

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

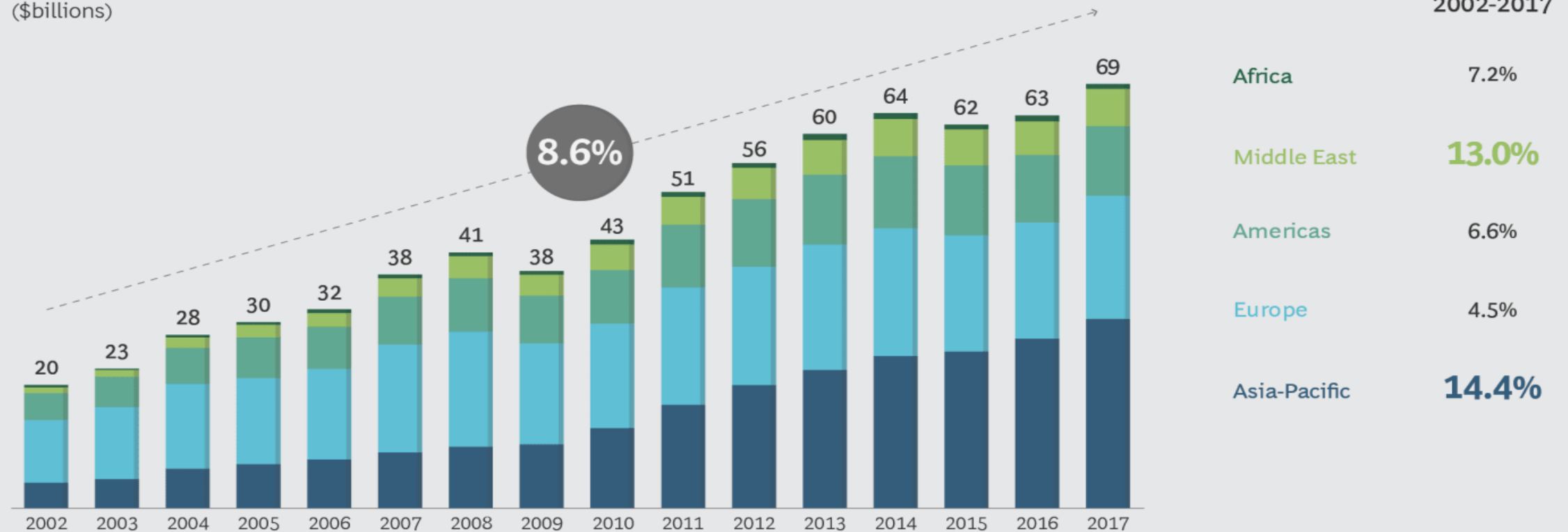
Consumer spending patterns are shifting in our favor

- **\$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**

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)



