

ReRaKu

design studio of healthy life



MEDIROM

HEALTHCARE TECHNOLOGIES INC.

ReRaKu  
design studio of healthy life

肩甲骨から  
しっかりと。



1. まずは肩甲骨の柔軟性チェック
2. 肩甲骨の柔軟性を高める
3. 肩甲骨の柔軟性を高める

# Important Notices

## IMPORTANT NOTICES AND DISCLAIMERS

This investor presentation (this “Investor Presentation”) and any oral statements made in connection with this Investor Presentation are for informational purposes only and do not constitute an offer to sell, a solicitation of an offer to buy, or a recommendation to purchase any equity, debt or other securities of MEDIROM Healthcare Technologies Inc., a company organized under the laws of Japan (the “Company,” “we,” “us” or “our”). The information contained herein does not purport to be all inclusive. The data contained herein is derived from various internal and external sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. Any data on past performance contained herein is not an indication as to future performance. Except as required by applicable law, the Company assumes no obligation to update the information in this Investor Presentation. Nothing herein shall be deemed to constitute investment, legal, tax, financial, accounting or other advice. The communication of this Investor Presentation is restricted by law, and it is not intended for distribution to, or use by any person in, any jurisdiction where such distribution or use would be contrary to local law or regulation. No representation or warranty (whether express or implied) has been made by the Company with respect to the matters set forth in this Investor Presentation.

### *Forward Looking Statements*

Certain statements included in this Investor Presentation are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may include projections and estimates concerning our possible or assumed future results of operations, financial condition, business strategies and plans, market opportunity, competitive position, industry environment, and potential growth opportunities. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “design,” “target,” “aim,” “expect,” “could,” “intend,” “plan,” “anticipate,” “estimate,” “believe,” “continue,” “predict,” “project,” “potential,” “goal” or other words that convey the uncertainty of future events or outcomes. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These forward-looking statements include, but are not limited to, statements regarding future revenue, Adjusted EBITDA, Adjusted EBITDA Margin, debt, capital expenditure and cash flow estimates and forecasts of other financial and performance metrics (including key performance indicators), and projections of market size and opportunity. These statements are based on various assumptions and on the current expectations of the Company and its management and are not predictions of actual performance. While our management considers these assumptions and expectations to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, including continuing impact of the COVID-19 pandemic, and other risks, most of which are difficult to predict and many of which are beyond our control. If the risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. There may be additional risks that the Company currently believes are immaterial that could also cause actual results to differ from those contained in the forward-looking statements. In addition, forward looking statements reflect the Company's expectations, plans or forecasts of future events and views as of the date of this Investor Presentation. The Company anticipates that subsequent events and developments will cause these assessments to change. However, while the Company may elect to update these forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing the Company's assessments as of any date subsequent to the date of this Investor Presentation.



# Important Notices (cont'd)

## *Market and Industry Data*

This Investor Presentation contains references to industry market data and certain industry forecasts. Industry market data and industry forecasts are obtained from publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of that information is not guaranteed. Although we believe industry information to be accurate, it is not independently verified by us. Some data is also based on our good faith estimates, which are derived from our review of internal surveys or data, as well as the independent sources referenced above. Assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors. These and other factors could cause future performance to differ materially from our assumptions and estimates.

## *Non-GAAP Financial Measures*

This Investor Presentation includes key performance indicators and non-GAAP financial metrics that we use to help us evaluate our business, identify trends affecting our business, formulate business plans, and make strategic decisions. Adjusted EBITDA and Adjusted EBITDA Margin are financial measures that are calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Definitions for such non-GAAP measures can be found in the Appendix to this Investor Presentation. Any non-GAAP financial measures used in this Investor Presentation are in addition to, and not meant to be considered superior to, or a substitute for, the Company's financial statements prepared in accordance with GAAP. A reconciliation of each of these non-GAAP measures to their nearest GAAP measure is set forth in the Appendix to this Investor Presentation.

The Company believes these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to our financial condition and results of operations. The Company's management uses these non-GAAP measures to compare our performance to that of prior periods for trend analyses and for budgeting and planning purposes. These measures are used in monthly financial reports prepared for management and our board of directors. We believe that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends in and in comparing our financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. Management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in our financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures. Undue reliance should not be placed on these measures as the Company's only measures of operating performance, nor should such measures be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. Non-GAAP financial measures as used in respect of the Company may not be comparable to similarly titled amounts used by other companies.

Additional information with respect to the Company is contained in its filings with the SEC and is available at the SEC's website, <http://www.sec.gov>, and on the Company's website, <https://medirom.co.jp/en/>.

