the Board, the willful and continued failure of the Executive to perform substantially his duties and responsibilities for the Company (other than any such failure resulting from Executive's death or Disability) after a written demand by the Board for substantial performance is delivered to the Executive by the Company, which specifically identifies the manner in which the Board believes that the Executive has not substantially performed his duties and responsibilities, which willful and continued failure is not cured by the Executive within thirty (30) days of his receipt of such written demand; (b) the conviction of, or plea of guilty or *nolo contendere* to a felony, (c) intentional breach of Section 10 of this Agreement, (d) an intentional breach of the Non-Disclosure and Non-Solicitation Agreement then in effect (the "NDA") which results or could reasonably be expected to result in harm to the Company; or (e) a unanimous good faith finding by the Board that Executive has engaged in (i)(A) fraud, (B) dishonesty, or (C) gross negligence, in each case related to the Company or (ii) criminal misconduct which results or could reasonably be expected to result in harm to the Company, which, if curable, has not been cured by Executive within thirty (30) days after his receipt of a written notice from the Board stating with reasonable specificity the basis of such finding.

(2) Upon termination of this Agreement for Cause, the Company shall have no further obligations or liability to the Executive or his heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay the Executive the Accrued Obligations. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(3) It is expressly acknowledged and agreed that the decision as to whether "Cause" exists for termination of the employment relationship by the Company is delegated to the Board for determination.

(e) By the Executive for Good Reason.

(1) At any time during the Employment Period, subject to the conditions set forth in Section 9(e)(2) below, the Executive may terminate this Agreement and the Executive's employment with the Company for Good Reason. "Good Reason" as used in this Agreement shall mean the occurrence of any of the following events: (a) the assignment, without the Executive's prior written consent, to the Executive of duties that results in a material diminution of the duties, authorities or responsibilities of the Executive; (b) the change, without the Executive's prior written consent, to the Executive's position or the Executive's title that is subordinate to the title of SVP; (c) a reduction in Executive's Base Salary; (d) the Company's requirement that Executive regularly report to work in a location that is more than 50 miles from the Company's current New York office as of the date of this Agreement, without the Executive's prior written consent; (e) a change in Executive's reporting relationship other than to the CEO; (f) a material breach by the Company of this Agreement or RSU or options grants; or (g) the failure of the Company to provide compensation, including Base Salary, Incentive Compensation (if any) and benefits to Executive as required herein when due.

(2) The Executive shall not be entitled to terminate this Agreement for Good Reason unless and until he shall have delivered written notice to the Company of his intention to terminate this Agreement and his employment with the Company for Good Reason, which notice specifies in reasonable detail the circumstances claimed to provide the basis for such termination for Good Reason, and the Company shall not have eliminated the circumstances constituting Good Reason within thirty (30) days of its receipt from the Executive of such written notice. The Company shall retain the discretion to terminate the Employment Period at any time during the Good Reason notice period provided for in this Section 9(e)(2).

(3) In the event that the Executive terminates this Agreement and his employment with the Company for Good Reason, the Company shall pay or provide to the Executive (or, following his death, to the Executive's heirs, administrators or executors):

(A) The Accrued Obligations through the date the Employment Period is terminated.

(B) An amount of Base Salary (at the rate of Base Salary in effect immediately prior to the Executive's termination hereunder) equal to one (1) times the Executive's Base Salary. Except as otherwise provided in this Agreement, the Company shall pay to Executive the amounts provided in this Section 9(e)(3)(B) (the "Severance Benefit") in substantially equal installments commencing on the Company's next regular payroll date following the date the Release (referenced in Section 9(i) below) becomes irrevocable and enforceable, provided, however, that if the ninety (90) day period referenced in Section 9(i) below begins in one calendar year and ends in the following calendar year, the Company shall pay to Executive the amounts provided in this Section 9(e)(3)(B) in substantially equal installments commencing on the Company's first eligible regular payroll date occurring in the following calendar year. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(C) Subject to Section 9(i) below, COBRA continuation coverage paid in full by the Company, so long as Executive has not become actually covered by the medical plan of a subsequent employer during any such month and is otherwise entitled to COBRA continuation coverage, with such payments for up to a maximum of twelve (12) months following the date of termination. After such period, Executive is responsible for paying the full cost for any additional COBRA continuation coverage to which Executive is then entitled. If the Company's payment of the COBRA premiums on the Executive's behalf would violate the nondiscrimination rules or cause the reimbursement of claims to be taxable under the Patient Protection and Affordable Care Act of 2010, together with the Health Care and Education Reconciliation Act of 2010 (collectively, the "Act") or Section 105(h) of the Code, the Company paid premiums shall be treated as taxable payments and be subject to imputed income tax treatment to the extent necessary to eliminate any discriminatory treatment or taxation under the Act or Section 105(h) of the Code.