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

3

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

Previous Experience



Doug Satzman,
Chief Executive Officer

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



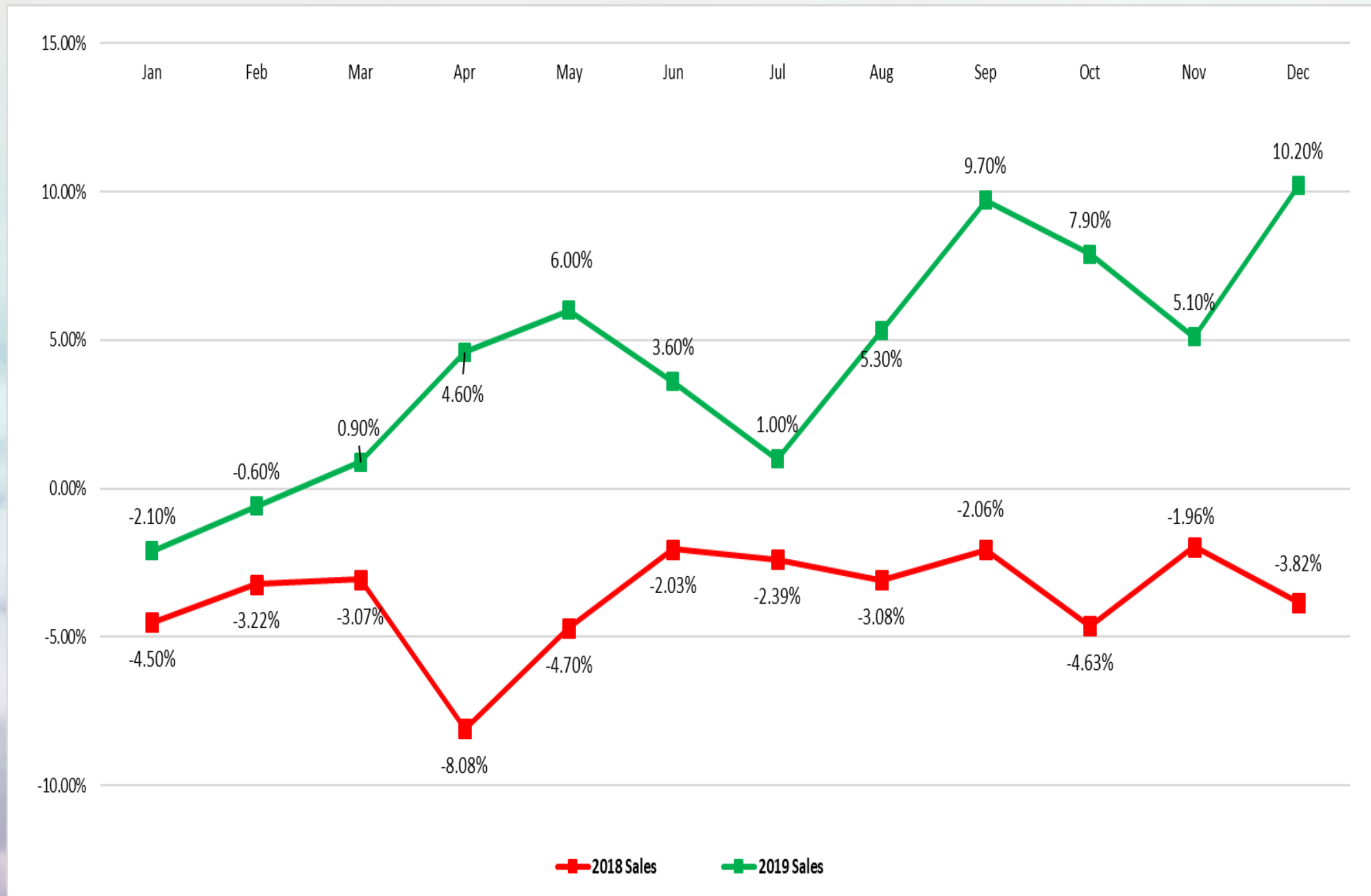
Iga Wyrzykowski,
Director of Store Design and
Construction



