

MEDIROM HEALTHCARE TECHNOLOGIES INC. CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2020 (UNAUDITED) AND DECEMBER 31, 2019
(Yen in thousands, except share data)

ASSETS	June30,2020 (Unaudited)	December31, 2019
Current assets:		
Cash and cash equivalents	225,060	513,621
Time deposits	32,520	38,520
Accounts receivable-trade, net of allowances of ¥23,630 and ¥22,920, respectively	144,246	337,048
Accounts receivable-other	251,348	428,278
Due from shareholder	300	8,266
Inventories	5,880	5,511
Prepaid expenses and other current assets	90,642	47,485
Total current assets	749,996	1,378,729
Non-current assets:		
Property and equipment, net	237,632	168,955
Goodwill	163,008	78,282
Other intangible assets, net	75,538	77,638
Investments	14,044	14,044
Long-term accounts receivable-other, net of allowances of ¥135,251 and ¥141,256, respectively	142,110	106,208
Right-of-use asset – operating lease, net	1,631,410	1,829,968
Lease and guarantee deposits	684,781	769,104
Deferred tax assets, net	211,459	222,505
Deferred offering costs	125,574	57,509
Other assets	62,419	54,523
Total assets	4,097,971	4,757,465
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	70,196	122,590
Accrued expenses	437,321	447,974
Short-term borrowings and current portion of long-term borrowings	357,285	371,570
Accrued income taxes	20,939	17,834
Advances received	358,296	483,124
Short-term lease liability	683,026	704,024
Other current liabilities	92,097	115,573
Total current liabilities	2,019,160	2,262,689
Non-current liabilities:		
Long-term borrowings – net of current portion	380,159	150,531
Deposit received	408,193	474,388
Long-term lease liability – net of current portion	964,973	1,136,799
Asset retirement obligation	158,680	127,411
Other liabilities	9,719	5,589
Total liabilities	3,940,884	4,157,407
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 June 30, 2020 and December 31, 2019	595,000	595,000
Class A common stock, no par value; 1 share authorized; 1 share issued and 1 share outstanding at June 30, 2020 and December 31, 2019	100	100
Treasury stock, at cost – 92,500 common shares at June 30, 2020 and December 31, 2019	(3,000)	(3,000)
Additional paid-in capital	713,267	713,267
Accumulated deficit	(1,148,280)	(705,309)
Total shareholders' equity	157,087	600,058
Total liabilities and shareholders' equity	4,097,971	4,757,465