

February 3, 2025

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MEDIROM Healthcare Technologies Inc. (MRM - \$0.93 - Buy)

Pioneering Wellness and Health Tech Innovation in Japan | Initiate Buy | PT \$5

Key Points

Overview. MEDIROM generates 96% of its revenue from its wellness salon business, serving over 970,000 customers annually across 308 locations in Japan. A repeat customer rate of 76% reflects strong brand loyalty. Salon locations in spa facilities, commercial complexes, and standalone properties ensure accessibility and visibility.

Training and Digital Engagement. To ensure service consistency, MEDIROM operates one of Japan's largest vocational training programs for relaxation therapists, supporting scalable expansion. The company's proprietary salon app, launched in 2022, has surpassed 162,000 downloads, enhancing customer engagement through appointment bookings, payments, and promotions.

Salon Investment Model. MEDIROM's salon investment model allows investors to acquire ownership stakes while the company continues managing operations. This capital-efficient strategy supports expansion without straining financial resources, ensuring stable long-term revenue.

Digital Preventative Healthcare Expansion. Beyond wellness salons, MEDIROM has expanded into digital healthcare. The MOTHER Bracelet, developed with Matrix Industries, is a self-charging wearable fitness tracker that monitors heart rate, sleep patterns, and body temperature, eliminating the need for traditional charging.

Institutional Market and Growth Potential. The MOTHER Gateway enhances the MOTHER Bracelet by enabling 24/7 data transmission without smartphone synchronization. These products serve institutional markets such as hospitals, nursing homes, and logistics firms, where remote health monitoring is critical. The MOTHER Bracelet is priced at \$399, the MOTHER Gateway at \$200, and the REMONY subscription service at \$9.99 per month, creating scalable revenue opportunities.

LAV Health Coaching Platform. LAV is a digital health coaching app designed to help manage lifestyle-related conditions such as diabetes and hypertension. Integrated with Japan's government-backed insurance programs, it provides personalized health guidance on diet, exercise, and wellness. By aligning with government healthcare initiatives, MEDIROM strengthens its position in Japan's evolving health tech sector, offering a comprehensive preventative healthcare solution for corporate clients and consumers.

Growth in Genetic Testing. Japan Gene Medicine Corporation operates in a sector with strong growth potential due to Japan's aging population and low adoption rates of genetic testing. The \$12 million acquisition, at a six-times EBITDA multiple, is expected to generate \$3 million in annual EBITDA.

Financial Performance and Seasonal Trends. MEDIROM's financial performance follows a seasonal pattern, with stronger results in the second half of the year. This trend is driven by therapist training completion, increased consumer spending during national holidays, and more salon investment transactions closing later in the year.

Summary

MEDIROM continues to strengthen its position in Japan's wellness and digital healthcare markets. Its foundation in wellness salons, expansion through the salon investment model, and digital health solutions create a strong growth strategy. The integration of proprietary health technology, acquisitions, and alignment with government healthcare programs enhances long-term potential.

Rating, Price and Target

Symbol	MRM
Rating	Buy
Price	\$0.93
Price Target	\$5.00

Market Data

Market Cap (M)	\$7.3
Shares Outstanding (M)	7.9
Average Daily Volume (000s)	91.0
Total Debt (M)	\$12.1
Net Cash/Debt (\$M)	\$(5.4)
Dividend Yield	0.0%

General: The offering is expected to generate net proceeds of \$3.8 million, or \$4.5 million if underwriters fully exercise their option, at a price of \$1.75 per ADS. Each ADS corresponds to one common share. A total of 7,901,950 shares are expected post-offering, rising to 8,330,950 if the underwriters exercise their option.