## Medirom at a Glance

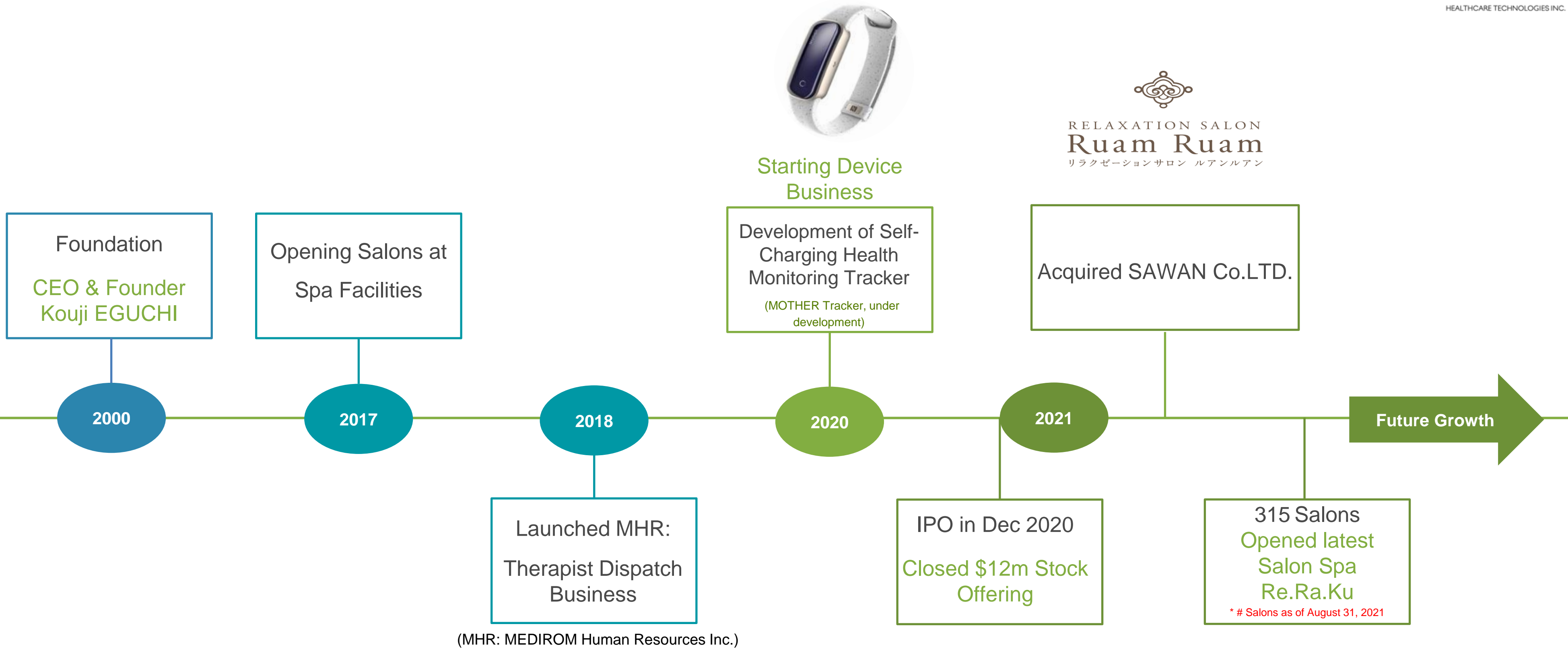
### ✓ Relaxation Salon Business

- MEDIROM operates 315 bodywork salons in Japan as of August 31, 2021.
- Our Relaxation Salon Business Segment experienced 14.2% YoY revenue drop from 2019 to 2020, due to the COVID-19 pandemic.

### ✓ Digital Preventative Healthcare Business


- Specific Health Guidance program is a business segment we expect to grow in the future.
- MOTHER Tracker<sup>®</sup>, which we believe is the world's first chargeless wearable health tracker presented at the 2020 CES, is expected to be launched by the end of FY2021.

# MEDIROM History



# Accretive M&A with Low Hanging Fruit

## Market Landscape and Go-Forward Strategy

- 1/3 of the industry revenue is comprised of lesser-known salon brands.  M&A opportunities
- Targeting M&A opportunities with both direct and indirect financing (not hostile mergers) with strategy of full integration of corporate functions (back-office operations etc.).
- MEDIROM is the only publicly listed Japanese company in the industry, located in Japan.
- MEDIROM intends to leverage its experience from successful M&A transactions in 2018, 2019 and 2021.

