

## FY12/25 Results: Whilst Net Profit Increased, Revenue and Income from Operations Declined. Increase in Quarterly Profits are Expected for FY12/26 with the Success of the "SBC Wellness 2.0" Business Strategy

For FY12/25, total revenues were \$174 million (-15% YoY) and income from operations was \$67 million (-4% YoY), a decline in both total revenues and income from operations. However, net income attributable to owners of parent increased to \$51 million (+9% YoY), securing an increase in net income. The revision to the service fee structure implemented in April 2025 as part of the long-term growth strategy resulted in a \$24.4 million reduction in revenue and profit.

Total revenues for the Group Clinics in FY12/25 increased to \$1.163 billion (+2% YoY), driven by the expansion of the number of clinics, which in turn increased the number of customers. The average revenue per visit, which had been declining through FY12/25 Q1, turned positive YoY in FY12/25 Q4. Following a strategic minority investment in OrangeTwist in the U.S., the number of Group Clinics at the end of FY12/25 to 283 clinics (+34 YoY).

In March 2026, SBC made an announcement regarding the "SBC Wellness 2.0" business strategy, which is aimed at full-scale entry into the longevity and physical function optimization market. SBC plans to leverage its established business and customer bases to build a unique service model that comprehensively integrates "youthful appearance" and "optimization of physical function" and will roll out various services sequentially. Through the expansion of these services, the Company aims to generate high-value-added and sustainable demand, establish a pioneering position in the longevity market and finally strengthen its medium to long-term revenue base.

Although the results for FY12/25 appear to have been within market expectations, the stock price rose due to the sharp increase in Q4 revenue at the group's clinics and growing anticipation surrounding the "SBC Wellness 2.0" business strategy. Since then, following a secondary offering, the stock has been trading in the \$3.40 to \$3.80 range. With a PER of 7x, the stock still appears to be undervalued; therefore, if exchange rates stabilize and future earnings reports confirm an increase

### Stock Price and Trading Volume (Past 1 Year)



Source: Strategy Advisors.

### Key Indicators

Stock Price (4/22/26)	3.40
52-Week High (7/18/25)	5.65
52-Week Low (11/17/25)	3.04
All-Time High (9/27/24)	9.61
All-Time Low (4/2/25)	2.95
Number of Shares Issued	103
Market Capitalization (\$mn)	349
EV (\$mn)	252
Equity Ratio (FY12/25, %)	65.3
ROE (FY12/25 Actual, %)	23.0
PER (FY12/25 Actual, x)	6.8
PBR (FY12/25 Actual, x)	1.4
Yield (FY12/26 CoE, %)	-

Source: Strategy Advisors.

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in quarterly profits, a rebound in the stock price can be expected. In the medium to long term, it is anticipated that the results of the "SBC Wellness 2.0" business strategy will have a corresponding impact on the stock price.

Currently, HCA Healthcare (HCA NYSE), which boasts the highest EBITDA among listed healthcare companies worldwide, has an enterprise value of \$156.3 billion, significantly exceeding that of SBC. Although there remains a significant gap in enterprise value between the 2 companies, considering that SBC is the only listed aesthetic medicine companies group in Japan and has established itself as a leading company in the global aesthetic medicine industry, it can be said that the Company has every right to pursue its ambitious goal of becoming the world's most trusted medical group with the largest customer base by 2050.

## Consolidated

FY	Revenues (\$mn)	YoY (%)	Operating Income (\$mn)	YoY (%)	PBT (\$mn)	YoY (%)	NP (\$mn)	YoY (%)	EPS (\$)	DPS (\$)
12/22	174	-	21	-	24	-	6	-	0.06	
12/23	194	11.1	71	231.0	74	210.8	39	523.4	0.42	-
12/24	205	6.1	70	-0.5	73	-0.2	47	18.4	0.48	-
12/25	174	-15.5	67	-4.0	82	11.7	51	9.4	0.50	-

Source: Company Data. Compiled by Strategy Advisors.

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## 1. FY12/25 Results

### FY12/25 Results Show Decline in Revenue and Income from Operations

SBC Medical Group Holdings announced its FY12/25 financial results on March 27. Total revenues were \$174 million (-15% YoY), gross profit was \$127 million (-18% YoY), income from operations was \$67 million (-4% YoY) and net income attributable to owners of parent was \$51 million (+9% YoY).

**Figure 1. SBC: FY12/25 Financial Summary**

(\$mn)	12/25	YoY	12/24
<b>Total Revenues</b>	<b>174</b>	<b>-15%</b>	<b>205</b>
Franchise Revenue	46	-25%	61
Procurement Services	56	2%	55
Management Services	30	-44%	53
Rental Services	23	43%	16
Other	19	-7%	20
Cost of Revenues	46	-6%	49
<b>Gross Profit</b>	<b>127</b>	<b>-18%</b>	<b>156</b>
Gross Profit Margin	73.3%	-	76.0%
Operating Expenses	60	-30%	86
Salaries and Welfare	26	-1%	27
Depreciation and Amortization Expenses	2	-23%	2
Consulting and Professional Service Fees	17	17%	15
Office, Utility and Other Expenses	7	11%	7
Other	7	-80%	36
<b>Income from Operations</b>	<b>67</b>	<b>-4%</b>	<b>70</b>
Total Other Income/Expenses	15	363%	3
<b>Income before Income Taxes</b>	<b>82</b>	<b>12%</b>	<b>73</b>
<b>Net Income Attributable to Owners of Parent</b>	<b>51</b>	<b>9%</b>	<b>47</b>
EBITDA	70	-21%	89
EBITDA Margin	40%	-	43%
Depreciation and Amortization	3	-29%	4
Impairment Loss	-	-	15

Note: EBITDA = Income from operations + Depreciation and amortization expense+ Impairment loss

Source: Company Data. Compiled by Strategy Advisors.

### The Discontinuation of Staffing Services and Revisions to the Service Fee Structure Were the Primary Causes of the Revenue Decline

Total revenues decreased by \$31 million YoY. Excluding the discontinuation of staffing services (-\$12 million YoY) and the impact of the sale of SBC Kijimadaira Resort Inc., and Skynet Academy Co., Ltd. at the end of December 2024 (-\$5.1 million); total revenues, excluding the impact of foreign exchange fluctuations, decreased by \$16.8 million YoY. The exchange rate shifted from USD/JPY ¥151.4 in FY12/24 to USD/JPY ¥149.6 in FY12/25, reflecting a stronger yen and weaker dollar. As a result, foreign exchange effects contributed to a \$2.1 million increase in total revenues.

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Additionally, the revision of the service fee structure implemented in April 2025 resulted in a \$24.4 million decrease in total revenues. It is estimated that just under 70% of this decrease relates to franchise revenue and just over 30% to management services. The remaining factors contributing to the increase and decrease in total revenues will be discussed later in the explanation of total revenues by business segment.

## Revision to the Service Fee Structure to Expand and Stabilize the Business Foundation

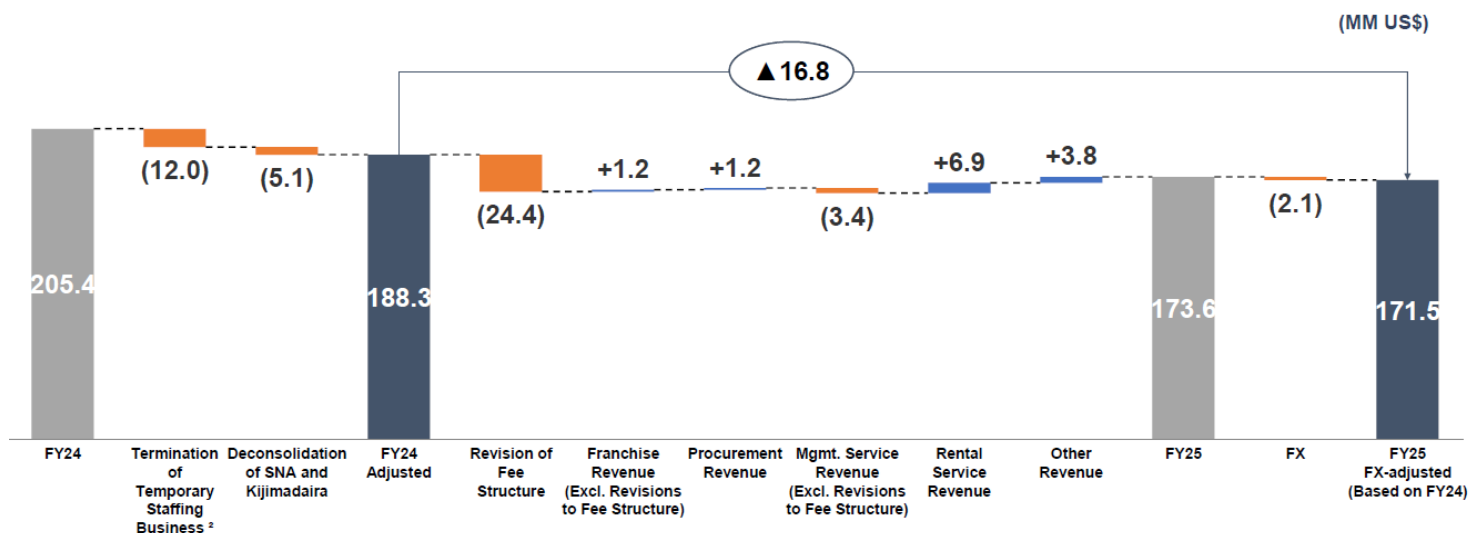
As part of its long-term growth strategy, SBC changed its service fee structure from a flat-rate system to a tiered system based on the scale of various consulting services utilized and revenue levels. Additionally, the Company introduced a new fee reduction program for clinics in their first year of operation.

The aim is to create an environment that makes it easier for clinics supported by SBC to open new clinics, thereby further expanding and stabilizing the business foundation. It is estimated that the burden of service fees has been significantly reduced for small clinics.

## Total Revenues by Business Segment Consist of Total Revenues from Various Services Provided to Clinics

SBC's total revenues by business segment consist of franchise revenue (royalty income, etc., fixed income), procurement services (resale of medical supplies, advertising and marketing; recorded net after deducting the cost of revenues; variable income linked to usage volume), management services (consulting and royalty program operations; fixed and variable income), rental services (rental of medical equipment, etc.; recorded gross including the cost of revenues; variable income) and Other (subsidiary sales, etc.). Revenue other than that classified as "Other" is derived from clinics supported by SBC.

Figure 2. Revenue Bridge Analysis (\$mn)



Source: Company Data.

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## Franchise revenue and Management Services Total Revenues Declined Significantly

Franchise revenue totaled \$46 million (-25% YoY). The revision of the service fee structure was the primary cause of the decline. Excluding the impact of the service fee revision, franchise revenue increased by \$1.2 million YoY due to factors such as an increase in the number of clinics supported by SBC.

Management services total revenues were \$30 million (-44% YoY). The breakdown of the revenue decline is as follows: 1) a \$12 million decrease YoY due to the termination of staffing services for clinic operations staff, 2) a \$3.4 million decrease in existing business (excluding the impact of the service fee structure revision), driven by factors such as increased revenue deductions resulting from higher point usage at clinics and 3) a decrease in consulting revenue and other items due to the service fee structure revision. SBC has been entrusted with the operation of a loyalty program by the clinics it supports, but in FY12/25, it appears to have been affected by a temporary surge in the number of points used by customers at clinics.

## Other Total Revenues Also Declined

Other total revenues amounted to \$19 million (-7% YoY). Although total revenues from the directly operated clinics managed by Aesthetic Healthcare Holdings (AHH), acquired in November 2024, contributed throughout the year, this was offset by the impact of the sale of two consolidated subsidiaries at the end of December 2024.

## Rental Services Revenue Saw a Significant Increase

Rental services revenue reached \$23 million (+43% YoY), driven by strong demand for the rental of hair removal laser equipment for aesthetic dermatology clinics and an increase in the number of clinics supported by SBC.

## Procurement Services Saw a Slight Increase

Procurement services' total revenues remained largely flat on a yen basis, but due to the impact of the stronger yen and weaker dollar, they reached \$56 million (+2% YoY).

## The Gross Profit Margin Declined Due to Revisions to the Service Fee Structure

The cost of revenues amounted to \$46 million (-6% YoY), as the reduction in costs resulting from business restructuring (termination of high-cost staffing services and the sale of two consolidated subsidiaries) exceeded the increase in costs due to factors such as the expansion of rental services. On the other hand, the impact of the revision to the service fee structure and the rise in the proportion of rental services, which has a relatively low profit margin, outweighed the impact of business restructuring; and the sales mix deteriorated, causing the gross profit margin to decline from 76% in the previous period to 73.3%.

## Operating Expenses Decreased by 30%

Regarding operating expenses (SG&A), although consulting and professional service fees, office, utility and other expenses increased, the elimination of \$13 million in stock-based compensation expenses incurred in the previous period in connection with the IPO and a \$15.1 million impairment loss on intangible assets resulted in operating expenses of \$60 million (-30% YoY).

## Income From Operations Decreased by 4%

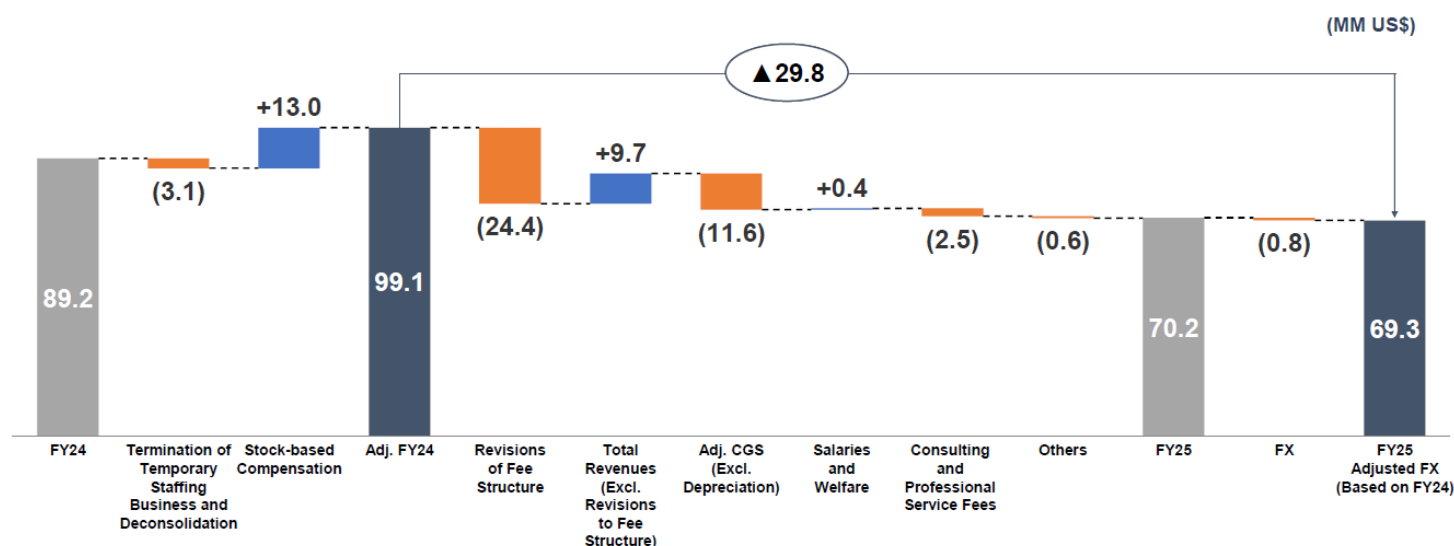
Since the decrease in gross profit exceeded the decrease in operating expenses, income from operations was \$67 million (-4% YoY).

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## EBITDA Decreased by 21%

EBITDA, calculated by adding depreciation and amortization expense and impairment loss to income from operations, decreased to \$70 million (-21% YoY). The primary factors contributing to this decline include reduced profits resulting from revisions to the service fee structure, increased consulting and professional service fees, and a decrease in gross profit excluding the impact of those revisions. The rate of decline was greater than that of the income from operations because the impairment loss recognized in FY12/24 was no longer included.

Figure 3. EBITDA Bridge Analysis (\$mn)



Source: Company Data.

## Insurance Gains of \$9 Million Recorded in Other Income

Regarding other income, While the \$4 million gain on the sale of a subsidiary recorded in the previous period was excluded, items such as a \$9 million insurance gain associated with the maturity of life insurance policies were included. The amount obtained by deducting other expenses from other income increased from \$3 million to \$15 million YoY. As a result, income from operations decreased by 4% YoY, while income before income taxes increased by 12% YoY.

## Slight Increase in Effective Tax Rate

Following the Company's 2024 IPO, compensation for certain executives began to be paid by the U.S. subsidiary, meaning amounts exceeding a certain threshold could no longer be recognized as deductible expenses (for tax purposes). Additionally, there was a discrepancy between U.S. and Japanese accounting standards regarding the recognition of revenue from the sale of aircraft conducted in Q2, resulting in corporate income tax being levied on transactions not recognized as profit. Due to these two factors, the effective tax rate for FY12/25 rose from 36.4% to 37.8% YoY. Consequently, net income attributable to owners of parent increased by 9% YoY, slightly underperforming the growth rate of income before income taxes.

## 2. FY12/25 Q4 Results

**FY12/25 Q4 Results:  
Declining Revenue, But  
Significant Increase in  
Income from Operations**

For FY12/25 Q4, total revenues were \$40 million (-11% YoY), gross profit was \$29 million (-15% YoY), income from operations was \$13 million (+172% YoY) and net income attributable to owners of parent was \$14 million (+117% YoY).