FYE Dec	2023A	2024E	2025E
EBITDA	1.9	2.7	2.9
Revenue (M) ¹ (\$)	42.4	54.7	58.0

¹2025 forecast excluded contribution from Japan Gene Medicine Corporation

Company Description

MEDIROM Healthcare Technologies Inc., a Japanese holistic healthcare company, operates over 300 wellness salons, with its flagship brand Re.Ra.Ku® at the forefront. Since expanding into health technology in 2015, MEDIROM has introduced innovative programs, including the Lav® on-demand training app. In 2020, the company ventured into wearable technology with the development of the MOTHER Bracelet®, a smart tracker designed to support wellness goals. Continuing its diversification, MEDIROM launched REMONY in 2023, a remote monitoring system catering to corporate clients across various sectors, including nursing care, transportation, construction, and manufacturing. These initiatives align with MEDIROM's vision of leveraging its health-focused products and services to collect and manage comprehensive healthcare data. By integrating wellness services with advanced technology, MEDIROM aims to establish itself as a key player in the healthcare industry's big data segment while addressing the evolving needs of individual and corporate clients.

MEDIROM: Bridging Wellness and Innovation for Sustainable Growth in Japan

Introduction

MEDIROM Healthcare Technologies Inc. is a leading Japanese provider of holistic health services, offering a blend of traditional wellness practices and cutting-edge health technology solutions. With a diversified business model, MEDIROM operates through three primary segments: Relaxation Salons, Luxury Beauty, and Digital Preventative Healthcare. Headquartered in Japan, the company is strategically positioned to capitalize on growing consumer demand for health and wellness services while leveraging proprietary technology to expand its reach and operational efficiency.

Figure 1. MEDIROM: Expanding Wellness and Digital Health Solutions

Company Highlights

Wellness Salon Business

- **Re.Ra.Ku®**
 - Wellness care focusing on improving mental and physical well being for customers
 - 308 stores throughout Japan
 - Directly-owned salons - 155 salons
 - Franchise salons - 93 salons
 - Investor-owned salons - 60 salons
 - Winner of several industry awards in Japan
- **ZACC**
 - High-end hair salon company recognized in the Japanese beauty industry for more than 30 years for its high level of professional skill and customer tailored service

Digital Preventative Healthcare Technology

- **MOTHER Bracelet®**
 - Health monitoring wearable device "Mother Bracelet" was launched in 2020.
 - MOTHER Bracelet® fitness device is designed to track and collect the health data of the wearer, such as calorie consumption, activity and sleep patterns.
- **Lay®**
 - Medirom's internally developed on-demand health monitoring smartphone application
 - Remote weight loss program with ties to benefits from Japan government insurance programs
 - Digital platform that connects individuals with healthcare professionals

1) Statistics from Re.Ra.Ku as of June 30, 2024



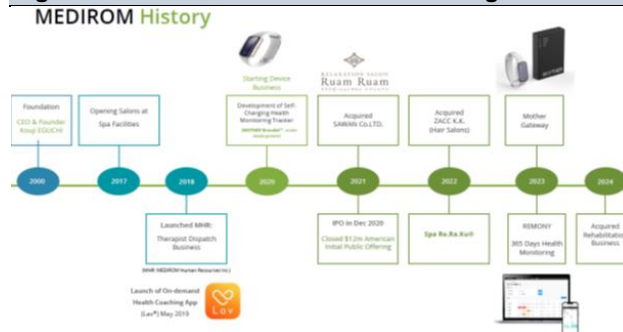
Source: Company Reports

Market Opportunity

Japanese Health and Wellness Industry

Japan's health and wellness market is experiencing steady growth, driven by an aging population, increased health awareness, and a shift toward preventative care. According to the 2022 Yano Report, the relaxation salon market includes 2,944 branded salons nationwide, with MEDIROM ranked among the top three in the Kanto region and top four nationwide. The market is consolidating, providing opportunities for well-capitalized players like MEDIROM to acquire smaller competitors and expand their footprint.

Figure 2. MEDIROM: Evolution and Strategic Growth Milestones



Sources: Company Reports

Post-Pandemic Consumer Behavior

The COVID-19 pandemic accelerated consumer focus on physical and mental health. Services such as therapeutic bodywork and relaxation have transitioned from discretionary to essential spending for many consumers. This behavioral shift underpins demand for MEDIROM's salon services and digital health solutions, providing a solid foundation for long-term growth.

Business Segments

Relaxation Salons

MEDIROM operates 308 relaxation salons, primarily under the Re.Ra.Ku® brand, in high-traffic areas such as metro stations, shopping malls, and urban centers. The Relaxation Salon segment contributed ¥6,060 million (US\$37.7 million) or 88.8% of total revenue in 2023. These salons employ a proprietary customer relationship management (CRM) system to optimize reservations, sales, and customer data analysis.