### Acquisition History



2018

Acquisition: Kabushiki Kaisha Bell Epoc

- 46 new wholly owned salons
- Rebranded as “Bell Epoc Wellness”

2018

Acquisition: Kabushiki Kaisha Decollte

- 7 New wholly owned salons
- 100% equity ownership




2018 / 2019

Acquisition: Kabushiki Kaisha Joyhands

- 10 new outsourced salons
- 26 new wholly owned salons
- Rebranded as “Joyhands Wellness Inc.”

2021

Acquisition: SAWAN CO. LTD.

- 13 new wholly owned salons under the brand name of “Ruam Ruam”



RELAXATION SALON  
**Ruam Ruam**  
リラクゼーションサロン ルアンルアン





# Relaxation Salon Business

PROVIDING THE BEST PREVENTIVE SOLUTIONS





# Relaxation Salon Business Snapshot

## Our Key Brand Portfolio



1

### Bodywork Excellence

- Holistic and preventative healthcare services.
- Recognized therapist training platform.

3

### Repeat Customers

- 70 thousand customers served in July 2021 (the largest number we have ever recorded in a single month).
- Over 80% customer repeat ratio.

2

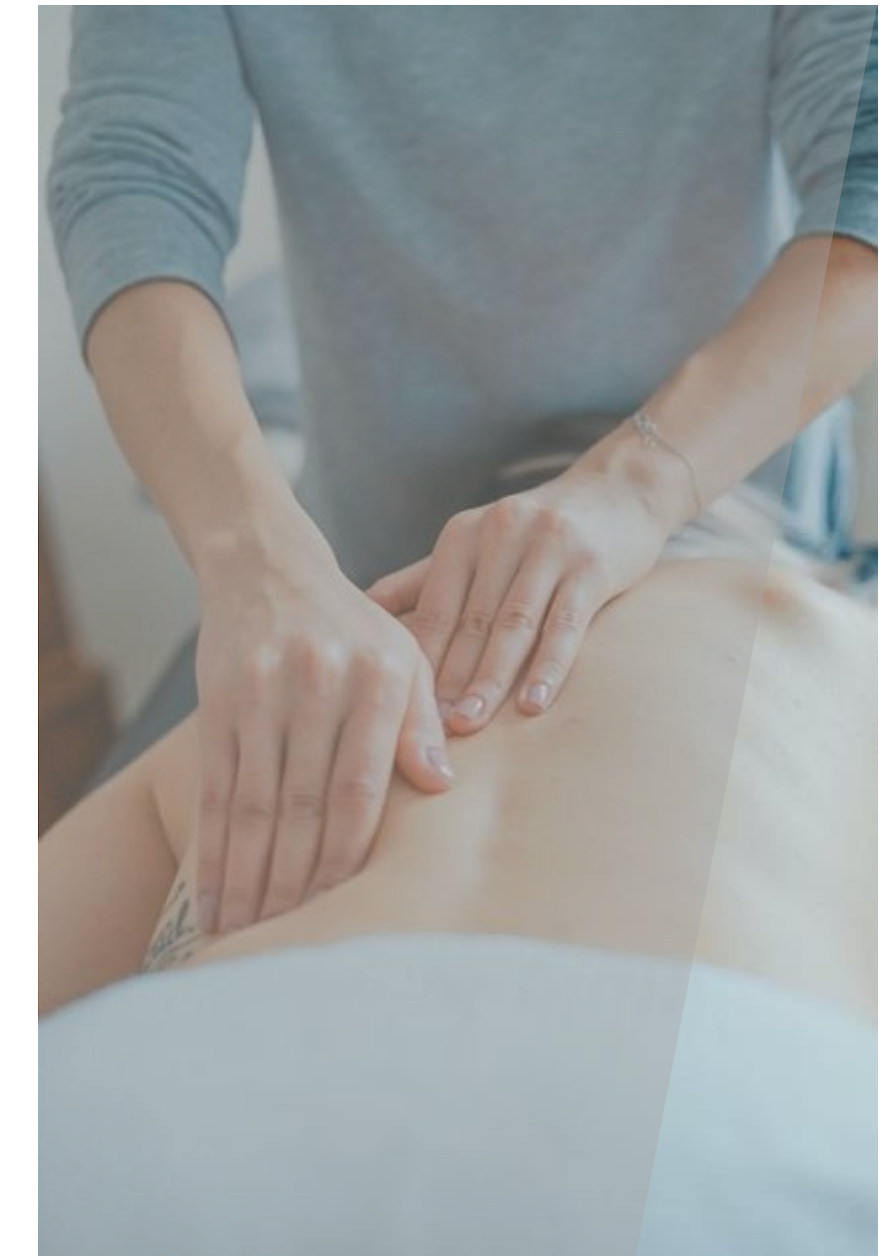
### Significant Operations

Total of 315 salons in August 2021.

