

**MEDIROM HEALTHCARE TECHNOLOGIES INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF (LOSS) INCOME (UNAUDITED) FOR THE SIX MONTHS ENDED JUNE**  
**30, 2020 AND 2019**  
(Yen in thousands, except share and per share data)

	<b>Six Months Ended June30,</b>	
	<u>2020</u>	<u>2019</u>
<b>Revenue</b>		
Revenue from directly-operated salons	751,267	1,045,945
Franchise revenue	593,236	964,561
Other revenues	11,774	21,025
Total revenues	<u>1,356,277</u>	<u>2,031,531</u>
<b>Cost of revenues and operating expenses:</b>		
Cost of revenue from directly-operated salons	866,297	994,631
Cost of franchise revenue	394,906	529,408
Cost of other revenues	8,017	9,780
Selling, general and administrative expenses	521,364	411,717
Impairment loss on long-lived assets	—	23,604
Total cost of revenues and operating expenses	<u>1,790,584</u>	<u>1,969,140</u>
<b>Operating (loss) income</b>	<u>(434,307)</u>	<u>62,391</u>
Other income (expense):		
Dividend income	2	2
Interest income	674	556
Interest expense	(6,076)	(7,155)
Gain from bargain purchases	1,624	4,343
Other, net	14,142	5,057
Total other income	<u>10,366</u>	<u>2,803</u>
(Loss) income before income tax expense and equity in earnings of investment	(423,941)	65,194
Income tax expense	19,030	11,429
Equity in earnings of investment	—	280
<b>Net (loss) income</b>	<u>(442,971)</u>	<u>54,045</u>
Net (loss) earnings per share		
Basic	(110.12)	14.72
Diluted	(110.12)	12.86
Weighted average shares outstanding		
Basic	4,022,501	3,672,501
Diluted	4,022,501	4,203,106