(f) By Executive without Good Reason. At any time during the Employment Period, the Executive shall be entitled to terminate this Agreement and the Executive's employment with the Company without Good Reason by providing prior written notice to the Company of at least sixty (60) calendar days, provided however that the Company shall maintain the discretion to terminate the Employment Period at any time during the notice period set forth in this Section 9(f). Upon termination by the Executive of this Agreement and the Executive's employment with the Company without Good Reason, the Company shall have no further obligations or liability to the Executive or his heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay the Executive the Accrued Obligations. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(g) By the Company without Cause. At any time during the Employment Period, the Company shall be entitled to terminate this Agreement and the Executive's employment with the Company without Cause upon written notice to the Executive which shall set forth a date of termination. Upon termination by the Company of this Agreement and the Executive's employment with the Company without Cause, the Company shall pay or provide to the Executive (or, following his death, to the Executive's heirs, administrators or executors) the amounts and benefits due upon a resignation for Good Reason, as further described in Section 9(e)(3). The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(h) Upon Expiration of the Employment Period. If the Executive's employment terminates upon the expiration of the Employment Period set forth in Section 1, the Company shall have no further obligations or liability to the Executive or his heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay the Executive the Accrued Obligations.

(i) Release of Claims. It is agreed that an express condition of the payment or provision by the Company of any severance amount or post termination benefit called for under Section 9(e)(3) and Section 9(g) of this Agreement (other than the payment of any Accrued Obligations) shall be subject to the Company's concurrent receipt of a general release of all claims against the Company and its affiliates by Executive in the form reasonably acceptable to the Company and Executive, and such release must be effective and irrevocable prior to the ninetieth (90th) day following the termination of the Executive's employment (the "Release"). Any payments scheduled to be paid under Sections 9(e)(3) or 9(g) during such 90 day period pending the effectiveness of such Release, will be accumulated and paid, subject to Section 9(j) below, on such 90th day or earlier following the effectiveness of such Release as would not result in a violation of Code Section 409A.

(j) Additional Section 409A Provisions. Notwithstanding any provision in this Agreement to the contrary:

(1) Any payment otherwise required to be made hereunder to Executive at any date as a result of the termination of Executive's employment that constitutes nonqualified deferred compensation subject to Section 409A of the Code shall be delayed for such period of time as may be necessary to meet the requirements of Section 409A(a)(2)(B)(i) of the Code (the "Delay Period"). On the first business day following the expiration of the Delay Period, Executive shall be paid, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence, and any remaining payments not so delayed shall continue to be paid pursuant to the payment schedule set forth herein .

(2) Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

(3) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A of the Code), (i) any such expense reimbursement shall be made by the Company no later than the last day of the taxable year following the taxable year in which such expense was incurred by Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; *provided*, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

10. Covenant Not to Compete.

(a) The Executive recognizes that the services to be performed by him hereunder are special, unique and extraordinary. The parties confirm that it is reasonably necessary for the protection of the Company that the Executive agree, and accordingly, the Executive does hereby agree, that, he shall not, directly or indirectly, at any time during the "Restricted Period" within the "Restricted Area" engage in any "Restricted Business Activity" (as those terms are defined in Sections 10(b), (c) and (d) below). In the event of any inconsistencies between the terms of this Agreement and the NDA, this Agreement shall control.