**Figure 4. SBC: FY12/25 Q4 Financial Results Summary**

(\$mn)	FY12/25 Q4	YoY	FY12/24 Q4
<b>Total Revenues</b>	<b>40</b>	<b>-11%</b>	<b>44</b>
Franchise Revenue	10	-34%	16
Procurement Services	13	19%	11
Management Services	6	-27%	9
Rental Services	4	-13%	5
Other	6	29%	5
Cost of Revenues	11	1%	11
<b>Gross Profit</b>	<b>29</b>	<b>-15%</b>	<b>34</b>
Gross Profit Margin	73.1%	-	76.3%
Operating Expenses	16	-45%	29
Salaries and Welfare	7	19%	6
Depreciation and Amortization Expenses	0	-73%	0
Consulting and Professional Service Fees	5	27%	4
Office, Utility and Other Expenses	2	23%	2
Other	2	-89%	17
<b>Income from Operations</b>	<b>13</b>	<b>172%</b>	<b>5</b>
Total Other Income/Expenses	6	326%	1
<b>Income before Income Taxes</b>	<b>19</b>	<b>206%</b>	<b>6</b>
<b>Net Income Attributable to Owners of Parent</b>	<b>14</b>	<b>117%</b>	<b>7</b>
EBITDA	14	-35%	21
EBITDA Margin	34%	-	47%
Depreciation and Amortization	1	-28%	1
Impairment Loss	-	-	15

Note: EBITDA = Income from operations + Depreciation and amortization expense + Impairment loss

Source: Company Data. Compiled by Strategy Advisors.

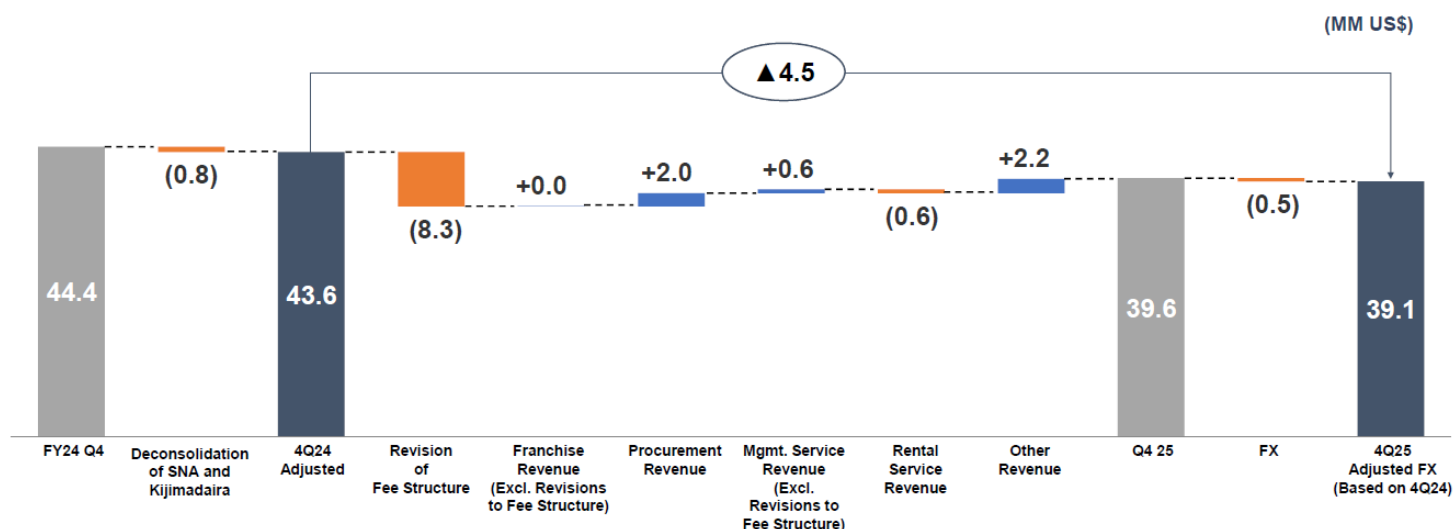
**Revisions to the Service Fee  
Structure Were the Primary  
Cause of the Significant  
Revenue Decline**

Total revenues decreased by \$5 million YoY. Excluding the revenue decline resulting from business restructuring, specifically the impact of the sale of SBC Kijimadaira Resort Inc. and Skynet Academy Co., Ltd. at the end of December 2024 (-\$0.8 million YoY), total revenues, adjusted for foreign exchange fluctuations, decreased by \$4.5 million YoY. While foreign exchange effects contributed \$0.5 million and procurement services contributed \$2 million to revenue growth, the impact of the revision to the service fee structure resulted in an \$8.3 million decrease and rental services decreased by \$0.6 million, which were the primary causes of the significant revenue decline.

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Compared to the previous quarter, although other revenue and franchise revenue increased slightly, revenue decreased by 9% due to a decline in variable revenue from management services and rental services.

**Figure 5. Revenue Bridge Analysis (Qtly, \$mn)**



Source: Company Data.

## Franchise revenue, Management Services Revenue, and Rental Services Saw a Significant Decline

Regarding total revenues by business segment, franchise revenue amounted to \$10 million (-34% YoY) due to a revision of the service fee structure.

Management services revenue was \$6 million (-27% YoY). Excluding the impact of the revision to the service fee structure, existing business increased by \$0.6 million YoY; however, consulting revenue and other items decreased significantly due to the revision to the service fee structure.

Rental services revenue was \$4 million (-13% YoY) as the rental of hair removal laser equipment for aesthetic dermatology clinics, which had been expanding rapidly, entered a period of adjustment.

## Procurement Services and Other Categories Showed Significant Growth

Meanwhile, procurement services revenue reached \$13 million (+19% YoY) due to an increase in advertising and marketing revenue. Other total revenues amounted to \$6 million (+29% YoY), driven by the contribution of AHH (acquired in November 2024) throughout the quarter, despite a \$0.8 million decrease resulting from the sale of two consolidated subsidiaries at the end of December 2024.

## The Gross Profit Margin Declined

Cost of revenue was \$11 million (+1% YoY). Gross profit was \$29 million (-15% YoY) due to the decline in total revenues. The gross profit margin decreased from 76.3% in the same period of the previous year to 73.1%, primarily due to a significant decline in high-margin franchise revenue.

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## Operating Expenses Decreased by 45%

Operating expenses totaled \$16 million (-45% YoY) as the impairment loss on intangible assets (\$15.1 million) recorded in the same period of the previous year was no longer recognized.

## Income From Operations Increased by 172%

Since the decrease in operating expenses exceeded the decrease in gross profit, income from operations was \$13 million (+172% YoY). Compared to the previous quarter, Q4's income from operations decreased from \$16 million in Q3 due to factors such as a decline in gross profit resulting from lower management services and rental services revenues, as well as a slight increase in operating expenses.

## Quarterly Income from Operations is Expected to Return to a Growth Trajectory Starting in Q2 FY12/26

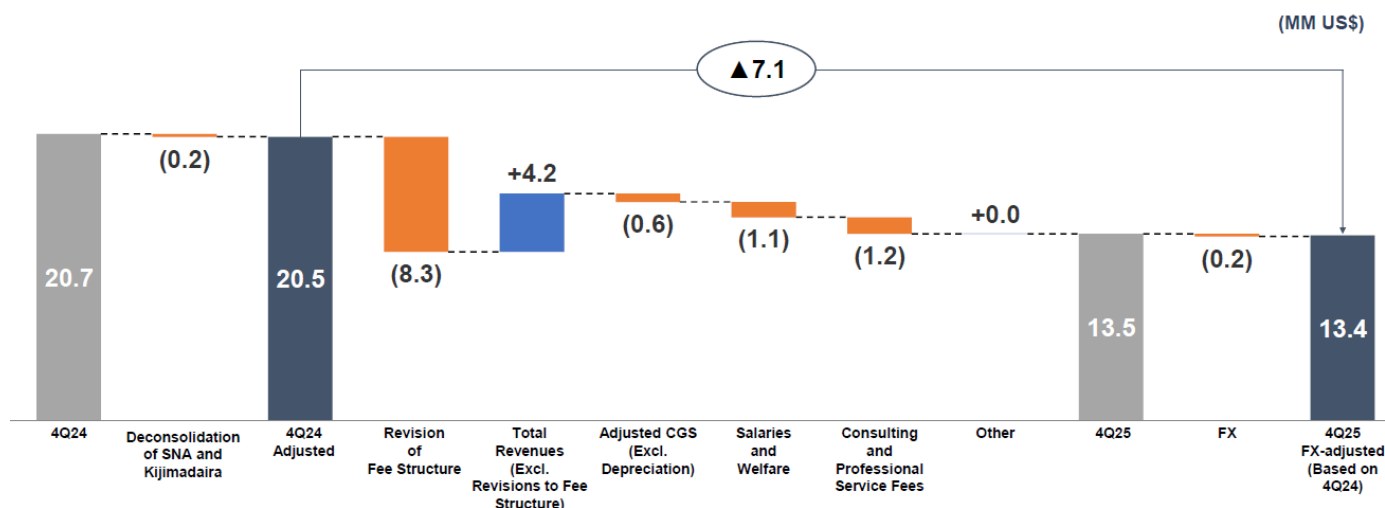
Although Q4's income from operations decreased only slightly to \$13 million from Q3 to \$16 million, it represents a significant increase from the \$5 million recorded in FY12/24 Q4; our assessment that quarterly income from operations has bottomed out remains unchanged.

For FY12/26, while there are concerns about the negative impact of the current weak yen and strong dollar on dollar-denominated earnings, Making Waqoo a Consolidated Subsidiary (4937 TSE Growth) as described later is expected to contribute to SBC's consolidated results starting from FY12/26 Q2. Thereafter, as the number of group clinics is expected to increase and demand from clinics supported by SBC is expected to rise, quarterly income from operations from FY12/26 Q2 onward is expected to return to a growth trajectory compared to the previous quarter.

## EBITDA Declined by 35%

EBITDA for FY12/25 Q4 was \$14 million (-35% YoY). The main factors contributing to the decline in profit included a reduction in revenue resulting from revisions to the service fee structure (-\$8.3 million YoY), an increase in consulting and professional service fees (-\$1.2 million YoY) and an increase in salaries and welfare (-\$1.1 million YoY). While income from operations increased, EBITDA decreased because the impairment loss recorded in FY12/24 Q4 was no longer recognized.

Figure 6. EBITDA Bridge Analysis (Qtly, \$mn)



Source: Company Data.

## 3. Status of Group Clinic for SBC

SBC discloses key metrics for the group clinics it serves (including clinics supported by SBC, directly operated clinics and clinics operated by equity-method affiliates), such as the number of clinics, repeat rate, total revenues, annual customer count/unique customer count, average revenue per visit and revenue mix.

### JUN CLINIC Joins the Group

In July 2025, SBC acquired shares in MB Career Lounge, Inc. (hereinafter "MB"), a provider of management services for medical institutions, and consequently added JUN CLINIC, operated by the Medical Corporation Misakikai with support from MB to the group. JUN CLINIC operates aesthetic dermatology and aesthetic surgery clinics at six locations, including Shirokane, Ginza, Tama-Plaza, Yokohama and Nagano. By utilizing the VISIA skin imaging diagnostic system, the clinics provide comprehensive treatments customized to each customer's skin condition.

### The Number of Group Clinics Increased by 34 YoY

In addition to the inclusion of JUN CLINIC and new clinic openings, 24 clinics operated by OrangeTwist (discussed later) were added to the group. As a result, the number of group clinics (the total of clinics supported by SBC and directly operated clinics) at the end of FY12/25 was 283, an increase of 34 clinics compared to the end of the previous fiscal year.

### Repeat Rate Rises to 72%

The repeat rate, which represents the percentage of all past customers who have visited two or more times to the Group Clinics (covering the SBC brand, Gorilla Clinic, Rize Clinic, AHH, and JUN CLINIC), rose slightly to 72% for FY12/25 (+1% YoY).

### Annual Customer Count Continues to Grow Steadily

The annual number of customers in 2025 (covering the SBC brand, Rize Clinic, Gorilla Clinic, AHH, and JUN CLINIC, excluding free consultations) was 6.63 million (+12% YoY). Of these, the number of unique customers were 2.1 million (+10% YoY). Note that the unique visitor Figures for AHH and JUN CLINIC are estimates derived by applying the ratio of unique visitors to annual customer numbers used for the SBC brand, Rize Clinic and Gorilla Clinic.

### Average Revenue Per Visit Began to Rise YoY in Q4

Meanwhile, the average revenue per visit to group clinics for FY12/25 Q4 was \$316 (+11% YoY). Average revenue per visit had been declining YoY through Q3 but turned upward in Q4. It should be noted that there is a significant disparity between the average revenue per visit for aesthetic surgery (\$1,650) and that for aesthetic dermatology (\$230).

### Average Revenue Per Visit Declined Through Q1 FY12/25

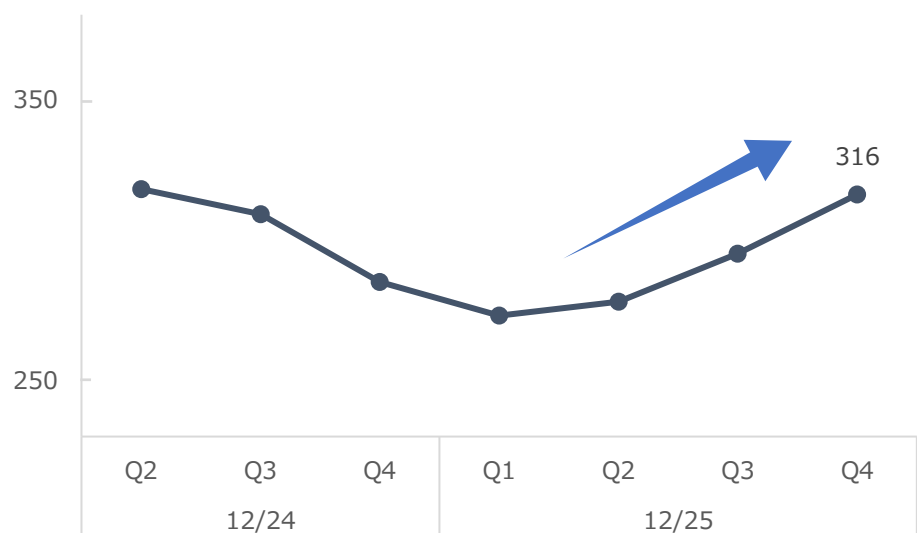
From FY12/24 Q1 to FY12/25 Q1, the average revenue per visit declined significantly. This was due to a decrease in the proportion of relatively high-priced aesthetic surgery services, coupled with a sharp rise in the proportion of relatively low-priced aesthetic dermatology services (particularly partial hair removal treatments, which have especially low prices).

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## Average Revenue Per Visit Has Risen Since FY12/25 Q2

Subsequently, average revenue per visit, which bottomed out at \$275 in FY12/25 Q1, began to rise starting in FY12/25 Q2. The increase in average revenue per visit from FY12/25 Q2 onward was driven by: 1) the discontinuation of certain low-priced services and the review and resolution of the effects of excessive promotional campaigns (Shonan Beauty Clinic/SBC, Rize Clinic, Gorilla Clinic), 2) price increases for hair removal treatments (Gorilla Clinic), 3) the opening (April 2025) and growth in total revenues for NEO Skin Clinic, which offers high-priced services such as advanced laser treatments and 4) the addition of six JUN CLINIC locations to the group (July 2025), which specialize in high-priced services such as customized laser treatments.

**Figure 7. Trends in Average Revenue per Visit at Group Clinics (USD)**



Source: Company Data.

## The Rise in the Proportion of Non-Surgical Treatments Reflects Structural Industry Changes

While the proportion of non-surgical treatments, which include aesthetic dermatology, is rising, the proportion of surgical treatments, which are primarily aesthetic surgery, is declining. This trend is common not only at SBC but also across the Japanese market and overseas markets such as the United States. Amid the global expansion of the aesthetic medicine market, the shift toward non-surgical treatments, which are non-invasive and do not cause physical injury, is considered a structural industry change; however, at SBC, there is still room for growth in average revenue per visit due to the Company's focus on high-revenue clinics.

## Group Clinic Total Revenues Increased by 2%

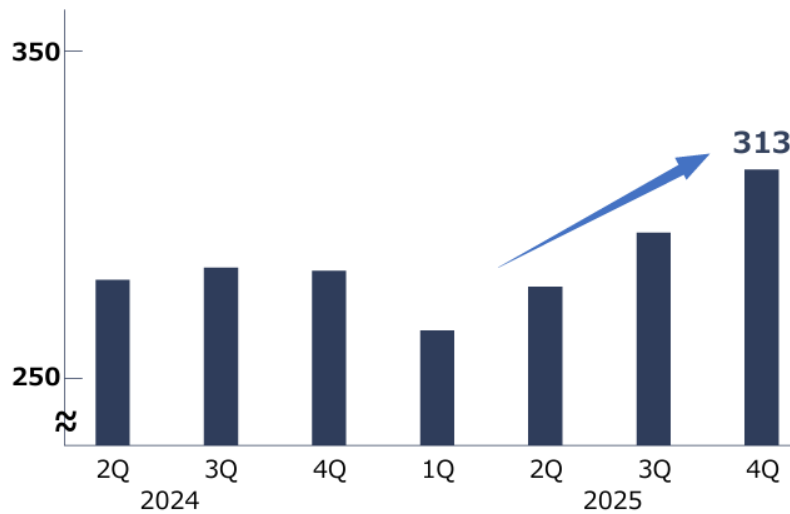
Group clinic total revenues for FY12/25 (covering the SBC brand, Rize Clinic, Gorilla Clinic, AHH, and JUN CLINIC, excluding free consultations) were \$1.163 billion (+2% YoY). Revenue from existing clinics was \$1,062 million (-2% YoY). Overall revenue increased YoY due to the impact of new clinic openings and the contribution of JUN CLINIC, which joined the group in July. The decline in revenue from existing clinics was because the increase in the number of customers could not offset the decline in average revenue per visit. Exchange rates were ¥149.6/USD and ¥114.5/SGD.

Furthermore, since total revenues from existing clinics decreased by 3% YoY for the first 3 quarters, it is estimated that Q4 total revenues turned slightly positive YoY.