4

### Recurring Fee Model

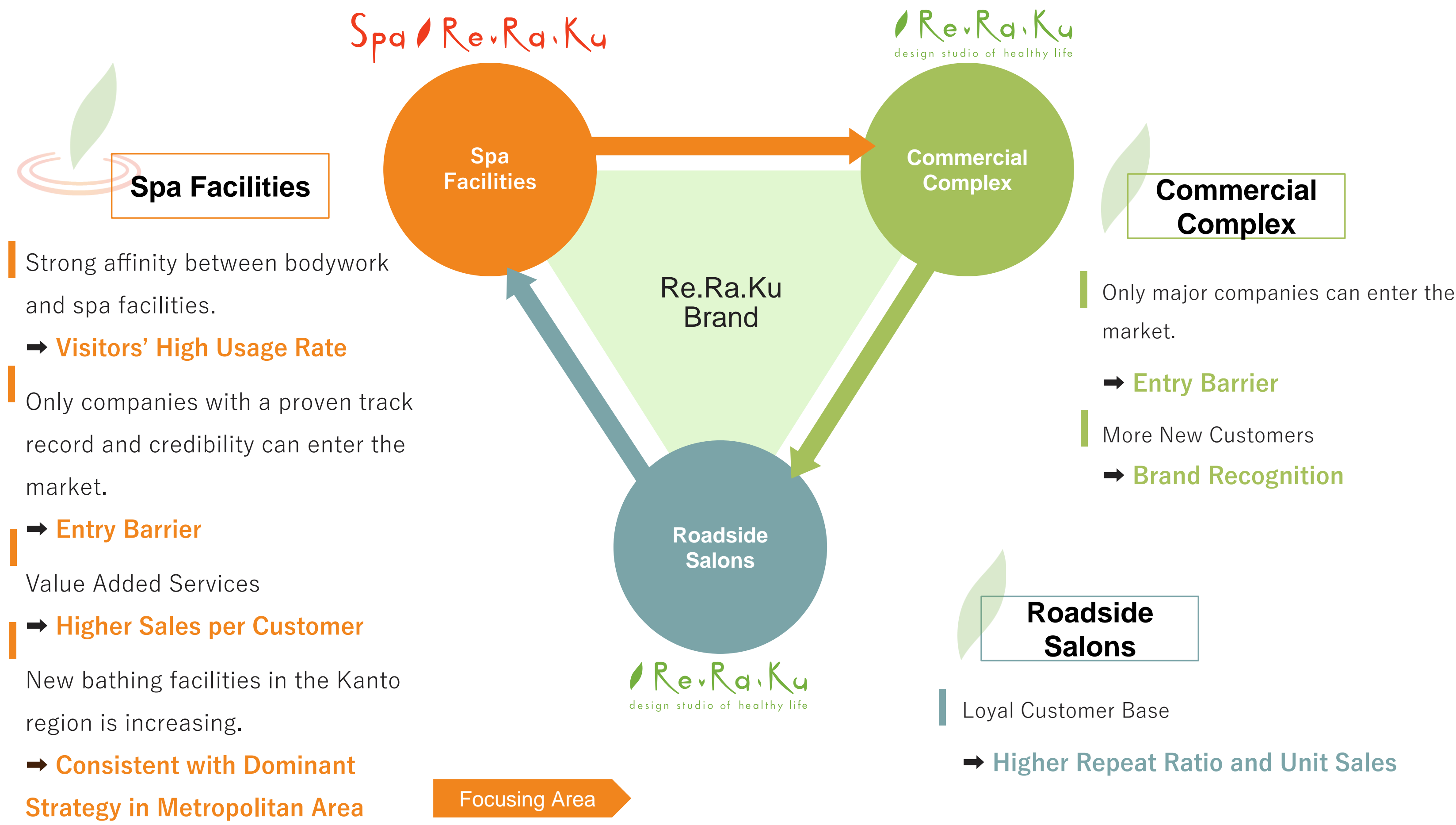
- Franchise fees, monthly education, marketing, real estate services, and consulting.





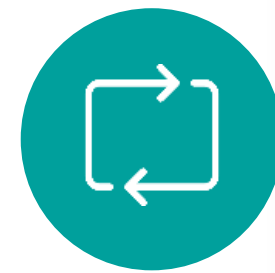
# Re.Ra.Ku Brand Multiple Model

MEDIROM HEALTHCARE TECHNOLOGIES INC.