Tesh Ramsarup,
Director of Operations Services

2018/2019 Comp Sales

10 consecutive months of Comp Sales Increase



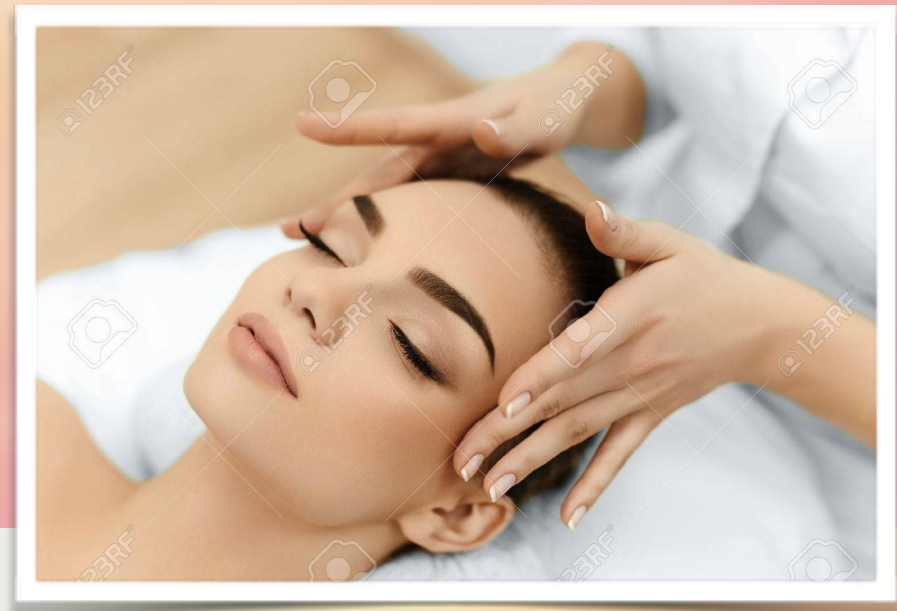
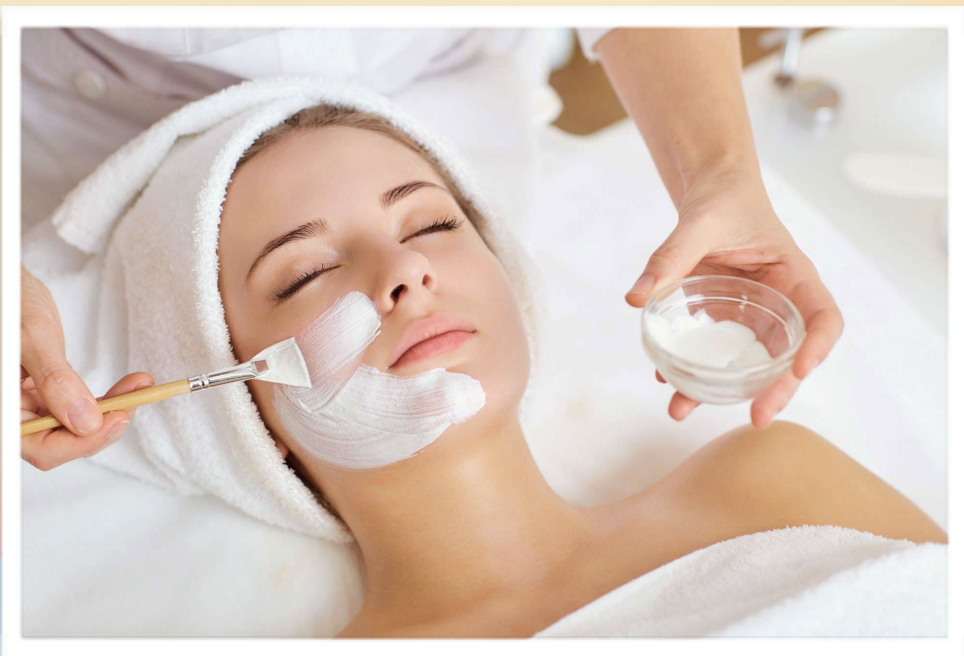
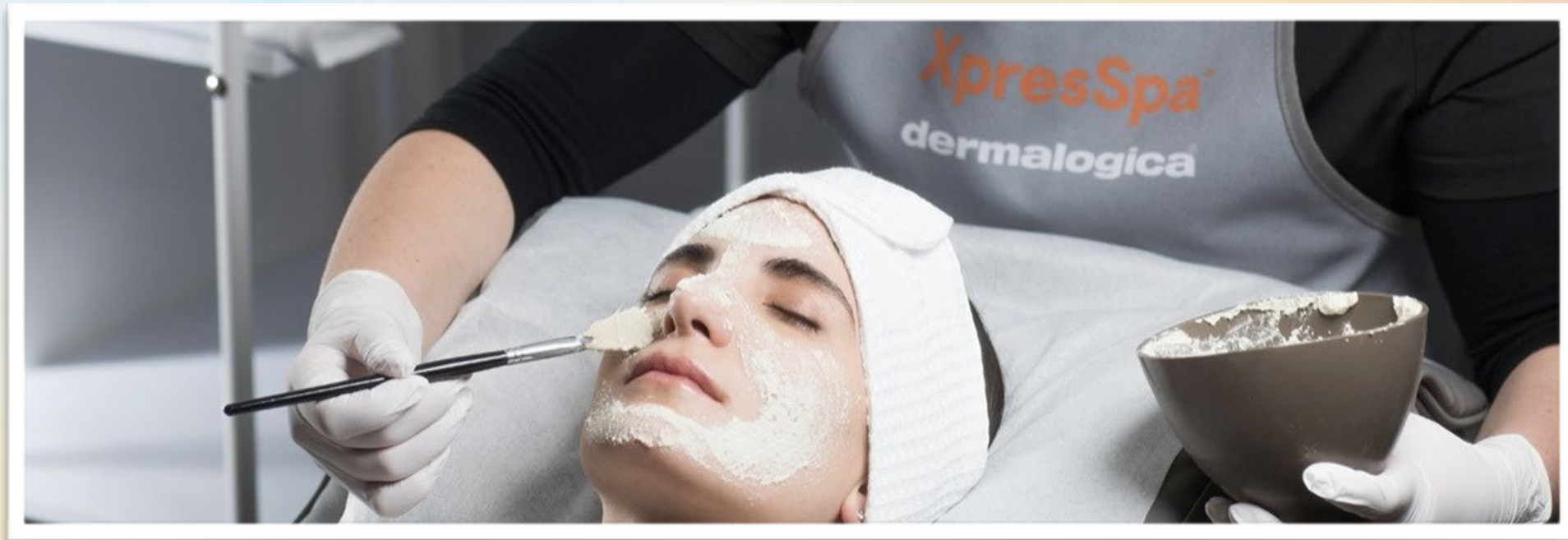
Massage