Growth Initiatives:

Expansion Plan: MEDIROM aims to increase its salon network to 500 locations by 2028 through a mix of directly owned and franchised outlets.

Operational Optimization: A new division, established in 2024, focuses on workforce efficiency and profitability at the store level.

Spa-Based Salons: Expanding salons in spa facilities to minimize capital expenditures and generate stable revenues.

Luxury Beauty

The Luxury Beauty segment operates high-end hair salons under the ZACC brand, catering to affluent customers in Tokyo’s central districts. This segment contributed ¥568 million (US\$3.5 million) or 8.3% of total revenue in 2023. The focus remains on maintaining a premium service experience to retain loyal clientele and support stable revenue streams.

Figure 3. MEDIROM Wellness Salon: Scalable Growth and Customer-Centric Services



Sources: Company Reports

Digital Preventative Healthcare

The Digital Preventative Healthcare segment integrates technology with wellness. Its core offerings include:

Lav® App: An on-demand health monitoring application.

MOTHER Bracelet®: A wearable fitness tracker powered by thermoelectric technology, eliminating the need for charging.

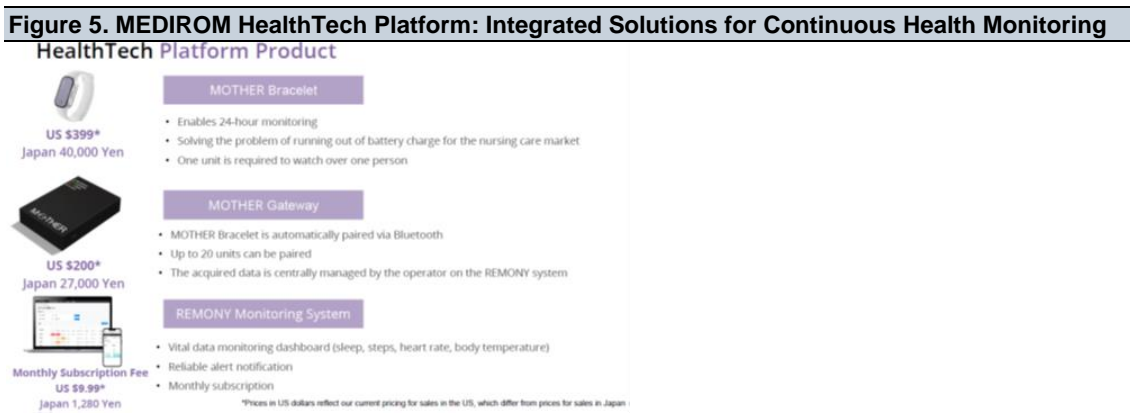
Figure 4. MOTHER Bracelet®: Self-Charging Wearable for Continuous Health Monitoring



Sources: Company Reports

REMONY System: A corporate remote health monitoring solution.

In 2023, this segment accounted for ¥200 million (US\$1.2 million) or 2.9% of revenue. The company expects robust growth in this segment through expanded corporate adoption and advancements in its product ecosystem.



Source: Company Reports

Growth Strategies

Workforce Optimization

MEDIROM is transitioning its salon workforce to a mix of fixed-salary and commission-based therapists to improve profitability. Commission-based therapists increase flexibility in managing customer demand, reducing idle labor costs and maximizing bed occupancy during peak hours.

Targeted Acquisitions

As the relaxation salon sector consolidates, MEDIROM’s acquisitions team identifies underperforming salon brands with at least 10 locations. Leveraging its brand and operational expertise, the company integrates acquisitions to drive long-term value.

Digital Health Expansion

The company is aggressively scaling its Digital Preventative Healthcare segment by:

Accelerating MOTHER Bracelet® production and adoption across industries, including healthcare, construction, and transportation.

Enhancing the Lav® app to support comprehensive health monitoring, including nutrition, exercise, and sleep tracking.

New Revenue Models

The introduction of an operation outsourcing model allows MEDIROM to sell directly owned salons to investors while retaining operational control. This model provides recurring revenue through service fees and facilitates faster reinvestment into new salon openings.