Furthermore, Group Clinic total revenues in Q4 were \$313 million, significantly exceeding both the same period last year and the Q3 Figures for FY12/25. This substantial increase was driven by both an increase in the number of customers and a turnaround in the average revenue per visit compared to the same period last year. Compared to Q3, the increase was attributed to the rise in average revenue per visit, as well as seasonal factors associated with the year-end peak season.

## Group Clinic Total Revenues Increased Significantly in Q4

**Figure 8. Trends in Clinic Total Revenue (\$mn)**



Source: Company Data.

The total revenues by medical department and region for the group clinics for FY12/25 (covering the SBC brand, Rize Clinic, Gorilla Clinic, AHH, and JUN CLINIC) and the YoY change are shown in Figure 9. Due to: 1) a shift in demand from aesthetic surgery to aesthetic dermatology, 2) the opening of new aesthetic dermatology clinics supported by the Company and 3) the integration of JUN CLINIC into the group, the share of total revenues for aesthetic dermatology increased by 3ppt. YoY. In addition, the total revenues for the medical sector (general medical care other than aesthetic surgery and aesthetic dermatology) also rose by 1ppt. YoY due to the opening of the SBC Orthopedic Clinic Yokohama Ekimae Branch and the Roppongi Ladies Clinic Ikebukuro Branch.

SBC has built a network of group clinics centered on "Shonan Beauty Clinic/SBC", a comprehensive aesthetic medicine clinic catering to patients ranging from entry-level to mass-market and expert-level segments. However, in light of the recent rise in the proportion of non-surgical treatments within the aesthetic medicine sector, the Company has announced a policy to promote a multi-brand strategy centered on specialized aesthetic dermatology clinics

## Total Revenues of Aesthetic Dermatology Increase

## Promoting a Multi-Brand Strategy Targeting Specific Customer Segments

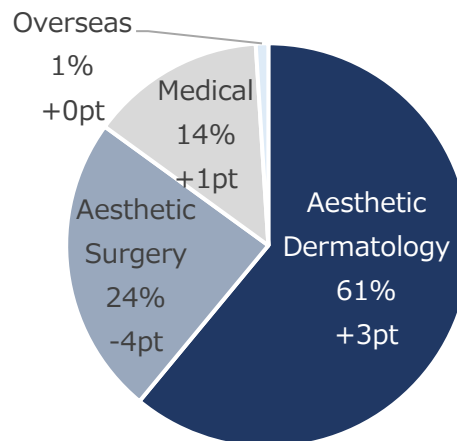
focused primarily on non-surgical treatments as part of its growth strategy.

In April 2025, the Company launched "NEO Skin Clinic" a new type of aesthetic dermatology clinic targeting the expert segment (average revenue per visit in June was \$308). Total revenues at NEO Skin Clinic have surged since it's opening in April from \$357,000 to \$633,000 by December.

JUN CLINIC, which joined the group in July and targets the mass market to expert segment, recorded an average revenue per visit of \$351 from January to March 2025. The total revenues of the six JUN CLINIC locations also expanded from \$1.3 million in July to \$1.5 million in December, indicating steady growth. SBC plans to expand the number of NEO Skin Clinic and JUN CLINIC locations through new openings and the conversion of existing clinics.

Additionally, SBC has launched a new brand, "Hada no Aozora Clinic" which operates as a hybrid dermatology model offering both insurance-covered and self-pay services targeting the entry-level market and opened its first clinic in Nakano on October 1, 2025.

**Figure 9. Revenue Distribution by Department & Region and YoY Changes for Total Revenues**



Source: Company Data.

## 4. Recent Topics

### 1) Strategic Investment in OrangeTwist, a Leading U.S. MedSpa Platform

**Added 24 Locations Operated by OrangeTwist, a Major U.S. MedSpa Platform, to the Group Clinics**

In December 2025, SBC made a strategic minority investment (18.2% stake, accounted for using the equity method) in OrangeTwist, a major U.S. MedSpa platform, and added the 24 locations operated by OrangeTwist across six U.S. states to the Group Clinics. A MedSpa is a facility that combines medical care with relaxation, offering non-invasive treatments such as Botox injections, laser therapy and IV drips.

**Accelerating Business Expansion in the U.S.**

In November 2024, SBC acquired AHH in Singapore and began expanding its business in that country. In November 2025, it entered into a consulting agreement with BLEZ ASIA Co., Ltd., which operates pharmacy and clinic businesses in Thailand. SBC positions business expansion in Southeast Asia and the U.S. as the core of its long-term growth strategy and this partnership with OrangeTwist has accelerated its expansion in the U.S.

### 2) Making Waqoo a Consolidated Subsidiary

**Making Waqoo a Consolidated Subsidiary**

SBC Medical Group, a subsidiary of SBC Medical Group Holdings, made Waqoo, which provides blood-derived processing services and handles the planning and sales of skincare and cosmetic brands, a consolidated subsidiary (54.3% ownership) through a tender offer and other measures conducted from November to December 2025. Through the acquisition of Waqoo, SBC has strengthened its ability to provide comprehensive solutions to its group clinics.

Waqoo cites the following 8 points as the synergies expected from becoming a subsidiary of SBC Medical Group:

- 1) Collaboration in product planning and development
- 2) Expansion of sales channels and cross-channel strategies
- 3) Strengthening of medical support services and expansion of the network of partner clinics
- 4) Improved profitability through collaboration in marketing efficiency and customer relationship management (CRM)
- 5) Joint research and product/service menu development in the fields of regenerative medicine and future technologies
- 6) Expansion of sales channels leveraging the SBC Group's clinic network
- 7) Joint research and development of unapproved pharmaceuticals and medical devices
- 8) Enhancement of cost competitiveness

Meanwhile, SBC cites the strategic significance of making Waqoo a subsidiary as strengthening clinical services such as hair loss treatment (AGA) and orthopedics, jointly developing skincare products, and securing a technological foundation for global expansion.

Waqoo's announced corporate plan for FY9/26 projects total revenues of ¥2.345 billion (+20% YoY), income from operations of ¥304 million (+102% YoY) and net income attributable to parent company shareholders of ¥184 million (+319% YoY); however, this plan does not factor in synergies with SBC.

### 3) Announcement of the "SBC Wellness 2.0" Business Strategy

On March 24, 2026, SBC made an announcement regarding the "SBC Wellness 2.0" business strategy, which is aimed at full-scale entry into the longevity (optimization of longevity and physical function) market, which is rapidly gaining attention in the U.S. and elsewhere. The longevity market consists of the measurement and wearable technology sectors, areas SBC has not previously engaged in, as well as the anti-aging sector (cell repair, regenerative medicine and AGA, among others), the functional improvement sector (joint and skeletal maintenance, dentistry and ophthalmology, among others), and the aesthetic medicine sector, which is the main focus of the Company's group clinics. In other words, for SBC, the longevity market is positioned as a growth area that extends from its core business.

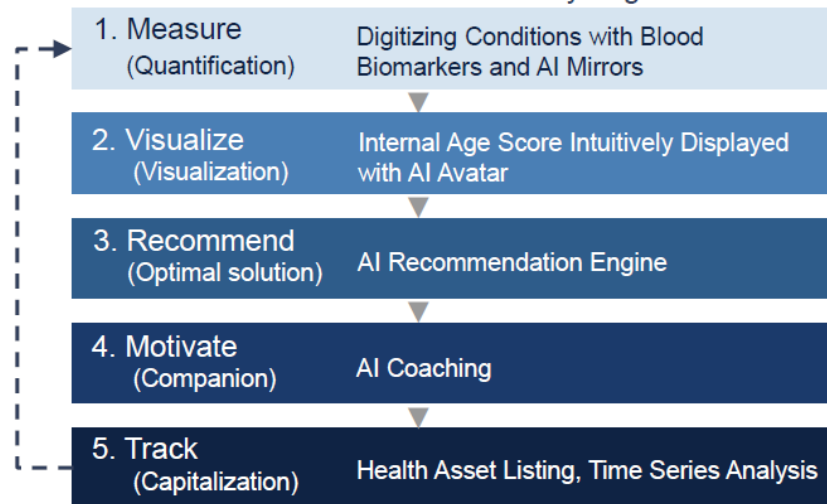
According to market research firm Report Ocean, the global longevity market is projected to expand from approximately \$800 billion in 2025 to about \$2 trillion by 2035. Within this, the domestic market stands at \$34 billion (of which \$4 billion is aesthetic medicine) and is still in its infancy, with no clear market leader currently in place.

SBC plans to leverage its established business and customer bases to build a unique service model that comprehensively integrates "youthful appearance" and "optimization of physical function" and will roll out various services sequentially. Through the expansion of these services, the Company aims to generate high-value-added and sustained demand, establish a pioneering position in the longevity market and strengthen its medium to long-term revenue base.

#### Announcement of the "SBC Wellness 2.0" Business Strategy

#### Aiming to Become a Leader in the Longevity Market

**Figure 10. SBC Wellness 2.0: Service Overview**



Source: Company Data.

SBC Wellness 2.0 is a service that falls under the new category of "performance medicine" (a medical approach focused not only on treating diseases but also on optimizing an individual's health to the highest possible level), with prevention, physical enhancement and optimization as its core pillars. An overview of the service is shown in Figure 10.

## Rolling Out the Service Via a B2B Model

To minimize marketing costs and rapidly capture market share, SBC plans to roll out this service primarily through a B2B model, providing it as an employee benefits package to corporate clients, rather than a B2C model that targets individual customers directly. Furthermore, by establishing a hybrid revenue structure that combines stable subscription revenue with high-value-added revenue from individualized medical services, the Company aims to achieve high retention rates and maximize LTV (lifetime value), thereby pursuing sustainable and scalable business growth.

## Four Competitive Advantages

SBC identifies the following as its competitive advantages in the longevity market: 1) the accumulation of clinical data on a cumulative annual scale of 6.5 million people through a network of 283 clinics in Japan and overseas, 2) the ability to simultaneously address both "Appearance" (youthful looks) and "Biology" (optimization of bodily functions) by leveraging a medical infrastructure that spans from aesthetic medicine to insurance-covered treatments, 3) expertise in hospitality and user experience (UX) design cultivated through the operation of luxury clinics and other facilities and 4) high convenience and ease of retention for users, as services are delivered through a nationwide clinic network.

## Four Growth Strategies

The growth strategies underpinning SBC Wellness 2.0 include: 1) accelerating the multi-brand strategy in the dermatology sector, 2) expanding the general medical business, 3) global business expansion and 4) strengthening competitiveness and reforming cost structures using AI.

# SBC Medical Group Holdings | SBC (NASDAQ)

## Accelerating the Multi-Brand Strategy in the Dermatology Sector

In the dermatology sector, the Company aims to maximize market share by expanding growth potential through brand development tailored to specific customer segments. Additionally, it is working to improve LTV by leveraging cross-brand patient referrals, capitalizing on the strength of operating a group-wide loyalty program across all clinics. Furthermore, the Company is exploring ways to expand the Business Model of "NEO Skin Clinic", which has seen steady increase in total revenues by capturing the needs of customers with a high interest in aesthetics, into overseas markets.

## Expansion of General Medical Services

SBC plans to apply the expertise cultivated in the aesthetic medicine sector, including clinic standardization, advanced marketing capabilities and the integration of private and insurance-based medical services, to its general medical business, pursuing portfolio diversification and sustainable growth. In addition to operating one of Japan's largest networks (34 clinics) for androgenetic alopecia (AGA) treatment, the Company has already established a network covering various medical specialties in the general healthcare sector, including rehabilitation and orthopedics, dentistry, ophthalmology and infertility treatment and gynecology, where demand is expected to rise due to an aging population. The company plans to further expand this network through new clinic openings and M&A.

## Global Business Expansion

SBC has expanded its overseas business in the aesthetic medicine sector through the following steps: 1) partnering with reliable local partners, 2) exploring and identifying winning strategies in each country, and 3) horizontal expansion of its business model. However, the Company has shifted its strategy to pursue global expansion with a view to entering the growing longevity sector.

## Aiming for Business Expansion in the U.S. & Southeast Asia

In the United States, where OrangeTwist has been integrated into the group, the Company is focusing on capturing longevity needs and aims to export its longevity and MedSpa businesses to Japan and Asia in the future.

In Southeast Asia, where operations are centered on Singapore and Thailand, the Company is exploring ways to expand its B2B business targeting local clinics, primarily through the sale of medical supplies, by leveraging the strengths of Japanese brands.

## Strengthening Competitiveness and Reforming Cost Structures Through AI

SBC plans to move away from its traditional "labor-intensive" management model and work toward implementing an "automated management infrastructure" where AI handles both decision-making and operations. Specifically, the Company aims to convert its vast proprietary clinical and management data into AI training resources and develop AI products for use in headquarters, call centers and clinics, thereby building barriers to entry that competitors cannot easily replicate. Strategy Advisors is also focusing on whether the expansive database held by SBC could become a key factor in increasing the difficulty of imitation for the Company.

Furthermore, SBC explains that the use of AI aims not only to improve SBC's profit margins by reducing the number of employees but also to increase total revenues and improve profitability at the clinics supported by SBC. From this perspective, the promotion of AI utilization can be viewed as a measure to

strengthen the win-win relationship with the clinics supported by SBC, following the revision of the service fee structure.

## 4) CEO Aikawa Sells Shares

CEO Aikawa, a major shareholder, sold 3,100,000 shares of SBC stock on April 21, 2026. As a result, the number of shares effectively held by CEO Aikawa decreased from 87,404,460 shares (85.2% ownership) to 84,304,460 shares (82.2% ownership). In addition, CEO Aikawa has granted the underwriter an option to purchase up to 465,000 shares of SBC stock held by him within 45 days of April 21. If the underwriter exercises all of its additional share purchase options, the number of shares effectively held by CEO Aikawa is expected to decrease to 83,839,460 shares (81.7%).

As a result, this transaction is expected to improve the liquidity of SBC shares, which had been at a low level. Furthermore, since this transaction does not involve the issuance of new shares, there will be no dilution of shares held by existing shareholders.

## 5. Stock Price Trends and Valuations

### 1) Stock Price Trends

SBC listed on the NASDAQ on September 18, 2024. The stock price, which rose to \$9.61 on September 27, immediately after the listing, subsequently trended downward, hitting a low of \$2.95 on April 2, 2025. This is believed to have been influenced by the YoY decline in income from operations reported in the FY12/24 Q3 earnings and FY12/24 Q4 earnings.

In FY12/25 Q1, although income from operations was down 1% YoY, it was 5.1x higher QoQ, confirming that profits had bottomed out. At the same time, SBC announced that it would begin a share buyback program of up to \$5 million starting May 20. Subsequently, the market reacted positively to the share buyback and the bottoming out of earnings, and the stock price, which had been trading in the mid-\$3 range, began to find support.

SBC stock was newly included in the Russell 3000 Index, comprising the top 3,000 U.S. listed stocks by market capitalization, on June 30. Backed by the share buyback and investments from index funds and other sources, the stock rose to \$5.65 on July 18.

Subsequently, partly due to the conclusion of the share buyback program, the stock price fell below \$5 in late July. The stock price fell temporarily below \$4 following the release of the disappointing FY12/25 Q2 earnings report on August 13. The stock subsequently recovered and moved into a \$4-\$5 range, but as the yen weakened against the dollar starting in late October, concerns grew about SBC's revenue structure, which relies heavily on yen-denominated revenue and the stock price fell below \$4 again.

**After a Downward Trend in 2024, the Stock Price Has Stabilized at Lower Levels Since April 2025**

**The Stock Price Rose Through Mid-July**

**The Stock Price Fell Due to Weak Q2 FY12/25 Results & the Weakened Yen**

# SBC Medical Group Holdings | SBC (NASDAQ)

## If Future Earnings Reports Confirm an Increase in Quarterly Profits, Further Stock Price Gains Are Expected

Although the FY12/25 Q3 results showed an increase in income from operations compared to the previous quarter, the margin of increase was modest, causing the stock price to fall to \$3.04 on November 17. However, the stock price rebounded following the Q3 earnings briefing, where management discussed new business developments in Thailand and the tender offer for Waqoo.

The FY12/25 earnings results announced on March 27, 2026, are viewed as having been within market expectations; however, the stock price rose due to a sharp increase in Q4 revenue at the group's clinics driven by higher average revenue per visit, as well as heightened expectations for the "SBC Wellness 2.0" business strategy. Following a secondary offering, the stock is currently trading in the \$3.40 to \$3.80 range.

The purpose of the service fee structure revision implemented by SBC is to build a win-win relationship with clinics supported by SBC by improving the profitability of the clinics. Since the average revenue per visit at group clinics, which had been declining, has continued to rise since FY12/25 Q2, demand for the services SBC provides to the clinics supported by SBC is expected to gradually increase. As discussed below, the stock remains undervalued at an 7x PER. Therefore, once exchange rates stabilize and future earnings reports confirm an increase in quarterly profits, the stock price is expected to rise. In the medium to long term, as the results of the "SBC Wellness 2.0" business strategy materialize, this is expected to have a corresponding impact on the stock price.

**Figure 11. SBC: Stock Price and Trading Volume Trends**



Source: Strategy Advisors.

**SBC is a Leading Company in the Aesthetic Medicine Industry, Yet its Valuation Remains Undervalued**

**Significant Profit Declines in FY12/24 Q3/Q4, Y12/25 Q2 & Secondary Offering in Apr. 2026 Have Impacted Valuation Levels**

## 2) Comparison with Other Companies in the Same Industry (Aesthetic Medicine Companies)

Among the world's 11 major listed aesthetic medicine companies, SBC ranks second in terms of EBITDA (for the past 12 months) at \$70 million, trailing only EC Healthcare (02138 HK), and enterprise value at \$252 million, ranking 4<sup>th</sup> behind Fameglow Holdings (08603 HK), M1 Kliniken AG (M12 German), So-Young International (SY NASDAQ), making it a leading company in the industry. However, its EV/EBITDA ratio stands at 4x, making it the fourth-lowest among the 11 companies - excluding one for which the figure could not be calculated - behind EC Healthcare, Miricor Enterprises Holdings (01827 HK) and Perfect Medical Health Management (01830 HK).

