The XpresSpa Group

A Global Health & Wellness Destination in Airports

February 19, 2020
Why invest with XpresSpa?

1. A large and growing market
2. Dominant player in airport wellness with vast expansion potential
3. Strong unit-level economics with <2.5 years payback period
4. New leadership with strong vision driving meaningful improvement
The Health & Wellness Industry

- $4.2 Trillion global Health & Wellness industry

- $120 Billion Spa economy is growing due to strong unit level economics and rising consumer interest in Health & Wellness

- 150,000 Spas globally actively employing 2.6 Million people

Consumer spending patterns are shifting in our favor
Travel Retail has nearly tripled over the past 15 years

EXHIBIT 1 | The Travel Retail Market Tripled over the Past 15 Years

Travel retail revenue ($billions)

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<td></td>
<td>20</td>
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<td>60</td>
<td>64</td>
<td>62</td>
<td>63</td>
<td>69</td>
</tr>
</tbody>
</table>

CAGR 2002-2017

- Africa: 7.2%
- Middle East: 13.0%
- Americas: 6.6%
- Europe: 4.5%
- Asia-Pacific: 14.4%

Sources: Euromonitor; Generation Research.
Note: Preliminary data for 2017.

$1.5 Trillion in global airport infrastructure spending is projected by 2023
XpresSpa is the answer to growing traveler demands

1. Increasing number of travelers with longer average wait times

2. Growing desire for stress relief before travel

3. More travelers are seeking experiences at the airport
Increasing number of travelers with longer average wait times

- 2.8 Million passengers fly in and out of U.S. airports every day
- About 20% of flights delayed in 2019
- Post security wait time for North American travelers is averaging over 90 minutes
- Air travel was estimated to have grown 6% in 2019, including 465 Million business trips
Growing desire for stress relief before travel

- Business travel and chronic illness are linked due to the stress and toll of travel on the body
- 87% of employers are committed to workplace wellness, and 73% offer a wellness program
- 62% of consumers desire to spend more on self-care, Health and Wellness experiences and related products
More travelers are seeking experiences at the airport

- Today’s traveler prioritizes quality, curation and experience. XpresSpa can not be “Amazon-ed”
- Millennials spend nearly 25% of disposable income on Health and Wellness
- 23% of travelers are frequent fliers who have a household income of over $100,000
We offer busy people an opportunity to relax and renew on-the-go with innovative services and products.
XpresSpa®

The leading health and wellness destination in airports in the U.S. and worldwide

50+ Locations

25 Airports globally

1M Services annually

15 Years of history

... and now under new leadership
New Leadership Team

Doug Satzman,  
Chief Executive Officer

Previous Experience
- CEO, Joe Coffee Company
- CEO, Le Pain Quotidien
- SVP, Starbucks Coffee - EMEA
- VP, Starbucks Coffee - U.S. License Stores (Airports, Lodging, Universities, Healthcare, Offices)

Scott Milford, 
Chief People Officer

- VP, People Operations, Soul Cycle
- SVP, Human Resources, Le Pain Quotidien
- Chief Human Resources Officer, Town Sports, Int.
- VP, Partner Resources, Starbucks Coffee

Omar Haynes, 
Director of Finance, Analytics and Treasury

Iga Wyrzykowski, 
Director of Store Design and Construction

Tesh Ramsarup, 
Director of Operations Services
2018/2019 Comp Sales

10 consecutive months of Comp Sales Increase
Massage
Nail Care
Facials
Waxing
25 Domestic & International Airports

Dominant Airport Presence

- Minneapolis
- Denver
- Salt Lake City
- Chicago
- Pittsburgh
- Amsterdam
- Dubai
- New York
- Philadelphia
- Washington, DC
- Raleigh
- Charlotte
- Atlanta
- Orlando
- Miami
- San Francisco
- Los Angeles
- Orange County
- Las Vegas
- Phoenix
- Austin
- Dallas
- Houston
- Orlando
- Miami
XpresSpa holds over 60% U.S. market share

3.3X
Bigger than
Closest
Competitor
XpresSpa is in every one of the busiest U.S. airports with 2.5X growth potential in these airports alone

<table>
<thead>
<tr>
<th>Airport</th>
<th>Code</th>
<th>Total passengers</th>
<th>Total XpresSpa</th>
<th>Opportunity</th>
<th>Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hartsfield–Jackson Atlanta International</td>
<td>ATL</td>
<td>103,902,992</td>
<td>4</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Los Angeles International</td>
<td>LAX</td>
<td>84,557,968</td>
<td>2</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>O'Hare International</td>
<td>ORD</td>
<td>79,828,183</td>
<td>1</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Dallas/Fort Worth International</td>
<td>DFW</td>
<td>67,092,194</td>
<td>3</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Denver International</td>
<td>DEN</td>
<td>61,379,396</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>John F. Kennedy International</td>
<td>JFK</td>
<td>59,392,500</td>
<td>6</td>
<td>1</td>
<td>7</td>
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<tr>
<td>San Francisco International</td>
<td>SFO</td>
<td>55,822,129</td>
<td>1</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>McCarran International</td>
<td>LAS</td>
<td>48,566,803</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Charlotte Douglas International</td>
<td>CLT</td>
<td>45,909,899</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Orlando International</td>
<td>MCO</td>
<td>44,511,265</td>
<td>4</td>
<td>1</td>
<td>5</td>
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<tr>
<td>Miami International</td>
<td>MIA</td>
<td>44,071,313</td>
<td>1</td>
<td>3</td>
<td>4</td>
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<tr>
<td>Phoenix Sky Harbor International</td>
<td>PHX</td>
<td>43,921,670</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>George Bush Intercontinental</td>
<td>IAH</td>
<td>40,696,189</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>779,652,501</strong></td>
<td><strong>32</strong></td>
<td><strong>48</strong></td>
<td><strong>80</strong></td>
</tr>
</tbody>
</table>

