

MEDIROM HEALTHCARE TECHNOLOGIES INC.
CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2019 AND 2018
(Yen in thousands, except share data)

ASSETS	Years Ended December 31,	
Current assets:	2019	2018
Cash and cash equivalents	513,621	211,688
Time deposits	38,520	33,020
Accounts receivable-trade, net	337,048	283,001
Accounts receivable-other	428,278	343,205
Due from shareholder	8,266	16,677
Inventories	5,511	6,403
Prepaid expenses and other current assets	47,485	40,044
Total current assets	<u>1,378,729</u>	<u>934,038</u>
Non-current assets:		
Property and equipment, net	168,955	189,058
Goodwill	78,282	63,955
Other intangible assets, net	77,638	76,281
Investments	14,044	51,981
Long-term accounts receivable-other, net	106,208	109,977
Right-of-use asset – operating lease, net	1,829,968	2,083,963
Lease and guarantee deposits	769,104	754,941
Deferred tax assets, net	222,505	228,367
Deferred offering costs	57,509	—
Other assets	54,523	29,417
Total assets	<u>4,757,465</u>	<u>4,521,978</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	122,590	141,319
Accrued expenses	447,974	378,771
Short-term borrowings and current portion of long-term borrowings	371,570	413,744
Accrued income taxes	17,834	13,634
Advances received	483,124	522,301
Short-term lease liability	704,024	768,196
Other current liabilities	115,573	112,847
Total current liabilities	<u>2,262,689</u>	<u>2,350,812</u>
Non-current liabilities:		
Long-term borrowings – net of current portion	150,531	342,768
Deposit received	474,388	495,259
Long-term lease liability – net of current portion	1,136,799	1,324,156
Asset retirement obligation	127,411	119,519
Other liabilities	5,589	7,019
Total liabilities	<u>4,157,407</u>	<u>4,639,533</u>
SHAREHOLDERS' EQUITY (DEFICIT):		
Common stock, no par value; 9,999,999 shares authorized; 4,115,000 shares issued and 4,022,500 shares outstanding at December 31, 2019; 3,765,000 shares issued and 3,672,500 shares outstanding at December 31, 2018	595,000	245,000
Class A common stock, no par value; 1 share authorized; 1 share issued and 1 share outstanding at December 31, 2019 and 2018	100	100
Treasury stock, at cost – 92,500 common shares at December 31, 2019 and 2018	(3,000)	(3,000)
Additional paid-in capital	713,267	363,267
Accumulated other comprehensive loss	—	(278)
Accumulated deficit	(705,309)	(722,644)
Total shareholders' equity (deficit)	<u>600,058</u>	<u>(117,555)</u>
Total liabilities and shareholders' equity (deficit)	<u>4,757,465</u>	<u>4,521,978</u>