Its PER also remains at 7x, the lowest among the 11 companies - excluding the 2 for which the Figure could not be calculated.

In terms of ROE, SBC stands at 23%, ranking 3<sup>rd</sup> highest among the 9 companies, excluding the 2 with negative ROE. However, looking at PBR, SBC is at 1.4x, ranking 5<sup>th</sup> lowest, suggesting it is relatively undervalued.

The reasons for the stock's undervaluation include the following: FY12/24 Q3, the Company recorded stock-based compensation expenses (\$14 million) related to warrants issued to parties who supported its IPO, resulting in income from operations of \$14 million (-31% YoY); in FY12/24 Q4, it recorded an impairment loss (\$15 million), resulting in income from operations of \$5 million (-80% YoY); and in FY12/25, income from operations was \$15 million (-47% YoY) due to revisions to the service fee structure and other factors.

However, SBC's valuation rose slightly since November 2025, driven by YoY increases in income from operations in Q3 and Q4 of FY12/25 and the market's positive reception of the "SBC Wellness 2.0" business strategy. Subsequently, following a secondary offering conducted on April 21, SBC's valuation declined once again.

**Figure 12. Enterprise Value to EBITDA (EV/EBITDA Multiple), PBR & ROE Of Major Listed Aesthetic Medical Companies**

Company Name	Ticker	Country	EBITDA (a)	EV (b)	b/a	ROE	PBR	PER
			(\$mn)	(\$mn)	(x)	(%)	(x)	(x)
Fameglow Holdings	08603	Hong Kong	18	629	35.2	49.2	45.2	102.7
M1 Kliniken AG	M12	Germany	37	379	10.2	15.6	3.4	21.6
So-Young International	SY	China	-	284	-	-14.3	1.3	-
<b>SBC Medical Group HD</b>	<b>SBC</b>	<b>Japan</b>	<b>70</b>	<b>252</b>	<b>3.6</b>	<b>23.0</b>	<b>1.4</b>	<b>6.8</b>
EC Healthcare	02138	Hong Kong	79	224	2.8	-10.1	0.3	-
Klinique Medical Clinic	KLINIQ	Thailand	25	194	7.9	20.8	3.2	16.5
Perfect Medical Health Management	01830	Hong Kong	48	168	3.5	36.5	3.8	7.1
Master Style PCL	MASTER	Thailand	13	95	7.3	5.7	0.7	13.1
Aesthetic Connect PCL	TRP	Thailand	4	39	9.9	5.2	0.9	18.1
Dc Healthcare Holdings	0283	Malaysia	4	38	9.1	0.5	2.5	596.3
Miricor Enterprises HD	01827	Hong Kong	11	32	2.9	7.7	2.5	34.6

Note: Share price is the closing price on Apr. 22.

EBITDA and ROE are figures for the most recent year.

According to Speeda's definition, the profit used to calculate EBITDA is income before income taxes plus interest expense minus interest income. However, SBC uses income from operations in accordance with its own definition.

Source: Speeda and Company Data. Compiled by Strategy Advisors.

**Figure 13. Sales and Major Medical Specialties of Major Listed Aesthetic Medicine Companies (\$mn)**

Company Name	Country	Sales	Medical Specialties									
			Face		Dermatology		Body				Cosmetic	Fertility
			Eye	Facial Slimming	Beauty	Insurance	Hair Removal	Fat	Breast	Hair Regrowth	Dentistry	
EC Healthcare	Hong Kong	514	Y	-	-	-	-	○	○	○	○	○
M1 Kliniken AG	Germany	386	○	○	-	-	-	○	○	-	-	-
So-Young International	China	212	○	Y	-	-	-	○	○	○	Y	-
<b>SBC Medical Group HD</b>	<b>Japan</b>	<b>174</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>	<b>○</b>
Perfect Medical Health Management	Hong Kong	127	○	○	-	-	-	○	○	○	-	○
Klinique Medical Clinic	Thailand	108	○	○	-	-	-	○	○	-	-	-
Fameglow Holdings	Hong Kong	71	-	-	Y	-	-	-	-	-	-	-
Master Style PCL	Thailand	57	Y	-	-	-	-	○	○	-	-	-
Miricor Enterprises HD	Hong Kong	47	-	Y	Y	-	-	-	-	-	-	-
Dc Healthcare Holdings	Malaysia	20	-	Y	Y	-	-	-	-	-	-	-
Aesthetic Connect PCL	Thailand	14	Y	-	-	-	-	-	-	-	-	-

Note: Total revenues are for the most recent year. Y=Yes

Source: Speeda and Company Data. Compiled by Strategy Advisors.

### 3) Comparison with Other Companies in the Same Industry (General Medical Company & Aesthetic Medicine Company)

**Although SBC Has a High ROE, its PBR is Low, Suggesting it is Undervalued**

When comparing 29 major companies operating in both comprehensive medical services and aesthetic medicine services, comprehensive medical companies rank higher in terms of EBITDA and enterprise value, while aesthetic medicine companies are concentrated at the lower end. Even SBC, a leading company in the aesthetic medicine sector, lags significantly behind major companies in the comprehensive medical field in terms of scale.

However, in terms of ROE, SBC ranks 4<sup>th</sup> highest among the 22 companies for which data is available, placing it among the top performers in terms of profitability. As for PBR, although it has risen over the past few months, SBC ranks 9<sup>th</sup> from the bottom alongside Pihlajalinna Oyj (PIHLIS, Finland) and remains undervalued.

**SBC Also Appears Significantly Undervalued Based on EV/EBITDA**

When comparing EV/EBITDA, SBC's ratio of 4x ranks 4<sup>th</sup> lowest among the 28 companies (excluding one for which the Figure could not be calculated), indicating that it is significantly undervalued. Based on the above, even when comprehensive healthcare companies are included in the comparison, SBC's undervaluation stands out even more.

# SBC Medical Group Holdings | SBC (NASDAQ)

**Figure 14. Enterprise Value to EBITDA Multiple (EV/EBITDA multiple), PBR & ROE of Major Listed Medical Peers**

Company Name	Ticker	Country	Beauty	EBITDA (a)	EV (b)	b/a	ROE	PBR	PER
				(\$mn)	(\$mn)	(x)	(%)	(x)	(x)
HCA Healthcare Inc	HCA	US	-	15,603	156,290	10.0	-	-	16.4
Fresenius SE&Co. KGaA	FRE	Germany	-	4,110	41,388	10.1	6.5	1.3	19.7
Tenet Healthcare Corp	THC	US	-	4,484	31,793	7.1	33.5	4.0	12.2
Rede d or Sao Luiz SA	RDOR3	Brazil	-	1,188	26,359	22.2	21.3	5.0	20.9
DaVita Inc	DVA	US	-	2,642	24,197	9.2	-	-	15.2
IHH Healthcare Bhd	5225	Malaysia	-	1,441	24,089	16.7	7.0	2.6	40.1
Universal Health Services	UHS	US	-	2,742	16,192	5.9	21.4	1.5	7.7
Aier Eye Hospital Group Co Ltd	300015	China	-	752	13,290	17.7	15.0	4.8	27.0
Community Health Systems	CYH	US	-	2,020	11,722	5.8	-	-	0.7
Max Healthcare Institute Ltd	543220	India	-	213	10,779	50.7	12.1	9.6	82.4
Bangkok Dusit Medical Services	BDMS	Thailand	-	826	9,713	11.8	15.4	2.7	19.1
Surgery Partners Inc	SGRY	US	-	566	7,505	13.3	-4.4	1.1	-
Medicover AB	MCOV B	Sweden	-	421	4,886	11.6	15.5	5.2	37.4
Hapvida Participacoes Investimento	HAPV3	Brazil	-	630	3,848	6.1	-0.3	0.1	-
Meinian Onehealth Healthcare	002044	China	-	200	3,479	17.4	4.0	2.8	80.0
Terveystalo PLC	TTALO	Finland	-	261	1,825	7.0	16.4	1.8	11.8
Pihlajalinna Oyj	PIHLIS	Finland	-	123	630	5.1	20.8	1.4	7.3
Fameglow Holdings	08603	Hong Kong	○	18	629	35.2	49.2	45.2	102.7
MediClin AG	MED	Germany	-	133	579	4.4	15.2	0.8	7.1
M1 Kliniken AG	M12	Germany	○	37	379	10.2	15.6	3.4	21.6
So-Young International	SY	China	○	0	284	-	-14.3	1.3	-
<b>SBC Medical Group HD</b>	<b>SBC</b>	<b>Japan</b>	<b>○</b>	<b>70</b>	<b>252</b>	<b>3.6</b>	<b>23.0</b>	<b>1.4</b>	<b>6.8</b>
EC Healthcare	02138	Hong Kong	○	79	224	2.8	-10.1	0.3	-
Klinique Medical Clinic	KLINIQ	Thailand	○	25	194	7.9	20.8	3.2	16.5
Perfect Medical Health Management	01830	Hong Kong	○	48	168	3.5	36.5	3.8	7.1
Master Style PCL	MASTER	Thailand	○	13	95	7.3	5.7	0.7	13.1
Aesthetic Connect PCL	TRP	Thailand	○	4	39	9.9	5.2	0.9	18.1
Dc Healthcare Holdings	0283	Malaysia	○	4	38	9.1	0.5	2.5	596.3
Miracor Enterprises HD	01827	Hong Kong	○	11	32	2.9	7.7	2.5	34.6

Note: Share price is the closing price on Apr. 22 (Apr. 20 for Brazil).

EBITDA and ROE are figures for the most recent year. Y=Yes

According to Speeda's definition, the profit used to calculate EBITDA is income before income taxes plus interest expense minus interest income. However, SBC uses income from operations in accordance with its own definition.

Source: Speeda and Company Data. Compiled by Strategy Advisors.

## 6. Equity Story

### A Strategy is a “Story You Can’t Wait to Tell Someone”

An Equity Story is a long-term scenario for growing a company’s stock price and profits. From the perspective of long-term stock price appreciation, an Equity Story is generally considered to consist primarily of: 1) a “feasible and well-thought-out business strategy” and 2) an “exciting vision.” Ken Kusunoki, a distinguished management scholar and Specially Appointed Professor at the Graduate School of Business and Management, Hitotsubashi University, states in *\*Competitive Strategy as a Story: Conditions for Excellent Strategy\**: “Companies that have achieved great success and sustained that success share a common trait: their strategies are structured as ‘stories’ with a flow and momentum. Strategy is not something imposed out of necessity, with a grim face and a sense of reluctance; rather, it is about creating an interesting ‘story’ that you simply cannot wait to share with someone”. The concept of an Equity Story is closely related to this.

### The Exciting Dream of “Becoming the World’s Most Trusted Medical Group with the Largest Customer Base”

The driving force behind SBC’s growth is CEO Aikawa’s “exciting dream” to “become the world’s most trusted medical group with the largest customer base” - a goal that surpasses even the Mayo Clinic in the U.S., which provides world-class medical services while also fostering an environment to cultivate its own ideal physicians. Only those who resonate with this dream of becoming number one, people who “want to be number one”, are hired and join the SBC Group, creating an environment where every employee works while constantly thinking spontaneously about “how to become number one”.

### SBC’s Equity Story: Aiming to Be No. 1 in Japan by 2035 & No. 1 in the World by 2050

SBC’s Equity Story is centered on achieving the goal of becoming “Japan’s most chosen medical group” by the largest customer base by 2035 and realizing CEO Aikawa’s exciting dream of becoming “the world’s most trusted medical group with the largest customer base” by 2050.

### The 2035 Goal Has a Reasonable Chance of Being Achieved

The total annual patient count at SBC’s group clinics (including its Singapore subsidiary AHH) was 6.63 million in FY12/25 and it is growing steadily at a 12% YoY rate driven by M&A in the aesthetic dermatology sector and the opening of new clinics. Meanwhile, the Japan Red Cross Society, Japan’s largest public healthcare provider, recorded a total outpatient count of 15.37 million in FY3/25.

As detailed in “11. Competitive Strategy Analysis and Difficulty of Imitation,” SBC possesses an exceptionally strong compliance framework and management capabilities within the domestic healthcare industry; consequently, it is believed that there are many medical corporations that wish to join the Company’s group of clinics. In fact, just as the purpose of SBC’s revision to its service fee structure in April 2025 was to build a win-win relationship with clinics supported by SBC by improving the profitability of the clinics supported by SBC, the appeal of joining the SBC group has increased for medical corporations compared to before.

It is estimated that if SBC can increase its patient numbers at an annual rate of 9% through M&A by 2035, it will reach the current outpatient patient count of the Japanese Red Cross Society; therefore, it can be said that there is a reasonable possibility of achieving its goal of becoming “Japan's most chosen medical group by the largest customers” by 2035.

## **Becoming “The World's Most Trusted Medical Group With the Largest Customer Base” by 2050**

On the other hand, regarding the goal of becoming “the world's largest”, it is difficult to say that the summit is within sight. Currently, HCA Healthcare (HCA NYSE), which boasts the highest total revenues and EBITDA among listed healthcare companies worldwide, has an enterprise value of \$156.3 billion, significantly exceeding SBC's enterprise value. Furthermore, HCA Healthcare's total number of patients for FY12/25 was approximately 47 million annually, making it one of the world's largest private hospital groups. Comparing these figures, it must be acknowledged that there remains a significant gap between the 2 companies in terms of enterprise value and patient volume. However, considering that SBC is the only listed aesthetic medicine company in Japan and has established itself as a leading company in the global aesthetic medicine industry, it can be said that the Company has the right to take on this ambitious goal.

## [Initiation Update]

## 7. Business Model

### 1) SBC's Management Support Business Model

**SBC Provides Management Support to Medical Institutions Both in Japan and Overseas**

SBC is a Medical Services Organization (MSO) that provides management support to medical institutions both in Japan and overseas across a wide range of medical fields, including advanced aesthetic medicine, dermatology, orthopedics, fertility treatment, gynecology, dentistry, hair loss treatment (AGA) and ophthalmology. Within the group, SBC Medical Group Holdings (Delaware, USA), the holding company, oversees SBC Medical Group Co., Ltd. (Japan), a medical service corporation (a legal entity that conducts hospital management operations other than those that must be performed by medical institutions). Originally, the group comprised 3 medical service corporations: L'Ange Cosmetique Co., Ltd. (established in 2003), Shobikai Co., Ltd. (established in 2014), and the former SBC Medical Group Co., Ltd. (established in 2017). After L'Ange Cosmetique Co., Ltd. absorbed and merged with Shobikai Co., Ltd. and the former SBC Medical Group Co., Ltd. in 2025, the Company changed its name to SBC Medical Group Co., Ltd., resulting in the current group structure.

**The Company Provides Management Support to 9 Medical Corporations in Japan**

The medical corporations supported by SBC in Japan include Shobikai, Kowakai, Nasukai, Aikeikai, Jukeikai, Ritz Cosmetic Surgery, Furinkai (brand name: Rize Clinic), Junikai (brand name: Gorilla Clinic) and Misakikai (brand name: JUN CLINIC), totaling approximately 240 clinics. Of these, a total of approximately 170 clinics are operated under the SBC brand. Overseas, in addition to one directly operated clinic under the SBC brand, the group includes 21 directly operated clinics managed by AHH (Singapore), which was acquired through M&A and 24 clinics managed by OrangeTwist (U.S.), which was integrated into the group through a strategic minority investment.

Services include advertising and marketing through various platforms (such as social media), employee management (recruitment, training, etc.), clinic appointment management, employee housing rental support, clinic facility leasing, construction and design, rental of medical equipment, resale of medical supplies, provision of cosmetics for resale to customers, licensing of patent-pending and non-patented medical technologies, use of trademarks and brands, IT software solutions (such as online medical consulting), operation of loyalty programs (point programs) and clinic payment processing.

**The Benefits for Clinics Supported by SBC is the Use of the "Shonan Beauty Clinic/SBC" Brand**

One of the benefits of receiving management support from SBC is the ability to use the "Shonan Beauty Clinic/SBC" brand. "Shonan Beauty Clinic/SBC" is a brand with over 20 years of history in the aesthetic medicine industry, built on a foundation of safe and reliable medical services centered on aesthetic medicine. By utilizing the "Shonan Beauty Clinic/SBC" brand, which has now become the industry leader, clinics supported by SBC can achieve an increase in patient numbers. "Shonan Beauty Clinic/SBC" boasts one of the highest customer satisfaction rates among aesthetic medicine service providers in

Japan. For FY12/25, the estimated repeat rate for group clinics was 72% and the average revenue per visit for group clinics in FY12/25 Q4 was \$316. Furthermore, using the "Shonan Beauty Clinic/SBC" brand facilitates the recruitment of highly skilled personnel, including doctors, nurses and administrative staff. To further enhance the brand power of "Shonan Beauty Clinic/SBC", SBC continues to quantify and analyze treatment-specific data obtained from customer satisfaction surveys.

## Support for Operational Efficiency is Also Available

Furthermore, clinics supported by SBC are provided with an integrated digital business system for clinic management and operations, enabling them to receive support for operational efficiency. In addition, through proprietary training programs based on extensive experience, doctors, nurses and reception staff receive a systematic education system, leading to the provision of high-quality services to patients.

## Service Improvements Enabled by SBC's Simulation Technology

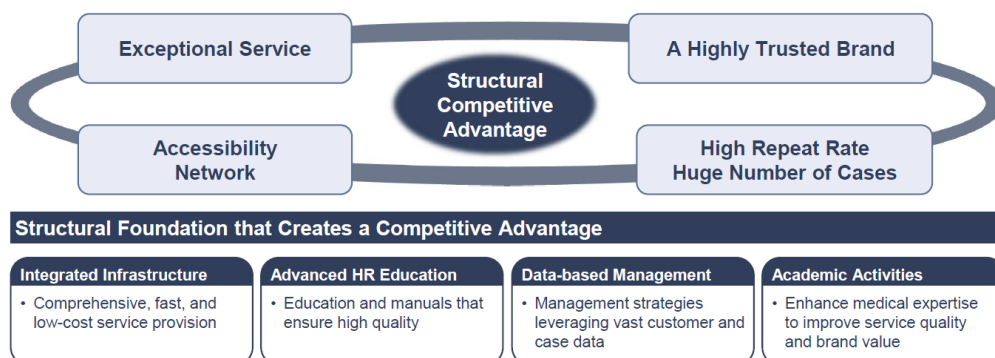
Furthermore, clinics supported by SBC benefit from the development and licensing of simulation technology designed to improve, standardize and educate the skills of specialists providing medical services at the clinic. SBC utilizes a vast number of medical cases and artificial intelligence, leveraging technologies such as virtual reality, rendering, computing, 5G/6G and Web3.0 to create simulators. Clinics supported by SBC can use these simulators to enhance patient safety and the level of care provided.