Sources: Company Reports

Competitive Strengths

Brand Recognition

MEDIROM benefits from strong brand equity, particularly in the Kanto region, enabling customer retention and new customer acquisition. Its Re.Ra.Ku® College training program ensures consistent service quality across locations.

Proprietary Technology

The MOTHER Bracelet® is the only fitness tracker powered by body heat, providing a competitive advantage in the wearable tech market. The company’s open SDK policy fosters innovation by allowing third-party developers to customize healthcare data management.

Government Partnerships

Participation in Japan’s Ministry of Health, Labour and Welfare’s Specific Health Guidance Program positions MEDIROM as a trusted provider of health monitoring solutions for corporate insurance clients.

Figure 7. MEDIROM Digital Health: Government-Supported Preventative Care Program



Sources: Company Reports

Financial Performance

Revenue Breakdown (2023):

Relaxation Salons: ¥6,060 million (88.8%)

Luxury Beauty: ¥568 million (8.3%)

Digital Preventative Healthcare: ¥200 million (2.9%)

Key Financial Trends:

Revenue from the Relaxation Salon segment has grown consistently post-pandemic due to increased demand for wellness services.

The Digital Preventative Healthcare segment, though currently a smaller contributor, is expected to drive future growth with increased corporate adoption and product innovation.

Figure 8. MEDIROM: Seasonal Trends and Stronger Performance in the Second Half



Sources: Company Reports

Risks and Challenges

Labor Costs

Rising minimum wages in Japan pose a challenge for labor-intensive businesses. MEDIROM’s workforce optimization strategy seeks to mitigate these costs by increasing reliance on commission-based therapists.

Competition

The Japanese relaxation salon market remains fragmented, with numerous competitors vying for market share. MEDIROM's focus on brand differentiation and operational efficiency helps maintain its competitive edge.

Technological Adoption

The success of the Digital Preventative Healthcare segment depends on widespread adoption of its health tech products. Continued investment in R&D and marketing is critical to drive growth.

Summary

MEDIROM Healthcare Technologies Inc. combines a strong foothold in the wellness sector with innovative health tech solutions, making it well-positioned to capture growth in Japan's health and wellness market. With a clear strategy for expansion, operational efficiency, and technological innovation, MEDIROM offers significant long-term value for institutional investors seeking exposure to the growing wellness and health tech sectors.



Sources: Company Reports

Valuation Summary

MEDIROM: Scaling Wellness and Digital Healthcare

Business Overview and Growth Strategy

Wellness Salon Business

The wellness salon segment generates 96% of MEDIROM's revenue, serving over 970,000 customers annually across 308 locations in Japan. With a high repeat customer rate of 75.6%, the salon business benefits from strong customer retention and brand loyalty. Locations are strategically placed in spa facilities, commercial complexes, and standalone properties, maximizing visibility and accessibility.

To maintain service consistency, MEDIROM operates one of Japan's largest vocational training programs for relaxation therapists. This ensures scalable expansion while upholding service quality. A proprietary salon app, launched in 2022, has surpassed 162,000 downloads, allowing customers to book appointments, make payments, and receive promotions, further enhancing engagement and retention.

Salon Investment Model

MEDIROM has introduced a salon investment model, selling ownership stakes in salons to investors while continuing to manage operations. This capital-efficient strategy allows for accelerated expansion without straining financial resources, generating stable long-term revenue.

Digital Preventative Healthcare Segment

MOTHER Bracelet and MOTHER Gateway

The MOTHER Bracelet is a self-charging wearable fitness tracker developed with Silicon Valley-based Matrix Industries. It eliminates the need for charging and tracks key health metrics, including heart rate, sleep patterns, and body temperature. The MOTHER Gateway further enhances functionality, enabling continuous 24/7 data transmission without smartphone synchronization.

These products target institutional markets such as hospitals, nursing homes, and logistics firms, where remote health monitoring is critical. The MOTHER Bracelet is priced at \$399, the MOTHER Gateway at \$200, and the REMONY subscription service at \$9.99 per month, positioning them for scalable revenue growth.

