

**MEDIROM HEALTHCARE TECHNOLOGIES INC.**  
**CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021**  
(Yen in thousands, except share data)

<b>ASSETS</b>	<b>Years Ended December 31,</b>	
	<u>2022</u>	<u>2021</u>
<b>Current assets:</b>		
Cash and cash equivalents	605,454	370,617
Time deposits	26,500	26,526
Accounts receivable-trade, net	534,686	312,302
Accounts receivable-other	789,819	542,988
Inventories	114,109	18,703
Prepaid expenses and other current assets	292,643	111,166
Total current assets	<u>2,363,211</u>	<u>1,382,302</u>
<b>Non-current assets:</b>		
Property and equipment, net	424,288	424,996
Goodwill	539,490	600,329
Other intangible assets, net	403,674	391,038
Investments	53,020	53,020
Long-term accounts receivable-other, net	99,299	101,898
Right-of-use asset—operating lease, net	1,955,354	1,824,095
Lease and guarantee deposits	895,344	868,159
Other assets	13,666	107,224
Total assets	<u>6,747,346</u>	<u>5,753,061</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>		
<b>Current liabilities:</b>		
Accounts payable	207,581	230,899
Accrued expenses	1,383,579	865,865
Short-term borrowings and current portion of long-term borrowings	99,168	162,252
Accrued income taxes	59,894	40,721
Contract liability (current)	89,008	104,182
Advances received	507,405	618,514
Short-term lease liability and current portion of contract liability	769,769	755,219
Mandatorily redeemable noncontrolling interests	—	148,000
Other current liabilities	525,563	270,821
Total current liabilities	<u>3,641,967</u>	<u>3,196,473</u>
<b>Non-current liabilities:</b>		
Long-term borrowings – net of current portion	1,149,769	746,588
Deposit received	304,577	328,962
Long-term contract liability - net of current portion	156,431	239,067
Long-term lease liability – net of current portion	1,212,629	1,128,737
Asset retirement obligation	310,929	296,401
Other liabilities	30,422	25,176
Total liabilities	<u>6,806,724</u>	<u>5,961,404</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Common stock, no par value; 19,899,999 shares authorized; 4,975,000 shares issued and 4,882,500 shares outstanding at December 31, 2021; 9,999,999 shares authorized; 4,915,000 shares issued and 4,822,500 shares outstanding at December 31, 2020	1,223,134	1,223,134
Class A common stock, no par value; 1 share authorized; 1 share issued and 1 share outstanding at December 31, 2021 and 2020	100	100
Treasury stock, at cost- 92,500 common shares at December 31, 2021	(3,000)	(3,000)
Additional paid-in capital	1,265,456	1,265,456
Accumulated deficit	<u>(2,545,068)</u>	<u>(2,694,033)</u>
Total shareholders' (deficit) equity	<u>(59,378)</u>	<u>(208,343)</u>
Total liabilities and shareholders' equity	<u>6,747,346</u>	<u>5,753,061</u>