## Aiming to Build a Win-Win Relationship with Clinics Supported by SBC

Recognizing that SBC's sustainable growth is impossible without the development of the clinics supporting SBC, SBC revised its service fee structure (effectively a price reduction) in April 2025 with the goal of building a win-win relationship through improved profitability for the clinics supporting SBC. Consequently, this was the primary cause of the decline in profits for FY12/25.

As detailed in "9. Management Philosophy and Corporate DNA", SBC's management philosophy is "to achieve the ultimate triple win". While SBC explains this philosophy by identifying "customers" (patients), "staff" (clinic employees) and "society" as the 3 parties involved, in light of the recent revision to the service fee structure, it can be interpreted that the "3 parties" now include not only "staff" but also the "clinics supported by SBC".

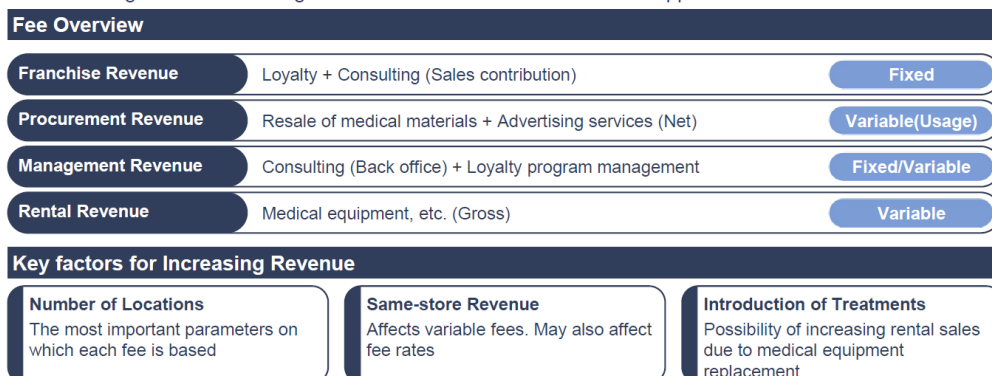
Figure 15. SBC: Structural Competitive Advantage Model



Source: Company Data.

**Figure 16. Fee Structure**

- Service fees based on the services SBC provides. Consists of a combination of fixed and variable items
- Consulting fee rate according to the size of the clinic. Discounts are applied to new clinics



Source: Company Data.

## 2) Mayo Clinic in the U.S. is The Goal

### Learning About the Mayo Clinic, Which Trains its Own Ideal Physicians

CEO Aikawa was deeply impressed after reading a book about the Mayo Clinic, a medical institution in Minnesota, USA, which provides top-tier medical services. He learned that the clinic had built an environment to cultivate its own ideal physicians, and that over 100 people had donated approximately ¥1 billion each, drawn to this approach. SBC aims to surpass the Mayo Clinic and become “the world's most trusted medical group with the largest customer base”.

### Mayo Clinic’s Total Revenue was \$21.5 Billion in FY12/25

The Mayo Clinic traces its origins to a small clinic opened in Rochester, Minnesota, in 1864 by Dr. William Mayo, an immigrant from the United Kingdom. As of FY12/25, it employs approximately 85,000 people. For FY12/25 period, total revenue was \$21.5 billion and net income was \$1.5 billion.

The organization is structured as a nonprofit private foundation (a 501(c)(3) charitable organization). As a nonprofit, it reinvests all profits to provide high-quality medical care to patients, find solutions for the most challenging medical cases and train the next generation of physicians and researchers.

### "The World's Best Hospital," Where Past U.S. Presidents Have Also Sought Treatment

Mayo Clinic provides medical care that far exceeds people’s expectations, earning the utmost trust from both patients and staff. With its outstanding medical expertise, it has garnered global attention as a mecca for healthcare. Patients come from across the United States and more than 130 countries worldwide, including world-renowned VIPs such as former U.S. Presidents. In U.S. News & World Report’s “Best Hospitals Rankings 2025–2026”, it ranked first in the fields of diabetes and endocrinology, as well as gastroenterology and surgery. It also ranked first in Newsweek’s “World’s Best Smart Hospitals 2026”.

## **Mayo Clinic Also Operates an AI-Powered Healthcare Platform**

It also operates the Mayo Clinic Platform, the healthcare industry's first true platform. By leveraging AI, it manages vast amounts of global healthcare data in a way that protects privacy and is ethically and culturally sensitive. In 2024, four new partners joined the initiative, expanding the number of patients with accessible data to 56 million across 4 continents. Through this platform, the clinic delivers solutions that provide superior access to "earlier and more accurate diagnoses", "personalized care", "hospital-level care at home" and "trusted expertise".

## **Achieving Diversification While Maintaining its Position as the No. 1 Brand in the Beauty Industry**

### **3) SBC Medical Group Can Achieve Both Diversification & Scale Expansion**

SBC leverages its brand strength as the leader in the aesthetic industry, built over more than 20 years of providing safe and reliable medical services, along with its capability to deliver comprehensive medical services, including insurance-covered treatments. Beyond aesthetic medicine, the Company diversifies its operations to include clinics specializing in dentistry, aesthetic surgery, fertility treatment, general internal medicine, ophthalmology, dermatology and AGA (hair loss treatment). Additionally, SBC provides business succession support to hospitals facing succession issues.

## **Daily Experience in Private Aesthetic Medicine Allows Doctors to Provide Truly Optimal Treatments**

Furthermore, regarding dermatology, the Company aims to combine private medical care with insurance-covered treatments to capture the insurance-based market as well. While damages to patients arising from insurance-covered treatments are generally covered by medical malpractice insurance, damages resulting from private medical care are typically not covered. Consequently, physicians who primarily practice insurance-covered medicine often feel hesitant to expand their scope of practice to include private medical care. Conversely, for cosmetic medicine doctors who perform private-pay treatments, since treatments not covered by insurance are actually part of their routine practice, there are no barriers to entering the realm of insurance-covered treatments. This allows them to propose the optimal treatment for patients by transcending the boundaries between private-pay and insurance-covered care.

## **Competitors Pursuing Diversified Business Models Either Have Few Clinics or Are Seeing Their Numbers Decline**

Among domestic competitors, there are few examples of companies expanding into areas such as dermatology or gynecology (including infertility treatment) covered by health insurance and no other aesthetic medicine clinic chains have diversified to the same extent as SBC.

Aesthetic medicine clinic chains that have diversified to a relatively greater extent include Shinagawa Cosmetic Surgery and KYORITSU Cosmetic Surgery. However, the number of clinics operated by these chains remains below 40. It is believed that their clinic count has been limited as a result of diversifying within a manageable scope while maintaining service quality. Furthermore, TCB Tokyo Central Cosmetic Surgery, the industry's second-largest chain, has seen sporadic reports of issues regarding service quality and pricing and its number of clinics has been declining in recent years.

## **Major Chains Specializing in Hair Removal Have Gone Bankrupt Due to Intensifying Competition**

On the other hand, among hair removal-specialized aesthetic dermatology chains such as Eminent Clinic, there are chains with a large number of clinics. However, in the hair removal-specialized aesthetic dermatology clinics, the number of bankruptcies has been increasing in recent years due to intensifying competition and in late 2024, the major chain Alicia Clinic went bankrupt.

## **SBC Possesses Unique Expertise**

The SBC Medical Group has succeeded in achieving both the diversification of high-quality services and an increase in the number of clinics, something competitors have been unable to accomplish. This serves as evidence that the SBC Medical Group possesses operational know-how as a large organization (including recruitment, training, core systems, and marketing), in addition to Mr. Aikawa's ability to communicate effectively with employees, qualities not found in other companies in the industry.

**Figure 17. Number of Clinics / Major Medical Specialties of Major Domestic Aesthetic Medicine Franchises**

Company	# of Clinics		Specialties									
	Total	o/w overseas	Face		Dermatology		Body				Cosmetic Dentistry	Fertility Treatment
			Eye	Facial Slimming	Beauty	Insurance	Hair Removal	Fat	Breast	Hair Regrowth		
SBC Medical Group	283	46	○	-	-	-	-	Y	Y	Y	Y	Y
SBC, etc.	178	1	○	Y	-	-	-	Y	Y	Y	Y	○
Rize Clinic	30	-	-	-	-	-	○	-	-	-	-	-
Gorilla Clinic	23	-	-	-	-	-	○	-	-	-	-	-
Ritz	1	-	○	Y	-	-	-	Y	Y	-	-	-
JUN CLINIC	6	-	○	Y	-	-	-	Y	-	-	-	-
AHH	21	21	○	Y	-	-	-	Y	-	Y	-	-
OrangeTwist	24	24	-	○	○	-	-	-	-	-	-	-
TCB	102	-	○	Y	-	-	Y	Y	Y	Y	-	-
Eminal Clinic Men's	63	-	-	-	-	-	○	-	-	-	-	-
Eminal Clinic	60	-	-	-	-	-	○	-	-	-	-	-
Shinagawa	39	-	Y	Y	-	-	Y	Y	-	Y	Y	-
Blanc Clinic	33	-	-	Y	-	-	Y	-	-	-	-	-
Aoba Clinic	34	-	Y	Y	-	-	Y	Y	-	Y	-	-
KYORITSU	26	-	Y	Y	-	-	Y	Y	Y	Y	-	-
Shiroimoto	22	-	Y	Y	-	-	Y	Y	Y	Y	-	-
Regina Clinic	21	-	-	-	-	-	Y	-	-	-	-	-
Tokyo Cosmetic	15	1	Y	Y	-	-	-	Y	Y	Y	-	-
Freya Clinic	19	-	-	-	-	-	Y	-	-	-	-	-
Lamyu Central	18	-	Y	Y	-	-	Y	Y	Y	Y	-	-
Lucia Clinic	15	-	-	-	-	-	Y	-	-	-	-	-
Juno Beauty	8	-	Y	Y	-	-	Y	Y	-	-	-	-
Tokyo Aoyama	11	-	Y	Y	-	-	-	-	-	Y	-	-
Seishin Beauty	10	-	Y	Y	-	-	Y	Y	Y	Y	-	-
Omotesando Medical Clinic	10	-	Y	Y	-	-	Y	Y	-	-	-	-
Asahi Cosmetic	8	-	Y	Y	-	-	-	Y	Y	-	-	-
Maria Clinic	6	-	Y	Y	-	-	Y	-	-	Y	-	-
TA Clinic	9	-	Y	Y	Y	-	Y	Y	Y	-	-	-
Garden Clinic	8	-	Y	Y	-	-	Y	Y	Y	Y	-	-
Mira Clinic	6	-	-	Y	-	-	Y	Y	-	-	-	-
Otsuka	4	-	Y	Y	-	-	Y	Y	Y	Y	-	-
Takasu Clinic	5	-	Y	Y	-	-	Y	Y	Y	Y	Y	-
Jenny Clinic	5	-	-	-	-	-	Y	-	-	-	-	-

Note: The Figures are as of January, 2026. Y= Yes.  
Source: Company Data. Compiled by Strategy Advisors.

**Aiming to Become the "Medical Group with the Most Patients in the World" by 2050**

**The Japanese Red Cross Society Treats 15.37 million Outpatients Annually**

**Expectations for Growth in Total Revenues and Improved Profitability**

**Aesthetic Dermatology Generates Ongoing Demand from Patients**

#### 4) Growth Strategy with Dermatology at its Core

The company's growth strategy is to increase the number of clinics supported by SBC. It aims to become "Japan's medical group with the most patients" by 2035 and "the world's medical group with the most patients" by 2050.

The Saiseikai Imperial Gift Foundation, Inc., Japan's largest social welfare corporation, operated 83 hospitals in FY3/25, treating 6.52 million inpatients and 9.09 million outpatients annually. Revenue from service activities, primarily consisting of medical services (FY3/25), totaled ¥734.6 billion.

As Japan's largest public medical institution under the Medical Care Act, the Japanese Red Cross Society operated 91 hospitals in FY3/25, treating a total of 9.81 million inpatients and 15.37 million outpatients. Revenue from the Special Account for Medical Facilities (equivalent to total revenues) for FY3/25 was ¥1.176 trillion.

The company anticipates an increase in total revenues driven by an increase in the number of clinics supported by SBC. Additionally, by keeping the growth rate of general and administrative expenses below the total revenues growth rate, the Company expects to improve profitability. Furthermore, stable revenue growth at each of the supported clinics is essential for the Company's overall revenue expansion. To drive revenue growth at the clinics supported by SBC, the Company plans to expand its businesses in areas such as LASIK, hair loss treatment, infertility treatment, gynecology, regenerative medicine, cosmetic dentistry and orthopedics; however, dermatology is at the core of its growth strategy.

Aesthetic surgery procedures are generally one-time events; while they offer high profit margins, they lack continuity. Furthermore, they exhibit seasonality, with demand concentrated around year-end, spring break, summer vacation, and Golden Week. In contrast, expanding into other fields such as dermatology, where continuous patient visits can be expected regardless of the season, helps stabilize revenue and plays a crucial role in enhancing corporate value.

As the Japanese aesthetic surgery industry enters a mature phase, the Company believes that, like in advanced cosmetic markets such as the U.S. and South Korea, ongoing skin maintenance treatments will become the mainstay rather than surgery. Consequently, it has shifted its focus toward expanding non-surgical fields such as aesthetic dermatology. In 2018, revenue from aesthetic dermatology surpassed that of aesthetic surgery, leading to a name change from Shonan Cosmetic Surgery Clinic to Shonan Beauty Clinic/SBC. In 2019, the Company reached a total of 100 aesthetic medicine clinics.

# SBC Medical Group Holdings | SBC (NASDAQ)

## Long-Term Goal is to Capture a 10% Share of the Domestic Health Insurance Treatment Market

Moving forward, in addition to expanding their aesthetic dermatology services, SBC aims to grow their general dermatology business. By expanding their infrastructure to offer both insurance-covered and self-pay treatments, their aim is to capture market share in the insurance-covered treatment sector. According to the Ministry of Health, Labor and Welfare, estimated medical expenses related to treatments primarily covered by public health insurance amount to ¥48 trillion (FY2024). SBC has set a long-term goal of capturing a 10% share of the domestic insurance-covered treatment market.

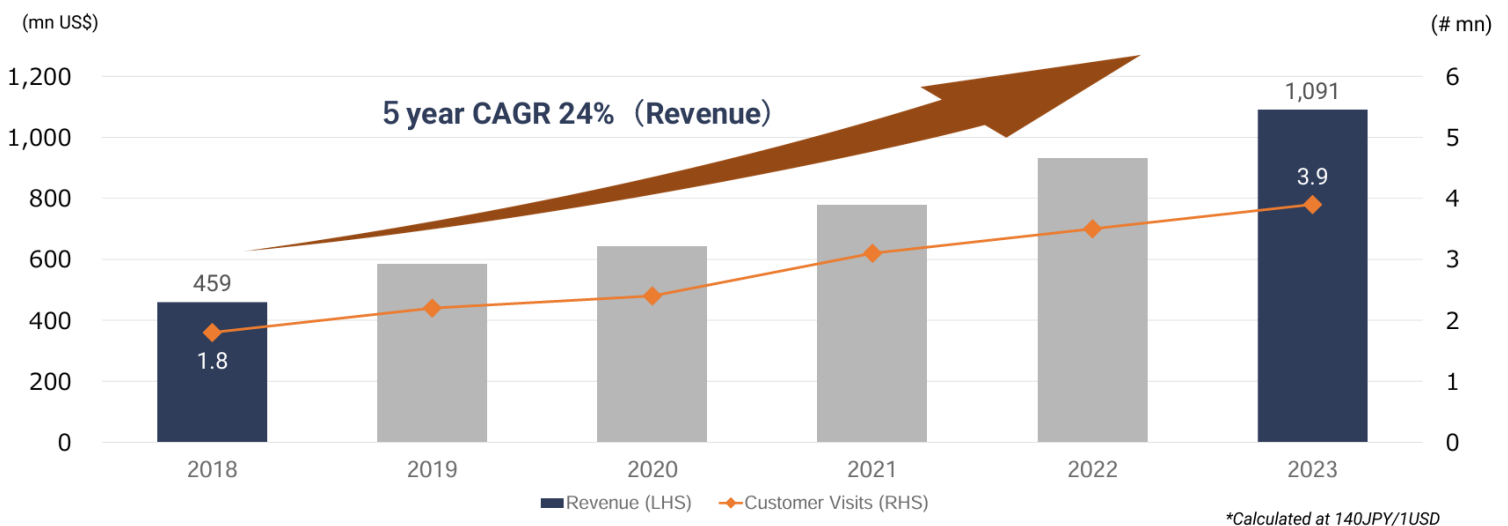
## There is Room for Growth Among Middle-Aged Women and Male Customers

In terms of customer age and gender, the Company is focusing on middle-aged women (in their 40's to 60's) and men (seeking treatments for thinning hair and hair removal). As of the end of December 2024, the core customer base for the domestic aesthetic medicine market consists of women in their late teens to their 30's, with an uptake of 26% among a target population of 15.41 million. In contrast, the uptake for middle-aged women is 8% out of a target population of 24.92 million and for men in their late teens through their 60's, it is 9% out of a target population of 40.66 million, indicating room for growth. Aesthetic dermatology treatments are driving the current rise in aesthetic medicine uptakes.