LAV Health Coaching App

LAV serves as a digital health coaching platform for lifestyle-related conditions such as diabetes and hypertension. Integrated with Japan's government-backed insurance programs, LAV provides

personalized health guidance on diet, exercise, and wellness habits. Since its launch, the platform has grown over 800%, underscoring its potential as a scalable digital health solution.

By aligning with government healthcare initiatives, MEDIROM strengthens its position in Japan’s evolving health tech landscape, appealing to both corporate clients and individual consumers.

Figure 10. LAV®: Scalable Digital Health Coaching for Preventative Care



Sources: Company Reports

Strategic Acquisition: Japan Gene Medicine Corporation

MEDIROM has entered a non-binding agreement to acquire Japan Gene Medicine Corporation, which specializes in genetic testing, particularly non-invasive prenatal diagnostics. This acquisition aligns with MEDIROM’s long-term strategy to expand its healthcare offerings.

Japan Gene Medicine Corporation operates in a market with strong growth potential due to Japan’s aging population and low adoption rates of genetic testing. The acquisition, valued at \$12 million at a six-times EBITDA multiple, is expected to contribute \$3 million in annual EBITDA. The deal is financed through internal funds and a low-interest commercial loan at under 2%, enhancing MEDIROM’s ability to integrate genetic testing into its healthcare ecosystem.

Figure 11. Expanding MEDIROM’s Healthcare Portfolio with Genetic Testing



Sources: Company Reports

Financial Performance and Seasonal Trends

MEDIROM exhibits stronger financial performance in the second half of the year due to key seasonal trends:

Therapist Hiring Cycle: Most new therapists complete training in the first half, increasing revenue-generating capacity later in the year.

Store Revenue Seasonality: The second half sees higher consumer spending due to more national holidays.

Salon Investment Transactions: More investment deals close in the second half, boosting revenue.

For 2024, MEDIROM projects a 10% increase in top-line revenue over 2023. While reporting a net loss of \$3.6 million in the first half, the company expects improved performance in the second half, consistent with previous years.

Figure 12. Financial Performance Summary: Revenues, Expenses, and EBITDA Overview

Statements of Operations <i>(USD in thousands, except share and per share data)</i>	Six months ended June 30,		Year ended December 31,	
	2024	2023	2023	2022
Revenues:				
Relaxation Salon	\$ 19,511	\$ 19,528	\$ 35,944	\$ 34,290
Luxury Beauty	1,819	1,917	6,170	7,397
Digital Preventative Healthcare	272	436	1,273	2,502
Total revenue	21,602	21,880	43,387	44,189
Cost of revenues	18,018	17,643	28,929	26,239
Selling, general and administrative expenses	7,542	6,870	12,458	11,473
Operating income (loss)	(3,958)	(2,632)	(2,489)	616
Total other income	323	192	2,620	527
Income tax (benefit) expense	22	26	(600)	196
Net income (loss)	(3,619)	(2,466)	731	947
Adjusted EBITDA	(2,512)	(1,439)	1,947	2,418
Adjusted EBITDA margin	-12%	-7%	4%	5%

Sources: Company Reports

Balance Sheet and Debt Management

MEDIROM holds a debt balance of approximately \$12 million. This includes \$5 million in unsecured convertible bonds with a 3.5% interest rate and \$7 million in unsecured bank loans with a blended interest rate below 2%. The company maintains financial flexibility while funding expansion initiatives.

Figure 13. Balance Sheet Highlights: Assets, Liabilities, and Shareholders' Equity Overview

Capitalization <i>(USD in thousands, except share and per share data)</i>	As of	As adjusted
	June 30, 2024	June 30, 2024
Cash and cash equivalents	\$ 919	\$ 6,732
Total debt	10,194	12,100
Shareholders' equity		
Common stock: 7,994,450 issues and 7,901,950 outstanding	126	2,080
Class A shares, no par value	1	1
Treasury stock, at cost - 92,500 shares	(19)	(19)
Additional paid-in-capital	773	2,727
Retained earnings	(3,189)	(3,189)
Total equity (deficit)	(2,308)	1,598
Noncontrolling interests	(7)	(7)
Total shareholders' equity	(2,315)	1,591
Total capitalization	7,879	13,692

Sources: Company Reports

Valuation

MEDIROM has a price target of \$5 per share, based on a 0.7x multiple of estimated 2025 sales per share, aligning with its peer group valuation range. This valuation reflects projected revenue growth, margin expansion through operational efficiencies, and increasing adoption of digital healthcare solutions.

