

**MEDIROM HEALTHCARE TECHNOLOGIES INC. CONSOLIDATED STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020**

(Yen in thousands, except share and per share data)

	Years Ended December 31,		
	2022	2021	2020
<b>Revenues:</b>			
Revenue from directly-operated salons	5,396,294	4,006,834	2,026,806
Franchise revenue	1,163,998	1,359,026	1,289,141
Other revenues	393,765	43,965	25,670
Total revenues	<u>6,954,057</u>	<u>5,409,825</u>	<u>3,341,617</u>
<b>Cost of revenues and operating expenses:</b>			
Cost of revenue from directly-operated salons	4,129,240	3,281,781	2,149,843
Cost of franchise revenue	645,733	691,286	745,102
Cost of other revenues	276,627	21,347	17,722
Selling, general and administrative expenses	1,805,490	1,822,787	1,068,537
Impairment loss on long-lived assets	—	63,211	106,501
Total cost of revenues and operating expenses	<u>6,857,090</u>	<u>5,880,412</u>	<u>4,087,705</u>
<b>Operating income</b>	<u>96,967</u>	<u>(470,587)</u>	<u>(746,088)</u>
<b>Other income (expense):</b>			
Dividend income	2	2	2
Interest income	6,072	839	1,332
Interest expense	(9,800)	(11,950)	(13,234)
Subsidies	20,625	27,846	111,581
Foreign exchange income	14,830	14,992	—
Other, net	51,078	24,377	19,718
<b>Total other income (expense)</b>	<u>82,807</u>	<u>56,106</u>	<u>119,399</u>
(Loss) income before income tax expense and equity in earnings (loss) of investment	179,774	(414,481)	(626,689)
Income tax expense	30,809	576,250	(87,519)
<b>Net income</b>	<u>148,965</u>	<u>(990,731)</u>	<u>(539,170)</u>
<b>Net earnings per share</b>			
Basic	30.54	(203.13)	(133.97)
Diluted	27.23	(203.13)	(133.97)
<b>Weighted average shares outstanding</b>			
Basic	4,877,404	4,877,404	4,024,692
Diluted	5,470,654	4,877,404	4,024,692