## Location Strategy Tailored to Regional Characteristics

The company has adopted a location strategy tailored to regional characteristics. In major regional cities nationwide, the Company plans to fully leverage the well-known "SBC" brand to operate comprehensive aesthetic clinics that meet a wide range of needs. Meanwhile, in metropolitan areas, the Company is promoting a multi-brand strategy to respond sensitively to diverse customer needs. Particularly in the dermatology sector, where market expansion is anticipated, the Company launched two new brands in 2025, "NEO Skin Clinic" and "Hada no Aozora Clinic", and added six "JUN CLINIC" locations to its group of clinics through strategic acquisitions.

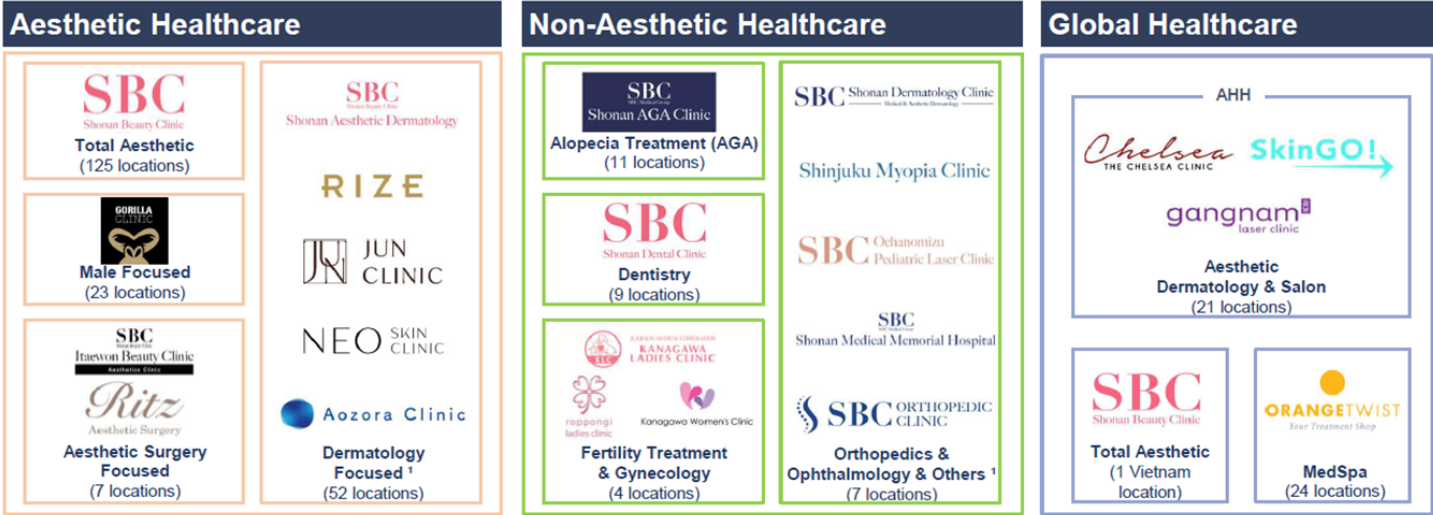
**Figure 18. Revenue Growth and Expansion of Client Base at Group Clinics (excl. Rize and Gorilla Clinic)**



Source: Company Data.

# SBC Medical Group Holdings | SBC (NASDAQ)

Figure 19. Brand Summary and List of Medical Specialties Offered Domestically and Internationally



<sup>1</sup> Hada no Aozora Clinic counted as 2 locations

Source: Company Data.

## 8. Founder's Resume, Status of Major Shareholders, Company History & Nasdaq Listing

### 1) CEO Yoshiyuki Aikawa's Resume

#### His Family Ran a Pharmacy and Expanded the Number of Stores

CEO Yoshiyuki Aikawa was born in 1970 in Abiko City, Chiba Prefecture. When he was about one year old, his family moved from Abiko City to Totsuka, Yokohama City, Kanagawa Prefecture. Both parents graduated from pharmacy school, who then established a pharmacy chain. His father transformed the business from a pharmacy into a supermarket. Although it was successful for a time, it went bankrupt when he was 5 years old. Afterwards, his mother ran the pharmacy as a pharmacist and his father's Kampo pharmacy grew to operate more than 10 locations. He inherited an entrepreneurial spirit and a habit of reading from his father and the importance of steady effort and physical strength from his mother.

#### He Consulted a Doctor About His Concerns Regarding His Short Stature But Was Dismissed

CEO Aikawa's own insecurities became the catalyst for his decision to become a doctor. As a boy, he was troubled by his short stature and went to consult a doctor about growth hormone treatment, only to be told, "It's not a disease, so there's no need for treatment". The doctor failed to understand his emotional distress. This led him to realize that while medicine that cures illnesses and injuries, restoring patients from a negative state to zero, is necessary, there is also a need for medicine that dispels the darkness of the mind, moving patients from zero to a positive state.

#### In His Senior Year of High School, He Changed His Career Path from Pharmacist to Doctor

CEO Aikawa's father often said, "In business, it's important to understand the customer's perspective". Although he had originally aimed to become a pharmacist to take over the family's pharmacy chain, his personal experience led him to pursue aesthetic medicine field that could help people overcome their insecurities - and he switched his aspirations to medical school during his senior year of high school. During his year of retaking the entrance exams, at his father's suggestion, reading business books written by prominent figures in the business world, which became a daily routine.

#### Gained Confidence Through Achieving Goals Via Tennis

He played soft tennis in high school but took up hard-court tennis in college. Although he was a relative newcomer to the sport, he set a goal of winning the individual title in the Kanto Medical and Dental League and devoted himself entirely to tennis. Achieving that goal subsequently boosted his confidence.

#### After Completing His Hospital Residency, He Began Working at Shinagawa Cosmetic Surgery

After visiting Shinagawa Cosmetic Surgery, a leading aesthetic surgery practice established in 1988, he chose to specialize in aesthetic surgery because it offered rapid career growth and high earnings, setting a goal to establish his own practice within 3 years. After graduating from Nihon University School of Medicine in 1997, he completed his residency in the Department of Anesthesiology at the Cancer Institute Hospital (now the Cancer Institute Hospital in Ariake) before joining Shinagawa Cosmetic Surgery Clinic. There he performed numerous liposuction procedures, steadily honing his skills.

# SBC Medical Group Holdings | SBC (NASDAQ)

## Became Independent After 3 Years & Opened Shonan Beauty Clinic / SBC

True to his initial goal of becoming independent within 3 years, he opened Shonan Beauty Clinic/SBC in Fujisawa City, Kanagawa Prefecture, in 2000. CEO Aikawa's decision to open in Fujisawa was partly based on his father's advice: "If you're opening your first practice, choose a place with little competition and low rent". Another factor in his decision to go independent was his philosophy, based on the product life cycle theory, that it was better to enter the market during its expansion phase.

## Aiming for Clear Pricing and Low Costs

At the time, cosmetic medicine was characterized by opaque pricing structures and uncertain results, and because of its high cost, only a limited number of people could afford it. Based on Konosuke Matsushita's "water philosophy," SBC adopted the motto "Making cosmetic surgery more accessible". Through industry-changing reforms, such as clarifying pricing structures and lowering prices to a level affordable for the general public, the clinic aimed to popularize cosmetic medicine and become Japan's leading medical clinic.

## Business Expansion Through Unique Strategies

In its business operations, rather than focusing on one-time surgeries, the clinic acquired repeat customers through its "Thoroughly liposuction" approach, resulting in a repeat and referral rate exceeding 90%. Additionally, as a differentiation strategy, the clinic posted numerous before-and-after photos on its website to promote transparency in aesthetic medicine. Furthermore, the clinic pioneered the introduction of a patient model program, offering discounted rates in exchange for the use of before-and-after photos. (Note: In 2018, amendments to the Medical Care Act introduced advertising restrictions for medical institutions' websites, making it no longer permissible for cosmetic medical clinics to display before-and-after photos on their sites.)

SBC also introduced unique services such as a guaranteed system (including free touch-ups for any residual fat for one year after liposuction and a full refund if patients were dissatisfied with the results of breast augmentation surgery) and a loyalty card program.

## Held Key Positions Both Domestically and Internationally

From January 2016 to December 2019, he served as Chairman and CFO of Aikawa Medical Group Co., Ltd. (now SBC Medical Group Co., Ltd.). Since January 2023, he has served as Chairman and CFO of SBC (Delaware) while serving as a director of SBC Medical Group Co., Ltd. (Japan).

Outside the Company, he has been an active member of the Postgraduate Assembly (PGA) of the Department of Anesthesiology at Harvard Medical School since 2008. From 2014 to 2015, he served as President of the Japanese Society of Aesthetic Surgery (JSAPS). He is also a member of other academic societies, including JSAPS, the Japanese Society for Laser Medicine, the Japanese Society for Liposuction, the Japanese Society for Chemical Peeling and the Japanese Society of Anesthesiologists.

**CEO Aikawa’s Shareholding Ratio Has Decreased to 85.2%**

## 2) Status of Major Shareholders

According to the Proxy Statement published in May 2025, as of April 15, 2025, CEO Aikawa, the largest shareholder, held an 89.5% stake. No other shareholder held more than 5% of the voting rights. The only other member of management holding shares was independent director Mike Sayama, whose stake was less than 0.1%. Subsequently, following the transfer of shares in his own asset management company (a subsidiary) that held SBC shares, the combined ownership ratio of CEO Aikawa and the limited liability company under his control decreased to 85.2% as of March 2026.

Note that a company in which an individual, group, or other company holds 50% or more of the voting rights to appoint directors is referred to as a “Controlled Company” and is exempt from certain corporate governance standards under NASDAQ Listing Rule 5615.

**Figure 20. Pro Forma Fully Diluted Shareholder Composition (as of March 15, 2025)**

	Number of Shares Held	Composition
Yoshiyuki Aikawa, CEO	92,688,960	89.5%
Mike Sayama	15,000	0.0%
Total other shareholders	10,907,291	10.5%
Common Stock (excl.)	103,611,251	100.0%

Source: Company Data. Compiled by Strategy Advisors.

**Founded in Fujisawa City, Kanagawa Prefecture in 2000, with Liposuction as the Clinic’s Flagship Service**

## 3) History 1. Till the Company’s Expansion Overseas in the 2010’s

The history of SBC began in 2000 when CEO Yoshiyuki Aikawa opened “Shonan Beauty Clinic/SBC” (now the Fujisawa Branch) in Fujisawa City, Kanagawa Prefecture. Initially, the Company adopted a diversification strategy to offer a wider range of medical services, but this failed to differentiate it from other clinics.

Consequently, the Company decided to focus on aesthetic surgery and set a goal to master liposuction, a procedure CEO Aikawa was particularly passionate about, developing techniques that allowed me to remove fat even from areas that other clinics couldn’t fully address. Additionally, I was an early adopter of internet-based advertising and content marketing, which major players in the industry were not yet actively utilizing at the time. These strategies proved successful and the number of patients visiting the clinic gradually increased.

# SBC Medical Group Holdings | SBC (NASDAQ)

## Actively Publishing Before-and-After Photos from the Moment of Treatment Through to Completion

When the clinic first opened, it was common practice in the cosmetic industry not to display price lists and to post only “pretty” post-treatment photos on websites, avoiding images showing temporary swelling caused by the procedure. CEO Aikawa wanted to break these industry norms and provide customer-centric treatment and service. To that end, he clearly listed treatment options and prices on the clinic’s website and actively published not only before-and-after comparison photos but also progress photos from immediately after the procedure through to completion.

## Achieving Lower Service Prices

In terms of treatment costs, the market rate at the time of opening was ¥1 million for underarm hair removal and ¥100,000 per session for Botox wrinkle treatments. However, through continuous corporate efforts, CEO Aikawa succeeded in lowering prices to ¥1,000 per session for a 5-session underarm hair removal package and ¥8,800 per Botox session.

## Accelerated Growth Through Acquisitions in the Late 2000s and Expansion Overseas in the 2010s

Once the Fujisawa clinic was on a stable footing, new clinics were opened in Yokohama in 2001 and in Shinjuku in 2003. In 2004, the medical corporation Shobikai was established to provide comprehensive medical services ranging from hospital management, specialized medical care, and aesthetic medicine to both insurance-covered and self-pay treatments. In 2009, the Company acquired the medical corporations Kowakai (established in 1990) and Nasukai (established in 1990).

Additionally, the Company expanded its scope of practice by entering the dental field in 2007, the myopia clinic field in 2009, and the women’s health clinic field in 2012. In 2014, the Company opened its first directly operated overseas branch in Vietnam (although it had previously opened directly operated branches in Shanghai, China, and California, USA, it later withdrew from those locations).

## In 2017, the Company Rose to the Top of the Domestic Aesthetic Medicine Industry

In December 2015, the Company acquired Ryogoku Ekimae Hospital (now Shonan Medical Memorial Hospital), which was facing financial difficulties, making a significant impact on the medical industry. The company became the industry’s second-largest player around its 10th anniversary and achieved the top position in Japan’s aesthetic medicine industry in 2017. By that time, total revenues from the aesthetic dermatology sector had surpassed those from the aesthetic surgery sector within the group’s clinics, so the clinic’s name was changed from “Shonan Aesthetic Surgery Clinic” to “Shonan Beauty Clinic/SBC”.

## 4) History 2. After 2020 - Nasdaq Listing & Post-Listing Structure

## SBC Was Established in 2021 Under the Laws of the State of Delaware

SBC Medical Group Holdings was established in 2021 under the laws of the State of Delaware (located in California, USA). Meanwhile, SBC Medical Group Co., Ltd., the group’s core subsidiary that owns, operates and manages the aesthetic medicine business is headquartered in Tokyo, with its business operations centered in Japan.

# SBC Medical Group Holdings | SBC (NASDAQ)

## **Began Providing Management Support to Two Medical Corporations Specializing in Hair Removal Clinics in 2023**

In 2023, the Company began providing management support to two medical corporations specializing in hair removal - Furinkai (Rize Clinic) and Medical Corporation Association Junikai (Gorilla Clinic), resulting in an increase of approximately 50 clinics in the group. In the aesthetic medicine industry, it is common practice to secure and retain customers through individual doctor branding. However, the reason the Company decided to acquire these clinics was that they were attracted by the fact that Rize and Gorilla Clinic maintained strong performance despite not engaging in such branding at all. The fact that both clinics were debt-free was also a key factor.

## **Plans to List Via a SPAC on the Nasdaq in 2024**

SBC Medical Group Holdings, following a merger with U.S.-based Pono Capital Two, reverted to the name SBC Medical Group Holdings and listed on the Nasdaq Global Market in September 2024. Pono Capital Two was a NASDAQ-listed SPAC (Special Purpose Acquisition Company) established in Hawaii in 2022. A SPAC is a company that does not engage in any specific business operations, but is established with the purpose of acquiring a private company after going public.

## **Expanding Funding Options and the Inability of Medical Institutions to List in Japan Were the Reasons for the Nasdaq Listing**

The reason for the Nasdaq listing was to broaden funding options in order to rapidly achieve the goal of becoming number one in Asia and the world. Until now, the Company had expanded its scale through M&A using almost exclusively its own funds, with minimal borrowing; however, it took approximately 17 years to become the leader in the domestic aesthetic medicine market. To become the number one medical group in Asia within the next 10 years and the number one in the world within approximately 25 years, it was necessary to secure funding channels through the capital markets. The newly secured funding channels will be utilized for: 1) overseas expansion, 2) capturing inbound demand from overseas and 3) further revenue growth in Japan.

## **SBC Aims to Expand Overseas, Focusing on the Asian & U.S. Markets**

The Company's overseas expansion targets the Asian and U.S. markets. While South Korea holds a competitive advantage in aesthetic medicine, Japanese medical brands have the potential to gain a competitive edge in the Asian market, particularly in Indonesia, India, China, Cambodia and Vietnam, in the fields of infertility treatment and health checkups.

In the U.S., group-based expansion is difficult due to the strong independent nature of surgeons. Therefore, the Company aim to expand their business through M&A with existing group-operated clinics. The U.S. healthcare system relies on privately operated insurance, which creates a problem where low-income individuals lack access to appropriate medical care. Therefore, SBC believes that if they can establish a nationwide system that allows people to enroll in insurance at a low cost and receive medical treatment for a fixed amount, there is potential to create new innovations.

## **Capturing Business Opportunities in the Growing Inbound Medical Tourism Market, Centered on Chinese Travelers**

Regarding inbound demand, while “goods consumption” was the primary focus before the COVID-19 pandemic, the e-commerce market developed as an alternative during the pandemic, making it easier to order Japanese products from overseas. Consequently, post-pandemic demand has shifted toward “experience-based consumption”. While South Korea has a strong image in the field of cosmetic medicine, issues such as unlicensed practitioners have arisen there. Consequently, Japan has emerged as an alternative due to its high standards of safety and quality. Furthermore, many people seeking medical services abroad also prioritize the appeal of the destination itself, presenting an opportunity for revenue growth from this perspective. In October 2023, Alibaba Group Holdings (09988, Hong Kong) entered the medical tourism market, connecting Japanese medical institutions with Chinese travelers and announced plans to expand from preventive medicine into cosmetic medicine. With demand rising, particularly among Chinese tourists, the Company intends to capitalize on this business opportunity.

## **Domestically, SBC Aims to Expand into Comprehensive Healthcare Through Hospital M&A**

In Japan, the Company also aims to enter the comprehensive healthcare market. The government, seeking to curb medical costs, generally does not approve the opening of new hospitals and is instead weeding out underperforming facilities, making it difficult for new entrants to enter the market. Therefore, SBC has adopted a strategy of revitalizing hospitals through M&A of underperforming facilities.