Summary

MEDIROM Healthcare Technologies Inc. presents a compelling investment opportunity in Japan's wellness and digital healthcare markets. The company's foundation in wellness salons, expansion through the salon investment model, and aggressive push into digital health solutions position it for sustainable growth. The integration of proprietary health tech products, strategic acquisitions, and alignment with government healthcare initiatives further strengthen its outlook.

While execution risks and market competition remain, MEDIROM's structured growth strategy, financial discipline, and scalable business model make it a promising investment in Japan's evolving healthcare sector. Institutional investors seeking exposure to the convergence of wellness services and digital healthcare innovation may find MEDIROM well-positioned for long-term value creation.

Figure 14. Cash Flow Overview: Operational and Financing Activities Snapshot

Consolidated Statements of Cash Flows (USD in thousands)	Year ended December 31,		Six months ended June 30,	
	2023	2022	2024	2023
Net income (loss)	\$ 715	\$ 1,137	\$ (3,657)	\$ (2,466)
Net cash used in operating activities	(3,927)	(5,234)	(4,884)	(4,236)
Net cash (used in) provided by investing activities	(2,042)	4,431	4,744	1,220
Net cash provided by (used in) financing activities	2,867	2,596	378	(370)
Cash and cash equivalents at beginning of period	3,763	2,829	661	4,205
Cash and cash equivalents at end of period	661	4,622	899	818

Sources: Company Reports

Risk Factors for MEDIROM Healthcare Technologies Inc.

Internal Operational Risks

Execution of Growth Strategies

MEDIROM's ambitious expansion plans, including growing its Digital Preventative Healthcare Segment and increasing its international footprint, carry significant execution risks. Failure to adapt strategies or meet development milestones could adversely impact the company's financial performance and market reputation.

Geographical Concentration

The majority of MEDIROM's operations are concentrated in the Tokyo metropolitan area, leaving the company vulnerable to regional economic fluctuations, localized disruptions, and natural disasters.

Revenue Variability from Salon Sales

Revenue from salon sales to investors is influenced by economic conditions and investor sentiment. This variability creates uncertainty in annual revenue projections, potentially affecting financial stability.

Acquisition Challenges

MEDIROM's acquisition of Japan Gene Medicine Corporation poses risks related to integration, regulatory approval, and realization of anticipated synergies. Delays or complications in the acquisition process could disrupt strategic plans.

Franchise-Related Risks

Financial Performance of Franchisees

MEDIROM's reliance on franchisees introduces exposure to their financial health and operational success. Poor performance among franchisees could negatively impact the company's revenue and brand reputation.

Limited Control Over Franchise Operations

The company's limited oversight of franchisee operations restricts its ability to enforce consistent service quality and compliance with brand standards. This lack of control could lead to reputational risks and operational inefficiencies.

Market and Economic Risks

Shifts in Consumer Preferences

The relaxation and wellness industry is highly sensitive to changes in consumer behavior and economic conditions. A decline in consumer demand for relaxation services due to shifts in preferences or economic downturns could harm MEDIROM's business performance.

Competition in the Wellness and Health Tech Sectors

MEDIROM operates in a competitive industry, facing challenges from established players and new entrants. Competitors with superior offerings or pricing strategies could erode MEDIROM's market share and profitability.

Technology and Product-Related Risks

Cost Inflation for Health Tech Products

The production costs for proprietary products like the MOTHER Bracelet® and Gateway are subject to inflation in component prices. Rising costs could reduce profit margins and limit product scalability.

Technology Development and Adoption

MEDIROM's success in the health tech space relies on the adoption of its products and platforms by corporate clients and consumers. Failure to achieve widespread adoption could hinder the growth of the Digital Preventative Healthcare Segment.