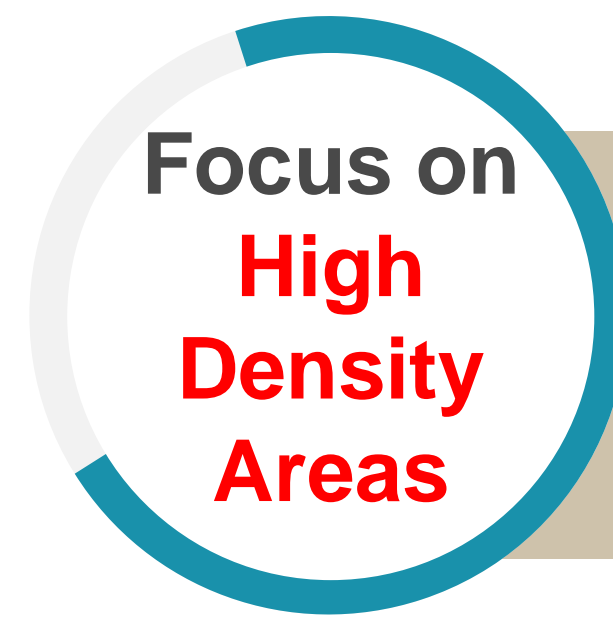


# Strength in Retail Customer Touchpoints

MEDIROM HEALTHCARE TECHNOLOGIES INC.



High Repeat Customer Rate



Focus on **High Density Areas**

High Traffic Area  
Retail metros/subways,  
malls, plazas.



Served **70,912** customers in July 2021



Core Brand Sales per Customer **\$62.85<sup>(1)</sup>** in the year ended December 2020



\*Source: latest "Yano Research Institute Report 2019"





## Contributing to Higher Sales per Customer

### Spring Reflexology

期間限定  
サラ! すべ! もち!

足裏  
サラ!すべ!

# フットケア

いつものケアに3つのうるおいを。

- レモン&はちみつ 生スクラブ  
お肌にやさしいスクラブが、もちもち肌に導きます。
- アロマトリートメント オイル  
100%天然精油を使用。気分によって香りが変わります。
- アロマ ボディ パウダー  
ニオイを防いで、お肌をサラサラにします。

オプション +880円

### Summer Head Spa

2021 Summer  
-5℃の炭酸泡

# 爽快ヘッドスパ

ひんやり弾ける炭酸泡で  
リゾートなひとときを

Head SPA

+10分 1,200円税別 +20分 2,400円税別

※なくなり次第、終了となります。スタッフまでご連絡ください。 ※本キャンペーンはオプションメニューになります。

### Autumn GI Tract Care

カチカチ おなかを やわらかく♪

# Let's 腸活

腸内環境を整えて、健康なカラダをGet!

オプション  
おなかケア +10分 1,100円税別

フットケアとの組み合わせがおすすめです!

### Winter Hand Care

ふんわり香る、私の大切な時間。

心ちつく カモミールの香り  
元気になる 柚子の香り

まるで本物...みずみずしが大好き。自然な甘さで癒されるの。

やさしくて、自然な甘さで癒されるの。

2021 期間限定

# ハンドケア

## キャンペーン

オプション +20分 2,300円税別



# Educational Facilities

One of the Largest Educational Schools in Japan

Open 7 Days a Week (10am – 7pm) 60 beds 858m<sup>2</sup>



- Re.Ra.Ku therapists support customers in our salons and after their appointments through health management tailored for each customer.
- Provide over 120 in-depth curriculums that range from techniques to salon management.
- Professional lecturers that specialize in each area of expertise.





# Award-winning Salon and Therapists

Our relaxation service quality has been proven with awards.

2019 Grand Prix BEST Therapist



2019 Grand Prix BEST Store



Source: [http://www.relaxation-net.jp/contest/japan2019\\_result](http://www.relaxation-net.jp/contest/japan2019_result)

- **No competition held in 2020, due to COVID-19**
- **Relaxation Contest Japan 2021 will be held online on October 27.**

# Digital Preventative Healthcare Business

Information and Communication Technology (ICT) solution with App, Wearable & Re.Ra.Ku<sup>®</sup> Trained Therapists