## **SBC Draws Upon Hoshino Resorts’ Business Model to Achieve Rapid Business Expansion**

Furthermore, since hospitals come with land and buildings, they tend to inflate the balance sheet, which can hinder business expansion. Therefore, CEO Aikawa is referencing the Business Model of Hoshino Resorts (unlisted). By taking land and real estate off-balance-sheet, similar to Hoshino Resorts’ REIT, it becomes possible to specialize in operations. Incidentally, Hoshino Resorts is a company that does not treat the ownership of hotels and other properties as its core business, but rather focuses on the operation of luxury ryokans and hotels. To separate ownership from operations, in 2013, Hoshino Resorts REIT (3287 TSE) acquired 6 properties from Hoshino Resorts, including “Hoshinoya Karuizawa”, for ¥15 billion and launched as the world’s smallest real estate investment trust (REIT). Hoshino Resorts REIT is Japan’s first tourism-focused REIT.

## **Establishing a Global Brand Through an IPO Contributes to Accelerating Business Growth and Securing Top Talent**

Another benefit of the listing is that it enhances SBC’s corporate brand value and recognition in the healthcare market, transforming it from a local Japanese brand into a global one. This will not only accelerate business expansion but also make it easier to secure talented personnel capable of succeeding on the global stage.

# SBC Medical Group Holdings | SBC (NASDAQ)

## Actively Pursuing M&A Even After the Listing

In November 2024, the Company acquired "Aesthetic Healthcare Holdings Pte. Ltd." (6 brands, 21 clinics), a Singapore-based company that diversifies its portfolio of brands related to aesthetic medicine.

In 2025, 6 branches of "JUN CLINIC", an aesthetic dermatology clinic specializing in customized treatments, joined the clinic network in July, and the Company began providing management support. In December of the same year, the Company acquired 54.3% of the voting rights in Waqoo and made it a consolidated subsidiary.

## Group Clinic Total Revenues Expanded From \$459 Million in FY12/18 to \$1.163 Billion in FY12/25

Since its founding, SBC has achieved dramatic growth through M&A. Group clinic's total revenues were \$459 million in FY12/18 but expanded to \$1.163 billion in FY12/25.

## With 283 Clinics Domestically and Internationally, SBC is Japan's Largest Aesthetic Medicine Group in Terms of Patient Volume

As of the end of December 2025, SBC has become Japan's largest aesthetic medicine group in terms of patient volume, operating 283 group clinics domestically and internationally (237 in Japan and 46 overseas), centered around Shonan Beauty Clinic/SBC (with a total of 6.63 million annual number of customers). The company provides comprehensive consulting services covering hospital management, specialized medical care, insurance-based medical services, non-insurance aesthetic medicine, product development, staffing, marketing, advertising and other medical services. As of the end of December 2025, the total number of employees across the entire group, including clinics supported by SBC was 10,704.

## 9. Management Philosophy and Corporate DNA

### Corporate Philosophy: "Achieving the Ultimate Triple Win"

SBC's corporate philosophy is "to achieve the ultimate triple win". "Achieving the ultimate triple win" means providing "customers" with added value exceeding the amount they paid to create a sense of wonder; ensuring "staff" take pride in their work and achieve both material and spiritual fulfillment through the gratitude of customers; and contributing to the improvement of "happiness" for people worldwide through medical innovation.

### The Adoption of the "Triple Win" Philosophy

By 2017, rapid expansion in sales and clinic locations propelled the Company to become the industry leader in patient visits. However, this aggressive growth took a toll, resulting in high staff turnover as employees struggled to keep pace. Recognizing that rising revenue alone does not guarantee sustainable success, CEO Aikawa adopted the "Triple Win" management philosophy. Translating to "good for the seller, good for the buyer, and good for society", this framework originated with Japan's historic Omi merchants and continues to guide legacy corporations with similar roots, such as the Itochu Corporation (8001 TSE Prime) and Marubeni Corporation (8002 TSE Prime).

# SBC Medical Group Holdings | SBC (NASDAQ)

## CEO Aikawa Shoulders the Responsibility of Balancing the "Triple Win"

Balancing the interests of the seller and the buyer requires management skills, which CEO Aikawa is responsible for. Management skills include strategic planning, marketing capabilities, human resource development, compliance with laws, principles, ethics and cash flow management. To achieve long-term growth and aim to be number one in Japan and the world, SBC believes in leadership that combines integrity, the spirit of Triple Win and humanity is indispensable.

## Establishing the Group Purpose in May 2024

Furthermore, in May 2024, SBC Medical Group redefined its social significance and established a Group Purpose, "To contribute to improving the happiness of people around the world through medical innovation", to share with internal and external stakeholders, while strengthening the action guidelines to realize this vision. SBC is committed to providing the "medical service" expertise that they have cultivated over many years. Through the clients, they aim to deliver better "medical services" to customers and help them find happiness. The company aims to provide the same high-quality services to industries outside the healthcare sector as well, with the goal of bringing happiness to consumers. The company believes that by doing so, the staff will take pride in their work and find it rewarding, and as a result, SBC will continue to contribute to society as an indispensable group.

## SBC's Vision is to "Become the World's Most Trusted Medical Group with the Largest Customer Base"

SBC's Vision represents the ideal state an organization strives to achieve and serves as its management and business objective. SBC has established the vision of "becoming the world's most trusted medical group with the largest customer base". The company plans to continue strengthening its management support across diverse medical fields, including aesthetic medicine, and contribute to the widespread adoption of sustainable, high-quality medical services. Furthermore, based on 5 guiding principles - Passion, Customer Obsession, Think Big, Start Small and Move Fast - the Company has established 12 behavioral standards.

## Business Strategies Leveraging Corporate DNA Are the Key to Success

Corporate DNA refers to the unique values, philosophy, and corporate culture of an organization, cultivated through the founder's vision and the Company's history. We believe that formulating and executing business strategies that leverage corporate DNA increases the likelihood of winning in the marketplace. For this reason, Strategy Advisors places great importance on corporate DNA.

## 2 Corporate DNA's

SBC's corporate DNA includes not only a "management philosophy aimed at achieving the ultimate triple win for all parties", but also a "spirit of challenge that breaks with industry conventions and blazes new trails".

## "A Spirit of Challenge That Breaks with Industry Conventions & Blazes New Trails"

As mentioned in CEO Aikawa's resume and the Company's history, SBC's journey can be said to have been forged by rejecting industry conventions and achieving numerous transformations on its own. Overcoming countless obstacles to become the first Japanese medical services company to list on the U.S. stock market would likely have been impossible without SBC's corporate DNA; a spirit of challenge that breaks with industry conventions and blazes new trails.

Figure 21. SBC Medical Group’s Corporate Philosophy



Source: Company Data.

Figure 22. Three Medical Innovations Aimed at Realizing SBC’s Group Purpose



Source: Company Data.

## 10. Market Trends & Comparison with Other Companies in the Industry

### 1) The Number of Aesthetic Medicine Doctors and Medical Corporations Specializing in Aesthetic Medicine is on the Rise in Japan, the World's 3rd-Largest Market

**Global Market Size is \$87.9 Billion. Japan's is \$4.2 Billion**

According to Straits Research, an Indian research firm, the global aesthetic medicine market size in 2024 was \$87.9 billion. Meanwhile, according to Yano Research Institute, the domestic market size in 2024 was ¥631 billion (equivalent to \$4.2 billion at the average 2024 exchange rate).

**The U.S. is the Largest Market, with Japan in Third Place**

In the global aesthetic surgery sector, the U.S. is the largest market in terms of the total number of surgical and non-surgical procedures, followed by Brazil in second place and Japan in third (2024). In terms of the number of aesthetic surgeons, Japan (4,000) ranks fourth, following the United States (7,752), Brazil (6,497), and China (5,000) (2024). For surgical procedures, eyelid surgery, liposuction and breast augmentation are popular, while for non-surgical procedures, Botox injections, hyaluronic acid injections and hair removal are the most sought-after treatments.

**Figure 23. Top 10 Countries by Cosmetic Surgery and Non-Surgical Procedures (2024)**

	Country	Surgical Procedures	Comp.	Non-Surgical procedures	Comp.	Total	Comp.
1	US	1,999,528	11.5%	4,165,645	20.3%	6,165,173	16.2%
2	Brazil	2,354,513	13.5%	769,245	3.7%	3,123,758	8.2%
3	Japan	380,000	2.2%	1,251,600	6.1%	1,631,600	4.3%
4	Italy	480,047	2.8%	891,172	4.3%	1,371,220	3.6%
5	Germany	626,215	3.6%	677,313	3.3%	1,303,528	3.4%
6	Mexico	734,082	4.2%	560,865	2.7%	1,294,946	3.4%
7	India	677,040	3.9%	611,800	3.0%	1,288,840	3.4%
8	Turkey	570,478	3.3%	539,828	2.6%	1,110,306	2.9%
9	France	415,800	2.4%	497,140	2.4%	912,940	2.4%
10	Taiwan	257,480	1.5%	400,840	2.0%	658,320	1.7%

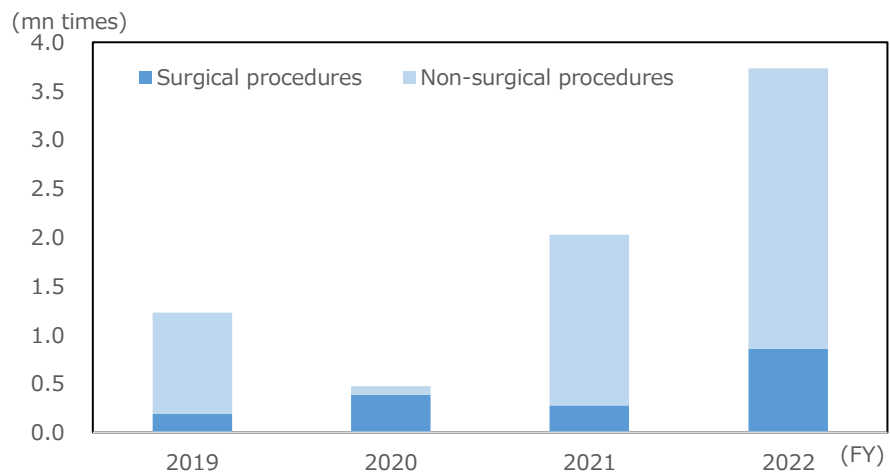
Source: ISAPS, "ISAPS International Survey on Aesthetic/Cosmetic procedures performed in 2024". Compiled by Strategy Advisors.

## Non-Surgical Procedures Are More Common in Japan

In Japan, the number of non-surgical procedures far exceeds that of surgical procedures. While the number decreased in FY2020, it increased significantly in FY2022.

According to ISAPS, the top surgical procedures in the Japanese market (2024) were: 1) eyelid surgery (140,000 procedures); 2) rhinoplasty (40,400 procedures) and 3) liposuction (37,200 procedures). The top non-surgical procedures by type were: 1) botulinum toxin injections (414,800 procedures); 2) hyaluronic acid injections (341,600 procedures) and 3) hair removal (133,200 procedures).

**Figure 24. Changes in The Number of Aesthetic Medicine Treatments in Japan**



Notes: Surgical procedures: "Face and head" (eyebrow lift, ear formation, etc.), "Breast" (breast foreign body removal, breast augmentation, etc.), "Trunk and limb plastic surgery" (abdominal wall formation, hip lift, etc.).

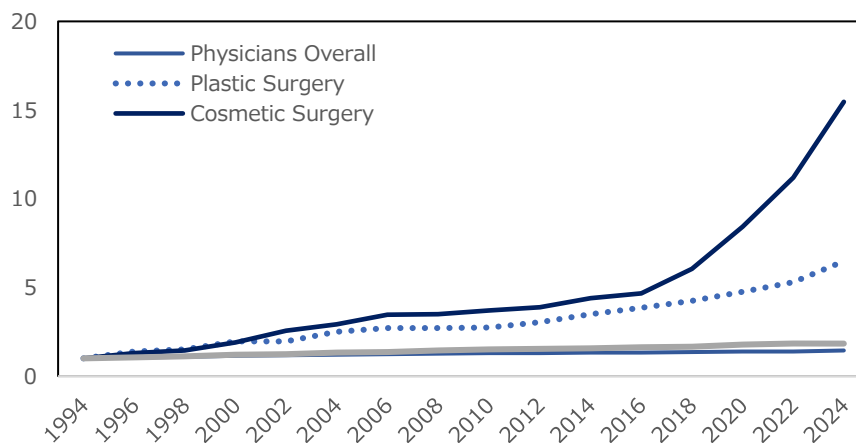
Non-surgical procedures: "Injectables" (e.g. botulinum toxin, hyaluronic acid), "Facial rejuvenation" (e.g. chemical peels, photo rejuvenation), "Other" (e.g. hair removal, sclerotherapy)

Source: Ministry of Health, Labor and Welfare, "Document 1: Current Status of Cosmetic Medical Treatment" (1st Review Meeting on the Appropriate Implementation of Cosmetic Medical Treatment, June 27, 2024)

## The Number of Physicians Involved in Aesthetic Medicine is Increasing in Japan

In Japan, the number of physicians working in clinics involved in aesthetic medicine is increasing. Of the 111,699 total physicians working in clinics, there are 6,136 dermatologists, 868 plastic surgeons and 1,701 physicians specializing in aesthetic surgery, totaling 8,705 (7.8% of the total) (as of the end of 2024, Source: Ministry of Health, Labor and Welfare). Compared to 10 years ago, the total number of physicians working in clinics has increased by 10%, while the number of dermatologists has increased by 20%, plastic surgeons by 90% and aesthetic surgeons by 350%.

**Figure 25. Changes in The Number of Doctors Involved in Aesthetic Medicine (Working in Clinics, 1994 = 1)**



Note: Excluding hospitals.

Source: Ministry of Health, Labor and Welfare, "Statistics for Doctors, Dentists and Pharmacists". Compiled by Strategy Advisors.

### The Number of Clinics Specializing in Aesthetic Surgery Has Also Increased

The number of clinics specializing in aesthetic surgery increased from 1,404 in 2020 to 2,016 in 2023. Additionally, the number of clinics specializing in plastic surgery increased from 2,167 in 2020 to 2,491 in 2023 and the number of clinics specializing in dermatology increased from 12,410 in 2020 to 13,185.

Looking at trends by management type (up to 2020), the number of privately owned clinics has decreased across all of the above specialties, while medical corporations have driven the growth.

**Figure 26. Trends in the Number of General Clinics Offering Aesthetic Medicine Services**

FY	Aesthetic Surgery				Plastic Surgery				Dermatology			
	Individuals	Medical Corp.	Other	Total	Individuals	Medical Corp.	Other	Total	Individuals	Medical Corp.	Other	Total
2008	656	314	13	983	1,099	722	37	1,858	7,026	4,784	626	12,436
2011	683	374	11	1,068	1,020	755	33	1,808	6,300	4,659	559	11,518
2014	640	485	3	1,128	1,029	894	35	1,958	6,335	5,329	664	12,328
2017	619	607	7	1,233	980	1,033	33	2,046	6,014	5,506	678	12,198
2020	601	785	18	1,404	957	1,167	43	2,167	5,712	6,018	680	12,410

Note: A general medical clinic is a place where a doctor or dentist performs medical or dental work (excluding dental work only) and does not have an inpatient facility for patients or has an inpatient facility for 19 patients or less (excluding hospitals).

Source: Ministry of Health, Labor and Welfare, "Document 1: Current Status of Cosmetic Medical Treatment" (1st Review Meeting on the Appropriate Implementation of Cosmetic Medical Treatment, June 27, 2024)

## **The Increase in Inexperienced Physicians is Leading to a Rise in Cosmetic Medical Accidents**

Since cosmetic medical procedures in Japan are provided as out-of-pocket services not covered by health insurance, the scope of guidance and oversight has historically been more limited compared to insurance-covered medical care. In recent years, incidents and disputes related to cosmetic medical procedures have been on the rise due to an increase in unethical physicians and those with limited experience. In light of these realities, the Ministry of Health, Labor and Welfare discussed new regulations for the cosmetic medical industry at the “Study Group on the Appropriate Implementation of Cosmetic Medical Procedures” held in 2024.

## **A Reporting System for Cosmetic Medicine Was Established**

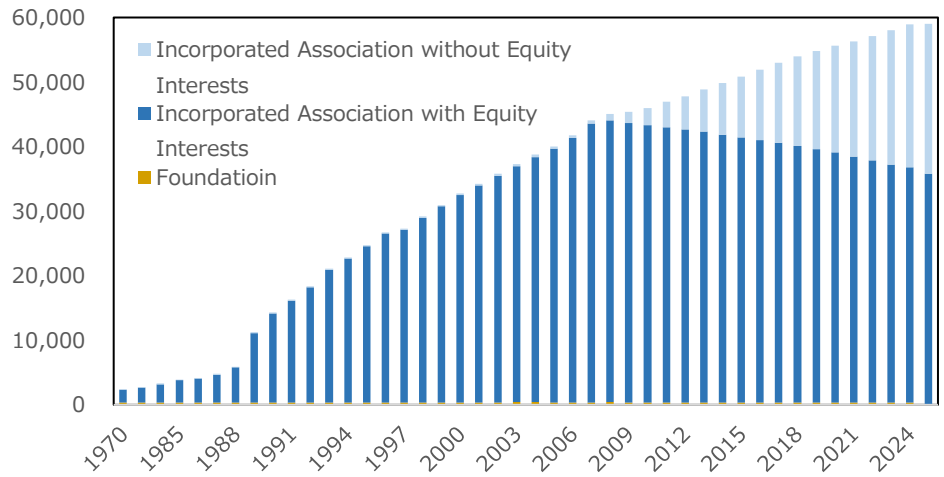
Based on the report from this panel and a nationwide survey, an amended Medical Care Act incorporating the establishment of a reporting system for cosmetic medical care was enacted in December 2025. Under this system, medical institutions providing cosmetic medical care are required to periodically report their medical safety management systems and accident prevention measures to the Prefectural Governor. The amended Medical Care Act will come into effect by 2027.