Cybersecurity and IT System Failures

The company's reliance on technology introduces risks of IT system failures or cybersecurity breaches. These issues could disrupt operations, compromise sensitive data, and damage customer trust.

Industry-Specific Risks

Economic Fluctuations

The relaxation salon industry is sensitive to broader economic conditions. Periods of economic instability could reduce consumer spending on discretionary services, impacting MEDIROM's revenue.

Regulatory Challenges

Participation in government-sponsored programs, such as Japan's Specific Health Guidance Program, requires compliance with strict regulations. Changes in regulatory requirements or non-compliance could negatively affect MEDIROM's business relationships and revenue streams.

Summary

MEDIROM operates in a dynamic and competitive environment that presents both opportunities and significant risks. Internal operational challenges, reliance on franchisees, technological uncertainties, and market conditions all contribute to the company's risk profile.

For additional risk considerations, please refer to the company's SEC filings.

Figure 15. Medirom Healthcare Technologies Inc. - Income Statement, 2021-2025E

	For Years Ending December 31,				
(USD in thousands, except share and per share data)	2021	2022	2023	2024E	2025E
Revenues:					
Revenue from directly-operated salons	\$ 25,461	\$ 34,290	\$ 35,944	\$ 48,000	\$ 48,000
Franchise revenue	8,636	7,397	6,170	3,800	3,900
Other revenues	279	2,502	1,273	2,900	6,100
Total revenues	34,376	44,189	43,387	54,700	58,000
Cost of revenues and operating expenses:					
Cost of revenue from directly-operated salons	20,854	26,239	28,928	41,500	44,500
Cost of franchise revenue	4,393	4,103	3,325	-	-
Cost of other revenues	136	1,758	1,165	-	-
Selling, general and administrative expenses	11,583	11,473	12,458	12,000	11,500
Impairment loss on long-lived assets	402	-	-	-	-
Total cost of revenues and operating expenses	37,368	43,573	45,876	53,500	56,000
Operating income (loss)	(2,992)	616	(2,489)	1,200	2,000
Other income (expense):					
Dividend income	-	-	-	-	-
Interest income	5	39	7	10	10
Interest expense	(76)	(62)	(234)	(110)	(110)
Gain from sales of salons	-	-	2,629	-	-
Subsidies	177	131	136	200	200
Foreign exchange income	95	94	170	150	150
Other, net	155	325	(88)	-	-
Total other (expense) income	356	527	2,620	250	250
Income (loss) before income tax expense	(2,636)	1,143	131	1,450	2,250
Income tax (benefit) expense	3,662	196	(600)	-	-
Net income (loss)	(6,298)	947	731	1,450	2,250
Less: Net loss attributable to noncontrolling interests	-	-	(2)	-	-
Net income (loss) attributable to shareholders	(6,298)	947	733	1,450	2,250

Each ADS corresponds to one common share. A total of 7,901,950 shares are expected post-offering, rising to 8,330,950 if the underwriters exercise their option.

* 2025 forecast excluded contribution from Japan Gene Medicine Corporation

Sources: Company Reports and ThinkEquity Estimates

Figure 16. Medirom Healthcare Technologies Inc. — Valuation Comparable, Prices as of 1/30/2025

(Amounts listed in JPY. Numbers in millions, except per share data)