“Lav” App

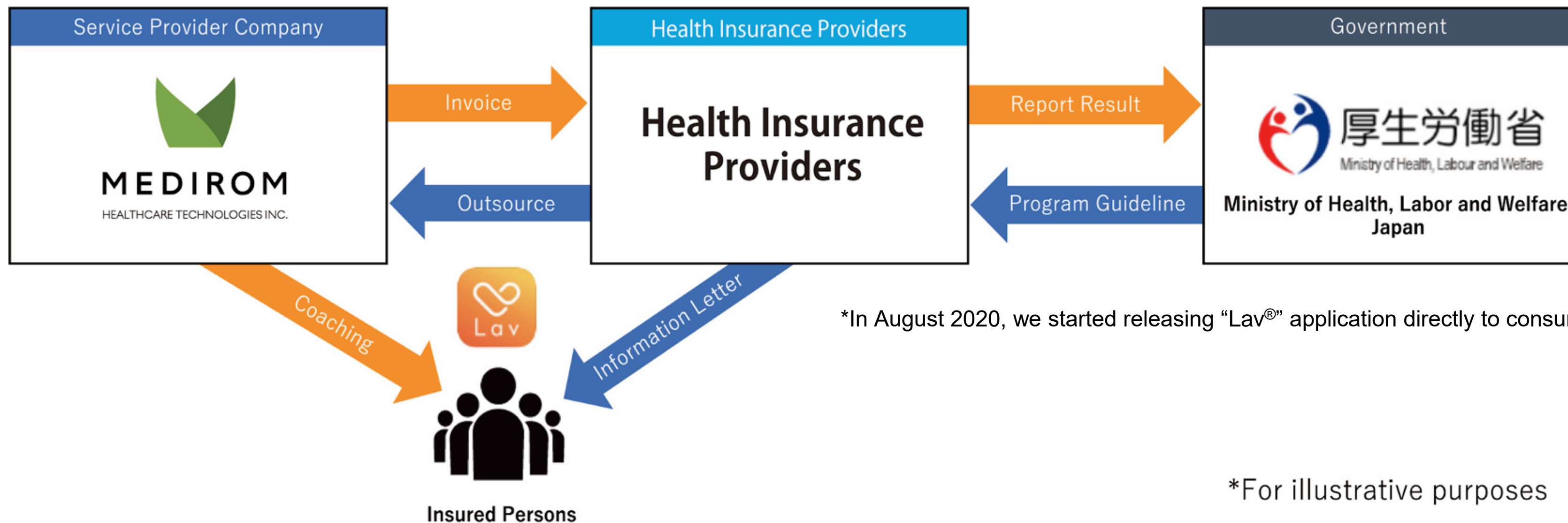


“MOTHER Tracker”



# Specific Health Guidance Business

## Government Supported Health Guidance Program



\*In August 2020, we started releasing “Lav®” application directly to consumers.

\*For illustrative purposes

### Select Corporate Partners

Currently engaged partners include blue chip corporations and governmental bodies



## Remote Weight Loss Program with ties to benefits from Government Insurance Programs



Activities, Sleep, Weight



Wearable Device



On-demand Training



### Continuing Support + Final Review

Lifestyle Record

Share the Record to a Coach immediately



Online Chat Support

Internal and External (Contractors) Nutritians / Dietitians

\*In August 2020, we started releasing “Lav<sup>®</sup>” application directly to consumers.



## Self-Charging Fitness Tracker “MOTHER” under co-development with MATRIX Industries, Inc.

### Technology

- MATRIX’s Patented Technologies
- Thermoelectric Module & Boost Converter



### Target Market

- Hospitals, Nursery Homes and Gyms
- Logistics and Transportation Industry (Drivers’ Health Monitoring Needs)
- Retail Sale with Crowd-Funding Planned.

### Feature-Rich and User Friendly

- Pedometer
- Fitness Tracking
- Pulse and Body Temperature
- Sleep Pattern
- SDK (Software Development Kit)  
Open to Third Parties
- Waterproof

#### IDC Market Forecast<sup>1</sup>

- Global shipments of wearable devices expected to total 396.0 million units in 2020.
- 14.5% increase from 2019.
- Five-year compound annual growth rate (CAGR) of 12.4% and total 637.1 million units in 2024.

<sup>1</sup> Source: IDC Market Forecast – Worldwide Quarterly Wearable Device Tracker  
[https://www.idc.com/tracker/showproductinfo.jsp?prod\\_id=962](https://www.idc.com/tracker/showproductinfo.jsp?prod_id=962)

## Financial Highlights #1 (year-over-year)

**Total Revenue:** Decrease of 14.5% to \$32.4 million, due to COVID-19.

**Cost of Revenues:** Stayed relatively flat, as a result of an increase in the total number of salons from 283 to 290, offset by cost reduction efforts to mitigate the impact of COVID-19.

**SG&A:** Increased by 22.6%, due to the office relocation and IPO-related expenses/costs.

**Impairment Loss:** Increased of 139.1% as certain salons with relatively long contract terms of leases and large amounts of asset retirement costs were impaired.

**Net Loss:** \$5.2 million recorded.



## Financial Highlights #2 (FY2020)

**Adjusted EBITDA:** Negative \$5.3 million.

**Adjusted EBITDA Margin:** Minus 16.3%.

**Cashflow from Operating Activities:** Negative \$3.5 million, mainly due to the decrease in net income.

**Cashflow from Investing Activities:** Negative \$1.3 million, primarily due to salons acquisitions from franchisees.

**Cashflow from Financing Activities:** Positive \$13.8 million positive , primarily due to \$11.3 million in proceeds from the IPO and the special long-term bank loans for the COVID-19 pandemic.

