

XpresSpa Group

XpresSpa Group Provides Business Update

July 6, 2020

*Significantly Strengthened Balance Sheet through Recent Capital Raises and Debt Reduction
Launched COVID-19 Testing at JFK International Airport on June 22nd
Files SEC Form 10-Q for the First Quarter ending March 31, 2020*

NEW YORK, July 06, 2020 (GLOBE NEWSWIRE) -- XpresSpa Group, Inc. (Nasdaq: XSPA), a health and wellness company, today provided a business update and announced that it has filed financial results on SEC Form 10-Q for the first quarter ending March 31, 2020.

Doug Satzman, XpresSpa Group CEO, stated, "The approximately \$48 million in gross proceeds that we have raised since January, through a series of registered direct equity offerings have been truly transformational for XpresSpa and we appreciate the investment community's confidence in us as we work to reimagine our health and wellness service offerings. These series of transactions have substantially strengthened our financial condition and enhanced our flexibility by significantly increasing our cash position. Our near-term objective with these proceeds is to explore emerging health and wellness opportunities that we can rollout to our portfolio as well as consider additional COVID-19 testing sites through our XpresCheck brand. In addition, we saw the Company's balance sheet further strengthened by investors converting all preferred stock into common shares, and elimination by conversions of a substantial majority of its outstanding debt."

Mr. Satzman added, "We are thrilled that our pilot COVID-19 testing has launched at JFK International Airport in our new modular constructed testing facility in the Arrivals Hall at Terminal 4. We also remain in active discussions with other U.S. airports regarding the potential roll out of this concept."

Balance Sheet Update

As of March 31, 2020, the Company had cash and cash equivalents, excluding restricted cash, of \$3.9 million. Subsequent to March 31, 2020 the Company raised approximately \$43 million of gross proceeds in a series of registered direct equity offerings. In addition, the Company's indebtedness was reduced by \$9.1 million as a result of a series of transactions including (i) the conversion of \$5.7 million of the B3D Note to Common Stock, (ii) the conversion of the entire \$2.5 million Calm Note to Common Stock, and (iii) the repayment in full of the \$910,000 owed to Credit Cash, net of a discount of approximately \$91,000.

As of June 19, 2020, the Company has approximately 56.5 million shares of common stock outstanding and warrants to purchase up to an aggregate of 7.71 million shares of common stock that are immediately exercisable at an average price of approximately \$5.25 per share.

Business Update

- On March 24, 2020, the Company temporarily closed all of its global spa locations, largely due to the categorization of such spa locations by local jurisdictions as "non-essential services" in connection with COVID-19. The Company intends to reopen its spa locations and resume operations once restrictions are lifted and airport traffic returns to sufficient levels to support operations.
- On March 25, 2020, the Company announced that it was in advanced conversations with certain COVID-19 testing partners to develop a model for testing in U.S. airports. The Company subsequently launched the XpresCheck™ brand, under the Company's newly-formed XpresTest, Inc. subsidiary, to provide COVID-19 testing in U.S. airports.
- On June 5, 2020, the Company announced a partnership with HyperPointe™ to design a workflow with the capability to potentially test thousands of people each week as well as collect and organize confidential patient data that can be used to study and help better understand the impact of the COVID-19 virus. HyperPointe's creatives have produced comprehensive promotional, educational and digital solutions to facilitate a successful rollout. In addition, their technology team has integrated the XpresCheck workflow with AdvancedMD's Practice Management and Electronic Medical Records (EMR) solution for online appointment scheduling, patient intake, lab integration, medical billing and reporting analytics
- On June 22, 2020, the Company launched an XpresCheck™ pilot program at JFK International Airport in the Arrivals Hall of Terminal 4.
 - The new modular constructed testing facility hosts nine separate testing rooms with a capacity to administer over 500 COVID-19 tests per day.
 - XpresCheck is using the latest testing protocols, polymerase chain reaction (PCR) testing, also known as a nasal swab test, and blood antibody testing, which looks for markers in the blood (IgG, IgM) that suggests a person might have had the virus. The tests are sent to outside laboratories. All insurance plans are accepted outside of network and all information will remain private and HIPAA compliant.
 - XpresCheck is currently offering testing for airline employees, contractors and workers, airport concessionaires and their employees, TSA officers, and U.S. Customs and Border Protection agents and intends to expand testing to travelers in the future. Patients can either register for an appointment at [XpresCheck.com](https://www.xprescheck.com) or stop by for a walk-in.
- The Company is in active discussions with multiple U.S. airports to open new testing centers or convert existing spas, to XpresCheck facilities. However, the likelihood and timing of these possible openings has not been determined and no assurance can be given that the Company will expand its XpresCheck brand beyond the current facility at JFK.

First Quarter 2020 Highlights

- Total revenue was \$7.7 million compared to \$12.2 million in the prior year first quarter. This decrease was primarily due to the negative impact COVID-19 has had on our revenue and results of operations. The Company's revenue began to decrease significantly in February 2020 as COVID-19 began to spread throughout the world and as rates of infection began to increase. Effective March 24, 2020, all spas were temporarily closed. Comparable store sales decreased 26.5% for the first quarter 2020.
- Store margin was \$550,000 or 7.1% of revenue compared to \$3.1 million or 25.6% of revenue in the prior year first quarter.
- General and administrative expenses decreased 10.2% to \$3.2 million in 2020 compared to \$3.6 million in the prior year first quarter. The decrease was a result of realized benefits of cost cutting and control initiatives instituted in 2019, primarily in salaries, occupancy and professional fees.
- Operating loss from continuing operations increased to \$10.7 million compared to \$2.8 million in the prior year first quarter.
- Net loss of \$10.7 million compared to net loss of \$2.8 million in the first quarter 2019.

Please refer to the Quarterly Report on Form on 10-Q filed July 6, 2020 for more financial information related to the first quarter ending March 31, 2020. It can be accessed at <https://investors.xpresspa.com/sec-filings> or at <https://www.sec.gov/>

About XpresSpa Group, Inc.

XpresSpa Group, Inc. (Nasdaq: XSPA) is a leading global health and wellness holding company. XpresSpa Group's core asset, XpresSpa, is a leading airport retailer of spa services and related health and wellness products, with 50 locations in 25 airports globally. Through its XpresTest, Inc. subsidiary, the Company also provides COVID-19 screening and testing under its XpresCheck™ brand at JFK International Airport. To learn more about XpresSpa Group, visit: www.XpresSpaGroup.com. To learn more about XpresSpa, visit www.XpresSpa.com. To learn more about XpresCheck, visit www.XpresCheck.com.

Forward-Looking Statements

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

Investor Relations:

ICR
Raphael Gross
(203) 682-8253

XpresSpa Group

Source: XpresSpa Group, Inc.