Nail Care



Facials



Waxing

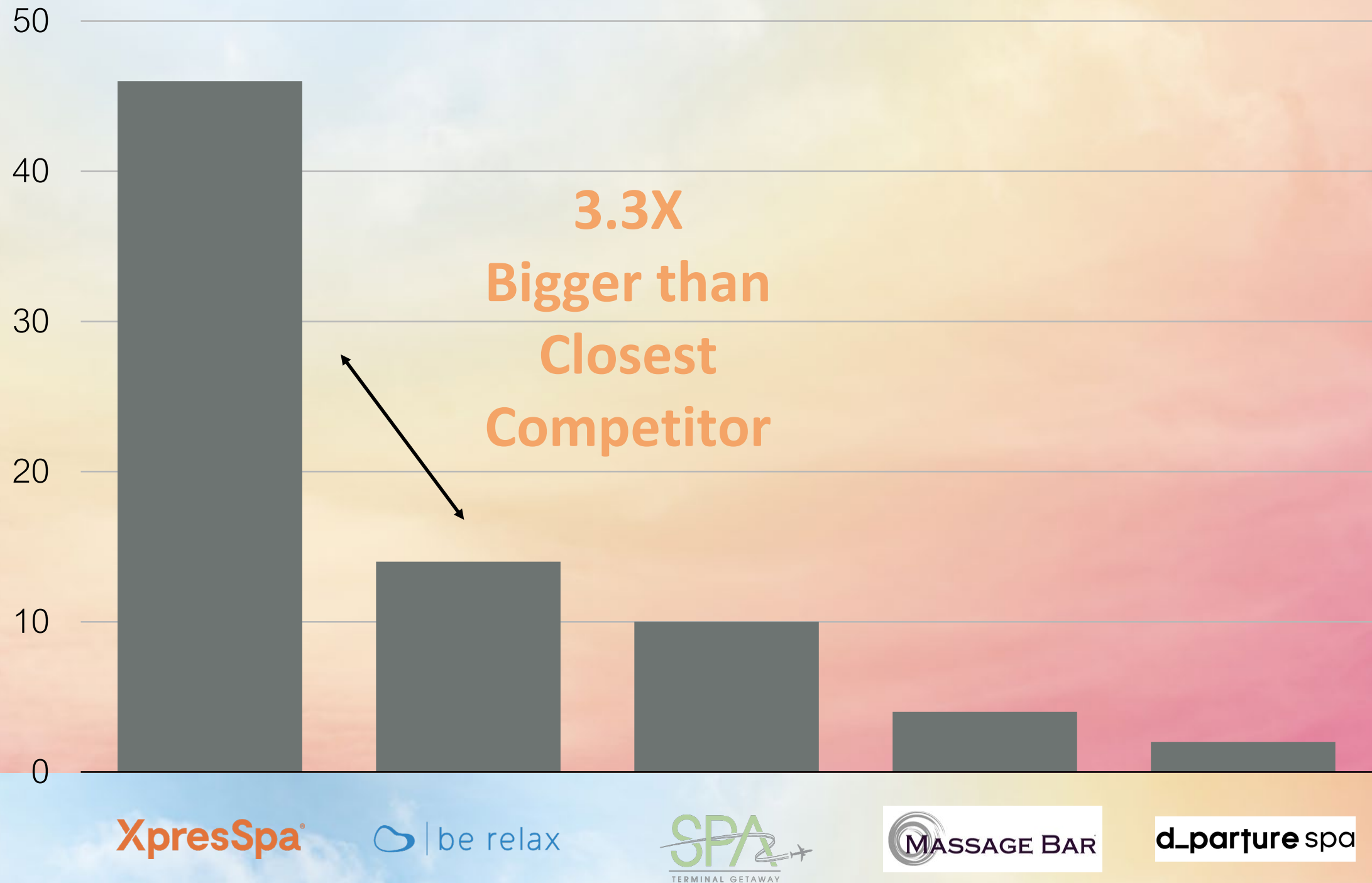


Dominant Airport Presence



25 Domestic &
International
Airports

XpresSpa holds over 60% U.S. market share

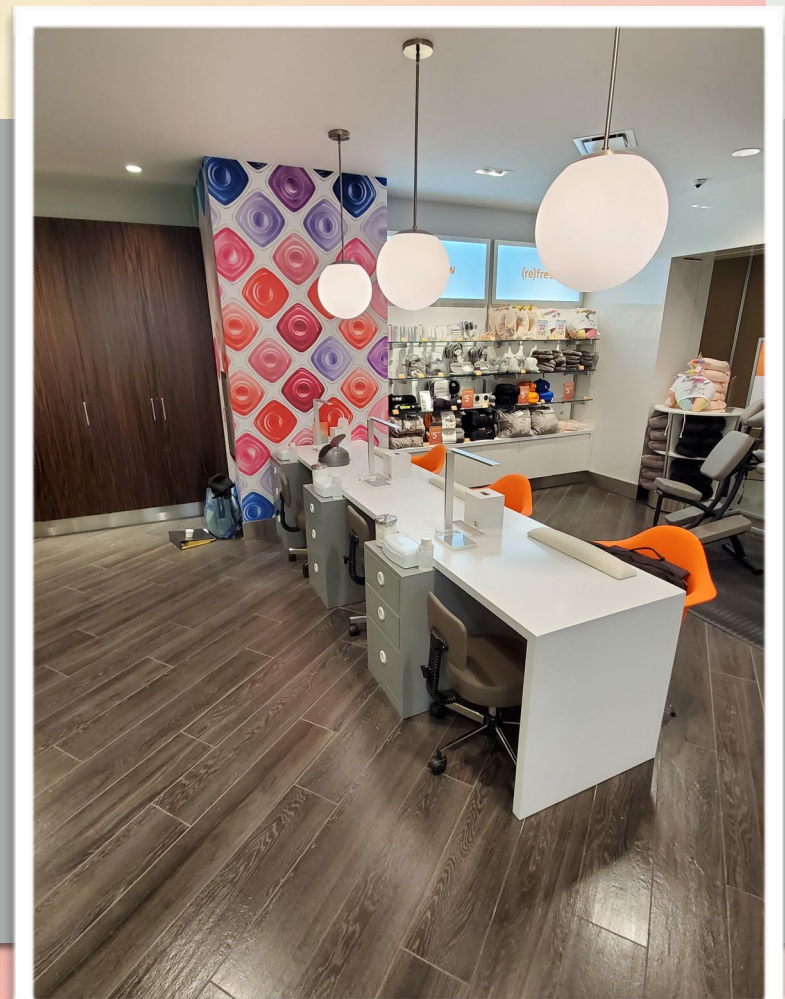
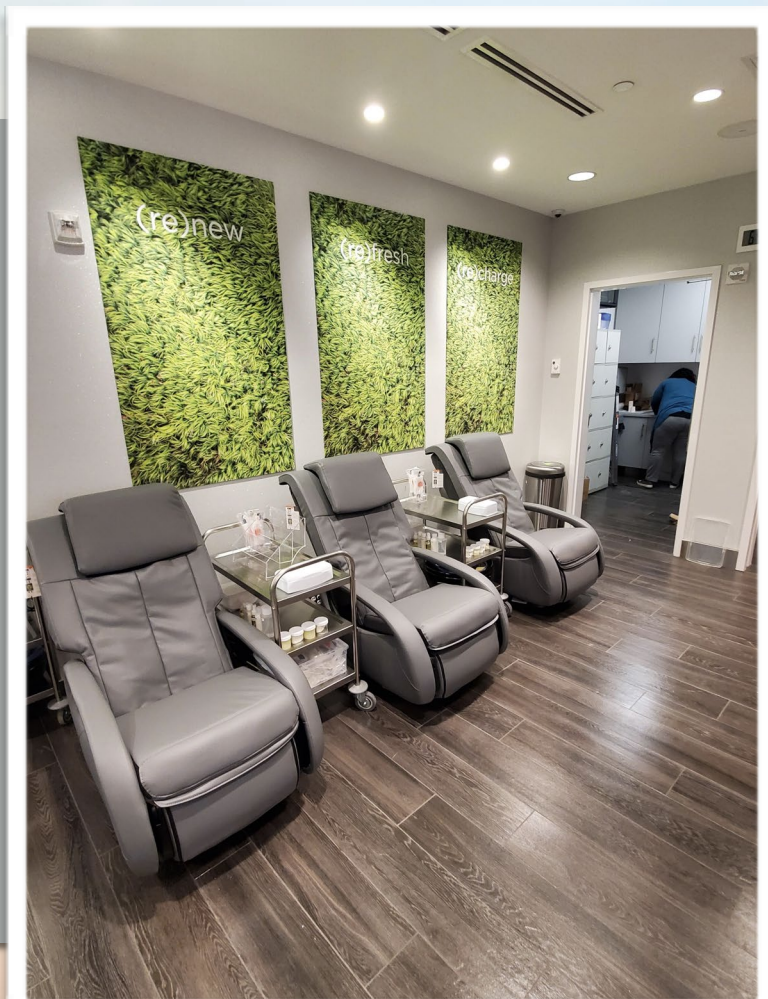


XpresSpa is in every one of the busiest U.S. airports with 2.5X growth potential in these airports alone

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

<https://www.worldatlas.com/articles/busiest-airports-in-united-states.html>

Hartsfield-Jackson Atlanta International Airport



Austin-Bergstrom International Airport





Amsterdam, Netherlands



Dubai, UAE

San Francisco International Airport (*upcoming*)



Seattle-Tacoma International Airport (*upcoming*)



