

MEDIROM HEALTHCARE TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF (LOSS) INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2021, 2020 AND 2019
(Yen in thousands, except share and per share data)

	Six Months Ended June30,		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenue			
Revenue from directly-operated salons	1,421,413	751,267	1,045,945
Franchise revenue	689,148	593,236	964,561
Other revenues	16,918	11,774	21,025
Total revenues	<u>2,127,479</u>	<u>1,356,277</u>	<u>2,031,531</u>
Cost of revenues and operating expenses:			
Cost of revenue from directly-operated salons	1,415,685	866,297	994,631
Cost of franchise revenue	335,458	394,906	529,408
Cost of other revenues	17,764	8,017	9,780
Selling, general and administrative expenses	840,760	521,364	411,717
Impairment loss on long-lived assets	—	—	23,604
Total cost of revenues and operating expenses	<u>2,609,667</u>	<u>1,790,584</u>	<u>1,969,140</u>
Operating (loss) income	<u>(482,188)</u>	<u>(434,307)</u>	<u>62,391</u>
Other income (expense):			
Dividend income	2	2	2
Interest income	506	674	556
Interest expense	(6,683)	(6,076)	(7,155)
Gain from bargain purchases	1,014	1,624	4,343
Other, net	20,798	14,142	5,057
Total other income	<u>15,637</u>	<u>10,366</u>	<u>2,803</u>
(Loss) income before income tax expense and equity in earnings of investment	<u>(466,551)</u>	<u>(423,941)</u>	<u>65,194</u>
Income tax expense	55,291	19,030	11,429
Equity in earnings of investment	—	—	280
Net (loss) income	<u>(466,551)</u>	<u>(442,971)</u>	<u>54,045</u>
Net (loss) earnings per share			
Basic	(107.09)	(110.12)	14.72
Diluted	(107.09)	(110.12)	12.86
Weighted average shares outstanding			
Basic	4,872,224	4,022,501	3,672,501
Diluted	4,872,224	4,022,501	4,203,106