**Net cash:** Increased by \$8.9 million.

# Consolidated Income Statement

(In Thousands)

	Year ended December 31,	Year ended December 31,	
	2020(\$)(1)	2020(¥)	2019(¥)
<b>Revenues:</b>			
Relaxation Salons	32,134	3,315,947	3,864,656
Digital Preventative Healthcare	249	25,670	43,608
<b>Total revenue</b>	<b>32,383</b>	<b>3,341,617</b>	<b>3,908,264</b>
<b>Cost of revenues and operating expenses:</b>			
Cost of revenues	28,226	2,912,667	2,957,506
Selling, general and administrative expenses	10,355	1,068,537	871,862
Impairment loss on long-lived assets	1,032	106,501	44,546
<b>Total cost of revenues and operating expenses</b>	<b>39,613</b>	<b>4,087,705</b>	<b>3,873,914</b>
<b>Operating (loss) income</b>	<b>(7,230)</b>	<b>(746,088)</b>	<b>34,350</b>
<b>Net (loss) income</b>	<b>(5,225)</b>	<b>(539,170)</b>	<b>17,335</b>
<b>Adjusted EBITDA(2)</b>	<b>(5,267)</b>	<b>(543,456)</b>	<b>139,301</b>
<b>Adjusted EBITDA margin(3)</b>	<b>-16.3%</b>	<b>-16.3%</b>	<b>3.6%</b>

(1) Convenience translations of Japanese yen into U.S. dollars have been made at the exchange rate of ¥103.190 = US\$1.00, which was the foreign exchange rate on December 31, 2020 as reported by the Board of Governors of the Federal Reserve System. ([www.federalreserve.gov/releases/h10/](http://www.federalreserve.gov/releases/h10/))

(2) We define Adjusted EBITDA as net income (loss), adjusted to exclude: (i) dividend and interest income, (ii) interest expense, (iii) gain from bargain purchases, (iv) other, net, (v) income tax expense, (vi) equity in earnings (loss) of investment, (vii) depreciation and amortization, (viii) losses on sales of directly-operated salons to franchises, (ix) losses on disposal of property and equipment, and other intangible assets, and (x) impairment loss on long-lived assets. Management considers Adjusted EBITDA to be a measurement of performance which provides useful information to both management and investors. Adjusted EBITDA should not be considered an alternative to net income or other measurements under GAAP. Adjusted EBITDA is not calculated identically by all companies and, therefore, our measurements of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. See “Management’s Discussion and Analysis of Financial Condition and Results of Operation—Non-U.S. GAAP Measures—Adjusted EBITDA.”

(3) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA for a period by total revenue for the same period.



# Consolidated Balance Statement

(In Thousands)

	Year ended December 31,	Year ended December 31,	
	2020(\$)(1)	2020(¥)	2019(¥)
<b>Assets:</b>			
Current assets	20,227	2,087,224	1,378,729
Non-current assets	35,141	3,626,242	3,378,736
<b>Total Assets</b>	<b>55,368</b>	<b>5,713,466</b>	<b>4,757,465</b>
<b>Liabilities:</b>			
Current liabilities	25,706	2,652,588	2,262,689
Non-current liabilities	24,902	2,569,621	1,894,718
<b>Total Liabilities</b>	<b>50,608</b>	<b>5,222,209</b>	<b>4,157,407</b>
<b>Shareholders' Equity:</b>			
Common stock, no par value;	11,429	1,179,313	595,000
Class A common stock, no par value;	1	100	100
Treasury stock	(29)	(3,000)	(3,000)
Additional paid-in capital	9,867	1,018,146	713,267
Accumulated deficit	(16,506)	(1,703,302)	(705,309)
<b>Total Shareholders' Equity</b>	<b>4,761</b>	<b>491,257</b>	<b>600,058</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>55,368</b>	<b>5,713,466</b>	<b>4,757,465</b>

(1) Convenience translations of Japanese yen into U.S. dollars have been made at the exchange rate of ¥103.190 = US\$1.00, which was the foreign exchange rate on December 31, 2020 as reported by the Board of Governors of the Federal Reserve System. ([www.federalreserve.gov/releases/h10/](http://www.federalreserve.gov/releases/h10/))