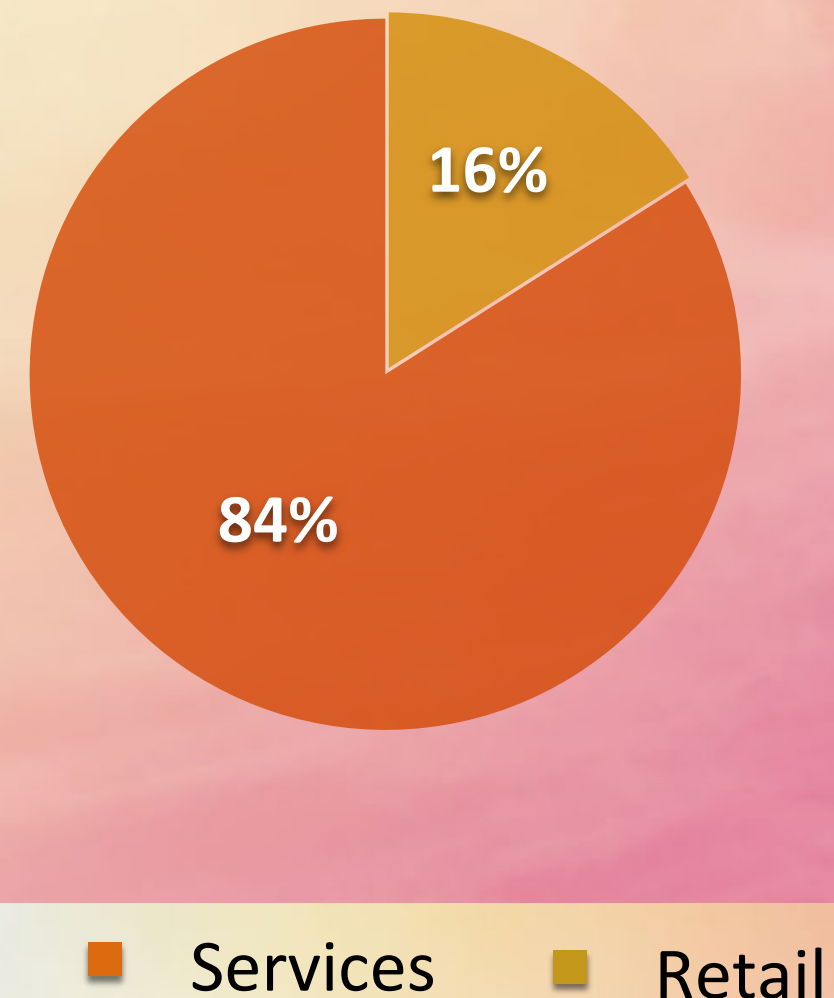
Dubai International
Airport
(*upcoming*)



Strong Unit-Level Economics

TYPICAL SIZE	500 - 1,500 SF
AVERAGE UNIT SALES	\$850,000 - \$1,000,000
AVERAGE SALES PER SQUARE FOOT	\$850 - \$1,000
AVERAGE INVESTMENT COST	\$300,000 - \$600,000
AVERAGE UNIT CONTRIBUTION	18% - 22%
PAYBACK PERIOD	2.0 – 2.5 YEARS
AVERAGE LEASE TERM	5 – 7 YEARS

YTD Q3 2019 Sales Breakdown



Strategic Priorities

Drive Top Line Revenue

Reduce Costs / Drive Bottom Line

Revamp Products / Develop Partnerships

Disciplined Development

2019 Accomplishments

U.S. Comparable Store Sales

- 10.2% in Dec 2019
- 7.7% in Q4 2019
- 4.2% in 2019

On a Path to Spa Operations Profitability

- Reduced G&A expenditures
- Significantly reduced YOY EBITDA loss
- Lowered net loss from continuing ops by approx 50%
- Approaching adjusted EBITDA break even

Strengthened Capital Structure and Liquidity

- 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

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

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

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

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