(b) The term "Restricted Business Activity" as used in this Section 10, means that the Executive shall not, directly or indirectly:

(1) provide services, either on his own behalf or as an officer, director, partner, consultant, associate, employee, owner, agent, independent contractor, or coventurer of any third party that sells products or services that are directly competitive with the products or services sold by the Company during the Employment Period; or

(2) solicit any material commercial relationships of the Company, other than in the furtherance of the business of the Company during the Employment Period;

provided however, that Restricted Business Activity shall not be construed to prevent and this Agreement shall not prevent the Executive from (i) owning, directly or indirectly, in the aggregate, an amount not exceeding two percent (2%) of the issued and outstanding voting securities of any class of any company whose voting capital stock is traded or listed on a national securities exchange or in the over-the-counter market; (ii) seeking and/or obtaining employment at a law firm that directly or indirectly provides services to a company described in Section 10(b); or (iii) soliciting any material commercial relationships of the Company for the purpose of selling products or providing services that are not the same or substantially similar to the products or services sold by the Company during the Employment Period .

(c) The term "Restricted Period," as used in this Section 10, shall mean during the Employment Period and (i) in the case of termination by the Executive for Good Reason or by the Company without Cause, so long as the Executive is paid the Severance Benefit by the Company under Sections 9(e) or 9(g) or (ii) in the case of termination by the Executive without Good Reason, by the Company for Cause or upon expiration of the Agreement under Section 2, one (1) year after the date the Executive is actually no longer employed by the Company. Notwithstanding the foregoing, waiver of any Restricted Period by the Company shall not waive the Executive's entitlement to the Severance Benefit.

(d) The term "Restricted Area" as used in this Section 10 shall mean worldwide.

(e) If any of the restrictions contained in this Section 10 shall be deemed to be unenforceable by reason of the extent, duration or geographical scope thereof, or otherwise, then the court making such determination shall have the right to reduce such extent, duration, geographical scope, or other provisions hereof, and in its reduced form this Section shall then be enforceable in the manner contemplated hereby.

(f) The provisions of this Section 10 shall survive the termination of the Executive's employment hereunder and until the end of the Restricted Period.

11. Dispute Resolution.

(a) In the event of a breach or anticipated breach of the Agreement by either Party, the non-breaching Party shall inform the breaching Party by letter of the suspected or anticipated breach. The breaching Party shall have ten (10) days to cure said breach, if curable. In the event the breach has not been cured within ten (10) days, if curable, then the non-breaching Party may pursue arbitration as described below.

(b) Any dispute arising between the Parties under this Agreement, shall be submitted exclusively to binding arbitration before the American Arbitration Association ("AAA") for resolution. Such arbitration shall be conducted in New York, New York, and the arbitrator will apply New York law, including federal law as applied in New York courts. The arbitration shall be conducted in accordance with AAA Employment Arbitration Rules as modified herein. The arbitration shall be conducted by a single arbitrator and the award of the arbitrator shall be final and binding on the parties, and judgment on the award may be confirmed and entered in any state or federal court in the State and City of New York. The arbitration shall be conducted on a strictly confidential basis, and the Parties shall not disclose the existence of a claim, the nature of a claim, any documents, exhibits, or information exchanged or presented in connection with such a claim, or the result of any action (collectively, "Arbitration Materials") to any third party, with the sole exception of their respective legal counsel, who also shall be bound by these confidentiality terms. Nothing herein shall prevent either Party from seeking or obtaining an injunction in aid of arbitration.

(c) In the event of any court proceeding to challenge or enforce an arbitrator's award, the parties hereby consent to the exclusive jurisdiction of the state and federal courts in New York, New York and agree to venue in that jurisdiction. Each Party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by delivering a copy thereof to such Party in accordance with the notice provisions of Section 12 below. The Parties agree to take all steps necessary to protect the confidentiality of all confidential information, including the Arbitration Materials, in connection with any such proceeding, agree to file all confidential information under seal, and agree to the entry of an appropriate protective order.