Hartsfield-Jackson Atlanta International Airport
Austin-Bergstrom International Airport
Dubai, UAE
San Francisco International Airport (upcoming)
Seattle-Tacoma International Airport (upcoming)
Dubai International Airport (upcoming)
## Strong Unit-Level Economics

<table>
<thead>
<tr>
<th><strong>TYPICAL SIZE</strong></th>
<th>500 - 1,500 SF</th>
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</thead>
<tbody>
<tr>
<td><strong>AVERAGE UNIT SALES</strong></td>
<td>$850,000 - $1,000,000</td>
</tr>
<tr>
<td><strong>AVERAGE SALES PER SQUARE FOOT</strong></td>
<td>$850 - $1,000</td>
</tr>
<tr>
<td><strong>AVERAGE INVESTMENT COST</strong></td>
<td>$300,000 - $600,000</td>
</tr>
<tr>
<td><strong>AVERAGE UNIT CONTRIBUTION</strong></td>
<td>18% - 22%</td>
</tr>
<tr>
<td><strong>PAYBACK PERIOD</strong></td>
<td>2.0 – 2.5 YEARS</td>
</tr>
<tr>
<td><strong>AVERAGE LEASE TERM</strong></td>
<td>5 – 7 YEARS</td>
</tr>
</tbody>
</table>

### YTD Q3 2019 Sales Breakdown
- **Retail**: 84%
- **Services**: 16%
Strategic Priorities

Drive Top Line Revenue

Reduce Costs / Drive Bottom Line

Revamp Products / Develop Partnerships

Disciplined Development
### 2019 Accomplishments

<table>
<thead>
<tr>
<th>U.S. Comparable Store Sales</th>
<th>On a Path to Spa Operations Profitability</th>
<th>Strengthened Capital Structure and Liquidity</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.2% in Dec 2019</td>
<td>Reduced G&amp;A expenditures</td>
<td>Completed series of debt refinancing, issuances and equity transactions</td>
</tr>
<tr>
<td>7.7% in Q4 2019</td>
<td>Significantly reduced YOY EBITDA loss</td>
<td>Conversion of Series D Preferred to Common Equity</td>
</tr>
<tr>
<td>4.2% in 2019</td>
<td>Lowered net loss from continuing ops by approx 50%</td>
<td>Aligned Lender and Shareholders’ interests</td>
</tr>
</tbody>
</table>

- Completed series of debt refinancing, issuances and equity transactions
- Conversion of Series D Preferred to Common Equity
- Aligned Lender and Shareholders’ interests
2019 Accomplishments

Development & Optimization
- Opened 5 company-operated spas
- Opened 1st franchise-operated spa
- Completed streamlining of store portfolio

Technology
- Improved in-store technology to gain process efficiencies
- Launched new digital training program leveraging gaming methodology
- Developed first mobile App

Strategic Partnerships
- Expanded and extended Calm partnership
- Activated Persona Nutrition (Nestle Health) partnership
- Testing Nira CBD products
2020 Agenda

- Bring Health & Wellness Innovation to our Spas
- Secure New Strategic Partnerships
- Accelerate Organic Revenue Growth & Pursue Disciplined Development
- Improve Business Process Improvements to Yield Further Cost Savings
- Continue Working Capital & Cap Ex Financings
- Incubate New Health & Wellness Concepts

Build a Sustainable & Enduring Brand while Achieving Positive EBITDA Profitability by Year-End
Investor Considerations

1. Dominant U.S market presence with vast expansion potential

2. New Leadership driving meaningful improvements across business

3. Attractive partner for Health & Wellness companies given unique Real Estate

4. Strengthened capital structure and financial flexibility

5. Plan to achieve EBITDA profitability in 2020
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Use of Non-GAAP Financial Measures

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

- https://www.faa.gov/air_traffic/by_the_numbers/
- https://www.marketing-resource-directory.com/article/every-experience-matters-at-least-it-should.html
- https://www.creativegroupinc.com/2019/08/19/10-stats-that-prove-the-experience-economy-is-here-to-stay/#_edn9
- https://www.transportation.gov/briefing-room/dot0718
- https://www.underscore.co.uk/uncovered/business-travel/
- https://www.businesstravelnews.com/Lodging/Business-Travelers-Are-Getting-Better-About-Wellness-on-the-Road
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