Company	Stock Price ⁽¹⁾	Market Value of Equity	Enterprise Value ⁽²⁾	Enterprise Value as a Multiple of:							Price as a Multiple of:		Projected EPS Growth	PEG Ratio
				Sales			Lease Adj. EBITDA		EBIT	CY+1	CY+2			
				LTM	CY+1	CY+2	LTM	CY+1	CY+2	LTM	EPS	EPS		
C.I. Medical Co.,Ltd.	825.00	41,249.2	55,363.2	0.97	0.81	0.55	18.2	12.3	8.8	35.7	6.7	11.5	0.0%	NM
Elan Corporation	744.00	44,984.5	41,349.9	0.90	0.87	0.75	10.6	11.6	8.7	11.3	20.4	15.5	0.0%	NM
Japan Lifeline Co., Ltd.	1,424.00	99,821.8	97,076.8	1.79	1.76	1.61	7.1	6.8	6.6	8.3	12.1	11.1	0.0%	NM
Ship Healthcare Holdings, Inc.	2,117.50	199,786.4	167,652.4	0.26	0.25	0.24	5.5	5.2	4.8	7.3	12.2	11.8	0.0%	NM
Terumo Corporation	2,943.00	4,340,639.9	4,320,527.9	4.38	4.28	3.97	19.3	17.3	15.6	26.7	34.6	28.8	19.9%	1.4
Nihon Kohden Corporation	2,223.00	366,233.2	317,653.2	1.44	1.42	1.37	14.9	13.1	11.3	18.4	28.3	23.0	0.0%	NM
QB Net Holdings Co.,Ltd.	1,020.00	13,391.7	22,968.7	0.93	0.92	0.86	4.3	5.7	8.7	12.2	10.6	10.1	0.0%	NM
Beauty Farm Medical and Health Industry Inc.	374.01 ⁽³⁾	88,190.1	68,528.5	1.43	1.23	1.02	5.3	5.5	4.7	11.7	16.9	13.7	0.0%	NM
M H Group Ltd.	194.00	2,258.6	1,830.6	0.97	NM	NM	43.3	NM	NM	140.8	NM	NM	0.0%	NM
Siam Wellness Group Public Company Limited	25.73 ⁽⁴⁾	33,004.8	35,244.2	4.71	4.49	3.97	14.4	9.1	8.5	20.1	21.5	19.6	(3.3%)	NM
			High	4.71x	4.49x	3.97x	43.3x	17.3x	15.6x	140.8x	34.6x	28.8x	19.9%	1.4x
			Average	1.78	1.78	1.59	14.3	9.6	8.7	29.3	18.1	16.1	1.7%	1.4
			Median	1.20	1.23	1.02	12.5	9.1	8.7	15.3	16.9	13.7	0.0%	1.4
			Low	0.26	0.25	0.24	4.3	5.2	4.7	7.3	6.7	10.1	(3.3%)	1.4
MEDIROM Healthcare Technologies Inc.	141.22	1,116.0	4,538.8	0.63x	NM	NM	6.5x	4.6x	4.6x	NM	NM	NM	0.0%	NM

(1) Financial data provided by S&P Capital IQ as of 01/30/2025

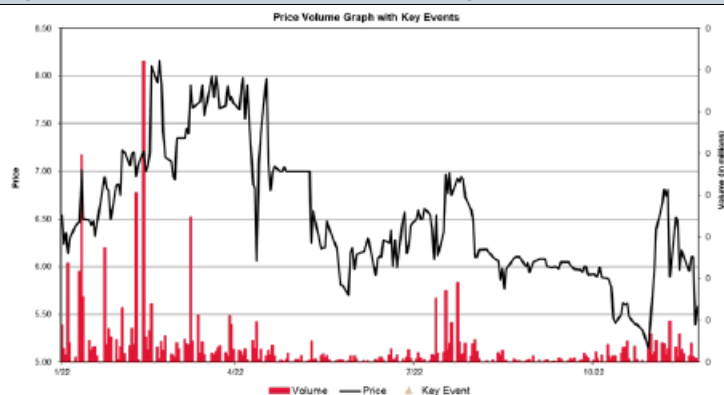
(2) Calculated as Market Value of Equity plus total debt, non-controlling interest and preferred stock, less cash & equivalents.

(3) Converted to JPY from CNY at an exchange rate of 21.286.

(4) Converted to JPY from THB at an exchange rate of 4.595.

Sources: S&P Cap IQ, Google Finance, Company Reports, and ThinkEquity Estimates

Figure 17. Medirom Healthcare Technologies Inc. – 3-Year Price Target and Rating History



Date	Key Development
2/3/2025	Medirom Healthcare Technologies Inc. Initiate with Buy. PT \$5

Sources: S&P Cap IQ, Google Finance, and ThinkEquity Estimates

Important Disclosures

Analyst Certification

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All companies under coverage:		All companies under coverage to which it has provided investment banking services in the previous 12 months:	
Buy (1)	100.00%	Buy (1)	82.35%
Hold (2)	0.00%	Hold (2)	0%
Sell (3)	0.00%	Sell (3)	0%