12. Miscellaneous.

(a) The Executive acknowledges that the services to be rendered by him under the provisions of this Agreement are of a special, unique and extraordinary character and that it would be difficult or impossible to replace such services. Furthermore, the parties acknowledge that monetary damages alone would not be an adequate remedy for any breach by the Executive of this Agreement. Accordingly, the Executive agrees that any breach or threatened breach by him of this Agreement shall entitle the Company, in addition to all other legal remedies available to it, to apply to any court of competent jurisdiction to seek to enjoin such breach or threatened breach. The parties understand and intend that each restriction agreed to by the Executive hereinabove shall be construed as separable and divisible from every other restriction, that the unenforceability of any restriction shall not limit the enforceability, in whole or in part, of any other restriction, and that one or more or all of such restrictions may be enforced in whole or in part as the circumstances warrant. In the event that any restriction in this Agreement is more restrictive than permitted by law in the jurisdiction in which the Company seeks enforcement thereof, such restriction shall be limited to the extent permitted by law. The remedy of injunctive relief herein set forth shall be in addition to, and not in lieu of, any other rights or remedies that the Company may have at law or in equity.

(b) The Executive may not assign or delegate any of his rights or duties under this Agreement without the express written consent of the Company. The Company will require any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, the "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this subsection (b) or which otherwise becomes bound by all of the terms and provisions of this Agreement by operation of law.

(c) This Agreement, together with the NDA and any indemnification agreement, equity plan, stock option agreement, restricted stock unit agreement or other stock agreement to which plaintiff is a party or otherwise subject to, constitutes and embodies the full and complete understanding and agreement of the parties with respect to the Executive's employment by the Company, and supersedes all prior understandings and agreements, whether oral or written, between the Executive and the Company, and shall not be amended, modified or changed except by an instrument in writing executed by the party to be charged. The invalidity or partial invalidity of one or more provisions of this Agreement shall not invalidate any other provision of this Agreement. No waiver by either party of any provision or condition to be performed shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

(d) Executive acknowledges that he has had the opportunity to be represented by separate independent counsel in the negotiation of this Agreement, has consulted with his attorney of choice, or voluntarily chose not to do so, concerning the execution and meaning of this Agreement, and has read this Agreement and fully understands the terms hereof, and is executing the same of his own free will. Executive warrants and represents that he has had sufficient time to consider whether to enter into this Agreement and that he is relying solely on his own judgment and the advice of his own counsel, if any, in deciding to execute this Agreement.

(e) This Agreement shall inure to the benefit of, be binding upon and enforceable against, the parties hereto and their respective successors, heirs, beneficiaries and permitted assigns.

(f) If this Agreement or the Employment Period is terminated for any reason, the NDA and Sections 9 and 10 shall survive termination of this Agreement.

(g) The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(h) All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, sent by registered or certified mail, return receipt requested, postage prepaid, or by reputable national overnight delivery service (e.g. FedEx) for overnight delivery to the party at the address set forth in the preamble to this Agreement, or to such other address as either party may hereafter give the other party notice of in accordance with the provisions hereof. Notices shall be deemed given on the sooner of the date actually received or the third business day after deposited in the mail or one business day after deposited with an overnight delivery service for overnight delivery.

(i) This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without reference to principles of conflicts of laws.

(j) This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one of the same instrument. The parties hereto have executed this Agreement as of the date set forth above.

(k) Each Party will pay its own costs and expenses related to the transactions contemplated by this Agreement.

[Remainder of Page Intentionally Left Blank]
[Signature Page Follows]

[Signature Page to Executive Employment Agreement]

IN WITNESS WHEREOF, the Executive and the Company have caused this Executive Employment Agreement to be executed as of the date first above written.

Jason S. Charkow

FORM HOLDINGS CORP.

By: _____
Name: Andrew Perlman
Title: CEO

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

I, Andrew D. Perlman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FORM Holdings Corp.;
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 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 first fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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.

Dated: May 15, 2017

/s/ ANDREW D. PERLMAN

**Chief Executive Officer
(Principal Executive Officer)**

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

I, Anastasia Nyrkovskaya, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FORM Holdings Corp.;
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 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 first fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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.

Dated: May 15, 2017

/s/ ANASTASIA NYRKOVSKAYA
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PERSUANT SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of FORM Holdings Corp., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report for the quarter ended March 31, 2017 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2017

/s/ ANDREW D. PERLMAN

Andrew D. Perlman
Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2017

/s/ ANASTASIA NYRKOVSKAYA

Anastasia Nyrkovskaya
Chief Financial Officer
(Principal Financial and Accounting Officer)