# Consolidated Cashflow Statement

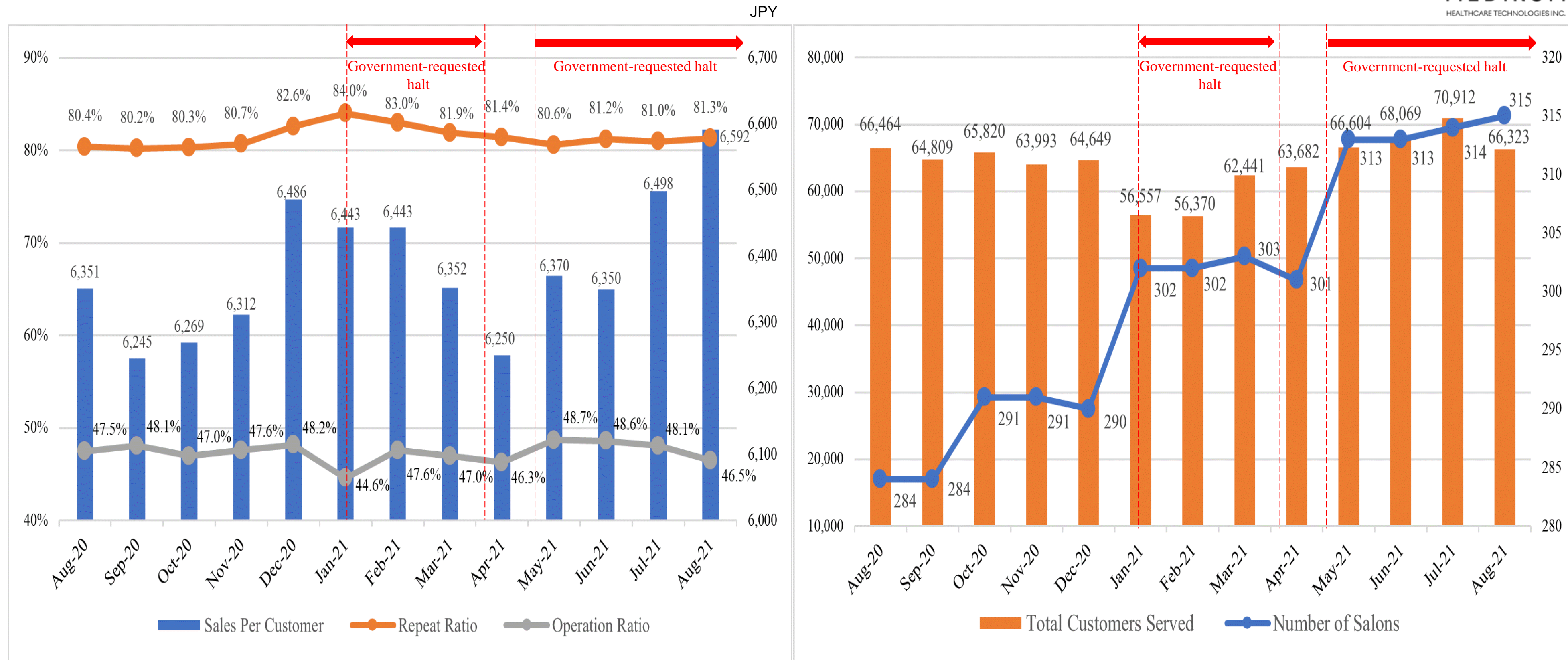
(In Thousands)

	Year ended December 31,	Year ended December 31,	
	2020(\$)(1)	2020(¥)	2019(¥)
Net (loss) income attributable to shareholders	(5,225)	(539,170)	17,335
Net cash provided by operating activities	(3,551)	(366,420)	7,870
Net cash used in investing activities	(1,353)	(139,599)	(37,931)
Net cash provided by (used in) financing activities	13,879	1,432,131	331,994
Net increase (decrease) of cash and cash equivalents during the period	8,975	926,112	301,933
Cash and cash equivalents at beginning of period	4,977	513,621	211,688
Cash and cash equivalents at end of period	13,952	1,439,733	513,621

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# KPIs Trend



- (1) Sales Per Customer: The ratio of total salon sales to number of treated customers at all salons for which comparable financial and customer data is available.
- (2) Total Customers Served: The number of customers served at salons for which comparative financial and customer data is available (excludes certain salons for which comparative data is not available).

**Disclaimer:** The information presented on this slide is based on management's accounts only and has not been reviewed or audited. This information has previously been disclosed on the investor relations page on our website, available at: <https://medirom.co.jp/en/ir>

# Key Management Team and Board



Kouji Eguchi  
Founder, CEO and Director



Fumitoshi Fujiwara  
CFO and Director



Miki Aoki  
Director and Manager of General Affairs



Tomoya Ogawa  
Outside Director



Akira Nojima  
Outside Director



# Thank You!

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