## **To Emphasize the Non-Profit Nature of Medical Corporations, it is No Longer Possible to Establish New Medical Corporations with Equity Interests**

### **2) Legal System for Medical Corporations in Japan**

A medical corporation is a legal entity established for the purpose of operating hospitals, clinics where physicians or dentists are regularly employed, long-term care health facilities for the elderly, or long-term care medical facilities (Article 39 of the Medical Care Act). Medical corporations are fundamentally classified into 2-types: incorporated medical corporations and foundation medical corporations, with incorporated medical corporations accounting for 99% of the total. Furthermore, association-type medical corporations are subdivided into “medical corporations with capital shares (transitional-type medical corporations)” and “medical corporations without capital shares”. The former refers to association-type medical corporations whose articles of incorporation include provisions regarding capital shares (typically: 1) the redemption of capital shares upon a member’s withdrawal, and 2) the distribution of residual assets upon the dissolution of the medical corporation). Following the 2007 amendment to the Medical Care Act, it became impossible to establish new medical corporations with capital shares, and the Ministry of Health, Labor and Welfare has encouraged existing medical corporations with capital shares (corporations with capital shares) to transition to medical corporations without capital shares (corporations without capital shares).

**Figure 27. Changes in The Number of Medical Corporations by Type**



Note: Until 1996, Figures are as of the end of the year, and thereafter as of the end of March.

Source: Ministry of Health, Labor and Welfare; Strategy Advisors

## Medical Corporations with Equity Shares Cannot Be Listed on the Stock Market

The governance of equity-based medical corporations is similar to that of stock companies: members (investors) correspond to shareholders, the general meeting of members corresponds to the general meeting of shareholders, the board of directors corresponds to the board of directors, the executive officers correspond to auditors, and the chairperson corresponds to the representative director. However, medical corporations do not have a concept equivalent to shares and cannot be listed on a stock exchange.

## For-Profit Corporations Cannot Hold Voting Rights in Medical Corporations

Pursuant to Article 7, Paragraph 7 of the Medical Care Act, prefectural governors may refuse to grant permission for the establishment of hospitals or clinics operated for profit. Furthermore, medical corporations cannot issue shares (and therefore have no shareholders) and cannot distribute dividends from surplus funds (Article 54 of the same Act). Furthermore, for-profit corporations cannot become members of a medical corporation's general meeting of members. In other words, while for-profit corporations such as SBC Medical Group Co., Ltd. (a medical service corporation) and SBC Medical Group Holdings can invest in medical corporations, even if they do so, they cannot become members of the medical corporation and hold voting rights.

## M&A Methods for Medical Corporations Are Diversifying

M&A methods for medical corporations are diversifying. In 2014, mergers between incorporated medical corporations and foundation medical corporations became possible, and in 2016, the division of medical corporations became permissible. Currently, M&A is conducted through the admission and withdrawal of members, the transfer of shares, mergers (absorption mergers and new entity mergers), divisions and business transfers.

## 3) Comparison with Major Listed Companies

**The Listed Aesthetic Medicine Company with the Highest Total Revenues is Hong Kong-Based EC Healthcare**

Among the world's major listed companies providing aesthetic medicine services, the Company with the highest total revenues is EC Healthcare (02138 HK), which operates primarily in Hong Kong and also has a presence in Macau and mainland China. Total revenues for FY3/25 were \$531 million, 260% higher than SBC (FY12/24). However, total revenues from aesthetic medicine (including DR REBORN) accounted for only about 30% of the total, while approximately 60% came from general medical services, with the remainder from other operations such as veterinary clinics. The company operates a total of 164 service locations. Originally focused on aesthetic medicine, the Company has pursued aggressive acquisitions over the past 5 years, resulting in general medical services now significantly outpacing aesthetic medicine in total revenues (see Figure 12).

**Germany's M1 Kliniken, Ranked Second, Derives the Majority of its Total Revenues from Their Pharmaceutical Distribution**

M1 Kliniken (M12, Germany), ranked second in total revenues, operates 63 clinics (as of the end of 2024) across Europe, primarily in Germany. Total revenues for FY12/24 were \$350 million. Previously a pure aesthetic medicine company, it launched a pharmaceutical distribution business in 2018 (which handles aesthetic medicine injectables, but focuses primarily on specialty pharmaceuticals for chronic diseases) and this business currently accounts for about 70% of total revenues. On the other hand, profits from the pharmaceutical distribution business are currently lower than those from the aesthetic medicine business.

**China's So-Young International, Ranked 3<sup>rd</sup>, Has Seen Rapid Growth in Total Revenues from Aesthetic Medicine Services Provided**

So-Young International (SY NASDAQ), ranked 3<sup>rd</sup> in total revenues, is headquartered in Beijing and operates China's largest online aesthetic medicine platform. Previously, advertising fees and booking commissions from external aesthetic medicine clinics constituted the bulk of its total revenues, but in 2025, total revenues from aesthetic medicine services provided by its own clinics have expanded rapidly. Total revenues for FY12/25 were \$212 million. Aesthetic medicine services accounted for 44% of total revenues, surpassing the share of information and booking services (33%).

**In Terms of Total Revenues from Aesthetic Medicine-Related Businesses, SBC Ranks Second**

In terms of total revenues, SBC ranks 4<sup>th</sup> behind EC Healthcare, M1 Kliniken, and So-Young International. However, since the top two companies derive the majority of their revenues from non-aesthetic medicine services, So-Young International ranks first and SBC second in terms of revenues from aesthetic medicine services.

Furthermore, regarding the number of clinics, while SBC operates fewer directly managed clinics and focuses primarily on supporting clinics, whereas the other three companies operate their own clinics, SBC significantly outnumbers them in terms of total locations.

# SBC Medical Group Holdings | SBC (NASDAQ)

## **SBC Ranks 2<sup>nd</sup> Among Aesthetic Medicine Companies in EBITDA**

Among aesthetic medicine companies, the Top 3 in terms of EBITDA are: 1) EC Healthcare, 2) SBC and 3) Perfect Medical Health Management (01830 HK).

## **Perfect Medical Health Management Expands into Non-Aesthetic Medicine Services and Regions Outside Hong Kong**

Perfect Medical Health Management is a major aesthetic medicine company in Hong Kong, but it also offers health management services such as health checkups. It has expanded not only in its home market of Hong Kong but also into mainland China, Macau, Australia and Singapore and the proportion of revenue generated outside Hong Kong is on the rise.

## **When Including Comprehensive Healthcare Companies, the Company with the Highest Total Revenues is U.S.-Based HCA Healthcare**

The top 3 listed healthcare companies globally, including comprehensive healthcare companies, by total revenues are HCA Healthcare (HCA NYSE, \$75.6 billion, FY12/25), Fresenius SE & Co. KGaA (FRE Germany, \$25.5 billion, FY12/25), and Tenet Healthcare (THC NYSE, \$21.3 billion, FY12/25). Mayo Clinic (unlisted), which SBC aims to acquire, reported total revenues of \$21.5 billion (FY12/25), ranking second only to Tenet Healthcare. The top 3 companies by EBITDA are HCA Healthcare, Tenet Healthcare and Fresenius SE & Co. KGaA (see Figure 14 ).

## **HCA Healthcare Often Falls Into Negative Equity Due to Aggressive Share Buybacks**

HCA Healthcare, founded in Tennessee in 1968, is the largest for-profit hospital operator in the United States. It operates 190 general hospitals across 19 U.S. states and the United Kingdom, as well as approximately 2,500 outpatient clinics, serving over 44 million patients annually. After KKR and Bain Capital took the Company private for the third time in 2006, it went public again in 2010. Through aggressive M&A, its total revenues in 2025 increased by 250% compared to their 2010 numbers, when it went public. HCA implements aggressive shareholder return policies, primarily through share buybacks and has frequently fallen into negative equity.

## **Fresenius SE & Co. KGaA, The Second-Largest Company by Total Revenue**

Fresenius SE & Co. KGaA is a global integrated healthcare group founded in Germany in 1912. The group's core companies are Fresenius Helios, which operates hospitals in Germany and Spain and Fresenius Kabi, which manufactures and sells intravenous solutions and other products.

## **Tenet Healthcare, with Total Revenues Ranked 3<sup>rd</sup> Provides Comprehensive Healthcare Services Primarily in the Southwestern United States**

Tenet Healthcare was founded in 1969 and is headquartered in Dallas, Texas. It operates 50 general hospitals and approximately 640 other healthcare facilities, primarily in Texas and California. Its business segments consist of hospital operations and services, and outpatient care.

## **In Terms of ROE, There Are Attractive Companies Even Among Aesthetic Medicine Companies**

The TOP 3 companies by ROE among all listed healthcare companies are Fameglow Holdings (08603, Hong Kong), Perfect Medical Health Management and Tenet Healthcare. Aesthetic medicine companies occupy the TOP 2 spots, and 5 companies, including SBC, are listed among the top 10. Although aesthetic medicine companies are smaller in scale than comprehensive healthcare companies, there are some that are attractive in terms of profitability.

**Fameglow Holdings, Ranked First in ROE, is a Hong Kong-Based Aesthetic Medicine Company**

Fameglow Holdings, established in Hong Kong in 2018 and ranked first in ROE, has seen rapid growth in total revenues and net income over the past 4 years. The company focuses primarily on minimally invasive treatments for aesthetic dermatology and hair removal, with laser treatments accounting for the majority of its revenue.

## 11. Competitive Strategy Analysis and Difficulty of Imitation

**Porter Classifies Competitive Strategies Into "Differentiation", "Cost Leadership" & "Focus"**

Michael Porter's "Competitive Strategy" falls under positioning theory. This theory emphasizes "how to position the Company to gain an advantage within the industry." Porter classifies competitive strategies into "differentiation", "cost leadership" and "focus." He refers to companies unable to adopt any one of these 3 strategies as "companies in a predicament" and points out that they will fall into low profitability. He also argues that attempting to pursue both a differentiation strategy and a cost leadership strategy simultaneously is difficult for companies with limited management resources and should be avoided.

**In the Early Stages of Opening, CEO Aikawa Adopted Both the "Focus" and "Cost Leadership" Strategies**

In the early stages of opening the clinic, CEO Aikawa "focused" on mastering liposuction - a procedure he was passionate about. By performing procedures that removed fat from areas other clinics could not, he built a strong reputation and increased the number of patients. At the same time, he pursued a "cost leadership" strategy aimed at reducing procedure costs, which had been in the range of 100,000 to 1,000,000 yen at the time of opening, achieving significant price reductions and leading to an increase in the number of clinics. In this regard, it can be said that in the early stages after opening, SBC adopted both a "focus" strategy and a "cost leadership" strategy as a cosmetic medical clinic.

**From the Mid-2000's Onward, the Company Shifted to a "Differentiation" Strategy Focused on Providing Management Support to Medical Institutions**

From the mid-2000's onward, the Company embarked on diversifying its medical specialties through M&A and providing management support to clinics supported by SBC, establishing a system to offer both aesthetic and general medical care within dermatology. Furthermore, it expanded into comprehensive healthcare through hospital acquisitions and achieved overseas expansion. Additionally, the clinical data accumulated daily through patient care at its clinics, which boast the largest number in Japan, is also the largest in the country. The entire group of clinics is working together to improve treatment methods and share best practices by leveraging this clinical data.

Leveraging the clinical data accumulated in this way and the network of group clinics it has built, SBC currently provides a variety of management support services to the clinics it supports. SBC's goals in its management support business are the provision of high-quality medical services and the sustainable growth of medical institutions. In other words, it aims to build a win-win relationship with the clinics supported by SBC. From this perspective, it can be said that since the mid-2000's, SBC has shifted to a "differentiation" strategy centered on providing management support to medical institutions.

**"A High-Level Compliance System Established Based on SBC Management Philosophy, Combined with Management Capabilities Allowing Expansion into Diverse Fields & Regions Through M&A", is Difficult to Imitate**

In Japan's aesthetic medicine industry, where disputes with patients are frequent, SBC has long strengthened its compliance framework under the management philosophy of "achieving the ultimate triple win". As a result, it has maintained a high repeat rate -a key indicator of customer satisfaction - and steadily enhanced its brand strength. Even if individual clinics or small clinic chains can operate without causing problems, management becomes difficult as they scale up, leading to numerous instances of major domestic chains being forced into bankruptcy or downsizing. As a result, the gap in the number of clinics between SBC and its domestic competitors in the aesthetic medicine sector is widening.

Furthermore, SBC's expansion into a wide range of medical fields, including insurance-covered treatments, through M&A, the consolidation of multiple aesthetic medicine clinic brands under one group within Japan, and the establishment of clinic networks in multiple countries overseas are all positioned as strengths that significantly surpass those of its domestic competitors.

This ability to expand into diverse fields and regions through M&A has been cultivated by strengthening management capabilities over the past several years with the goal of listing on NASDAQ, and in this regard as well, SBC has significantly widened the gap with its competitors. Even if domestic competitors were to strengthen their management capabilities in the future, it would likely take a considerable amount of time for them to catch up to the level of SBC, the only listed company in Japan's aesthetic medicine companies sector.

Furthermore, many overseas competitors remain focused on their home markets, and the gap in management capabilities between them and SBC, which has accelerated its overseas expansion since its NASDAQ listing, appears to be widening.

Therefore, Strategy Advisors believes that SBC's "high-level compliance framework established based on its management philosophy, combined with its management capabilities to expand into diverse fields and regions through M&A", represent the Company's difficulty of imitation.

## 12. Sustainability

### Exemptions from Corporate Governance Rules Exist

In the case of SBC, a controlled company, NASDAQ listing rules provide certain exceptions regarding corporate governance. The criteria for these exemptions are as follows:

- The Board of Directors must consist of a majority of independent directors
- Annual performance evaluations of the Nominating Committee, Corporate Governance Committee, and Compensation Committee
- Establishment of a Nominating Committee and a Corporate Governance Committee composed solely of independent directors, with the objectives and responsibilities of the committees defined in the Articles of Incorporation
- Establishment of a Compensation Committee composed solely of independent directors, with the committee's objectives and responsibilities defined in the Articles of Incorporation

### SBC Has Established a Robust Governance Framework

However, SBC intends to ensure sustainable growth by adapting to the U.S. capital markets, which demand the highest standards of governance, and by implementing robust corporate governance. In fact, the SBC Board of Directors consists of 5 members, 3 of whom are independent directors, thereby meeting the majority requirement. The Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee are each composed solely of 3 independent directors. There are no female directors.

### SBC Directors Fall Short Under the "Minority" Category in the Diversity Matrix

In 2021, NASDAQ enacted new rules requiring listed companies to: 1) disclose annual information using a diversity matrix for directors (Listing Rule 5606), and 2) comply with the requirement to appoint at least one or two diverse directors (Listing Rule 5605(f)(2)). Compliance with 1) is mandatory, while 2) follows a "have or explain" approach (i.e., explain if not appointed). For the purposes of these rules, a "diverse director" is an individual who identifies as a woman, an underrepresented minority (Black or African American, Hispanic or Latino, Asian, American Indian or Alaska Native, Native Hawaiian or Pacific Islander, or two or more races or ethnicities), or LGBTQ+, and who falls into one or two of these categories. If there are 5 or fewer directors, one diverse director is sufficient. In the case of SBC directors, they fall short in the category of under-represented minorities.

### COO Yoshida is from the Rakuten Group

Yuya Yoshida, Director, CFO and COO, also serves as Vice President and CFO of SBC Medical Group (Japan). He comes from the Bank, Tokyo-Mitsubishi UFJ and the Rakuten Group and possesses expertise in e-commerce, logistics, payments, finance and M&A.

# SBC Medical Group Holdings | SBC (NASDAQ)

## Independent Director Fumitoshi Fujiwara is the Director and CFO of Medilom

Independent Director Fumitoshi Fujiwara is the Director and CFO of Medilom (MRM NASDAQ). At SBC, he chairs the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee. He also serves as a Managing Partner at Linden Capital Partners and as Representative Director at Eaglestone Capital Management. He has experience overseeing the practical aspects of Medilom's direct listing on the NASDAQ (2020) and possesses specialized knowledge in finance and accounting. He has built a career in buyout investments, venture capital, real estate development, and IPOs in both Japan and the United States.

## Independent Director Ken Edahiro is BizReach's CSMO

Independent Director Ken Edahiro is the Chief Strategy and Marketing Officer (CSMO) at BizReach. Prior to joining BizReach, he served as Representative Director of King Japan, where he oversaw product development and marketing for titles such as the puzzle game "Candy Crush". He possesses experience as a CSO and extensive knowledge of marketing.

## Independent Director Mike Sayama Has Served on the Boards of Citibank and Other Companies

Independent Director Mike Sayama served as the founding Executive Director of Community First from July 2016 to January 2021, overseeing operations, strategic planning, community relations and fundraising. He has also served on the boards of Citibank and Central Pacific Bank. He holds a Bachelor's degree in Psychology from Yale University and a Ph.D. in Clinical Psychology from the University of Michigan and possesses extensive knowledge of the healthcare technology industry.

**Figure 28. SBC Board of Directors Composition**

Board of Directors	Age	Title
Yoshiyuki Aikawa	54	Chairman and CFO
Yuya Yoshida	46	Director, CFO and COO
Fumitoshi Fujiwara	58	Independent Director (Director of Medilom)
Ken Edahiro	42	Independent Director (Executive Officer and CSMO at BizReach)
Mike Sayama	70	Independent Director

Note: Ages as of April 30, 2025

Source: Company Data. Compiled by Strategy Advisors.

## Established the SBC Medical Promotion Foundation and a Scholarship Program for Nurses

SBC states that it conducts management and business activities with ESG considerations. From the perspective of environmental conservation, the Company promotes: 1) the shift to a paperless office through digital transformation (DX), 2) guidance on reducing waste of medical supplies, and 3) the sale of refillable bottles for its original products. Furthermore, as part of its contributions to the local community and society, the Company is engaged in; 1) the establishment of the SBC Medical Promotion Foundation, a public interest incorporated foundation, 2) the establishment of a scholarship program for nurses, 3) the Kids Door "Free University Entrance Support Medical Course" project and 4) contributions to the sports industry (tennis).

During the COVID-19 pandemic, the Company provided personnel support to vaccination sites and established PCR testing sites. Regarding human capital, the Company promotes employee job satisfaction through; 1) empowering female employees, 2) talent development programs, 3) providing diverse career paths and 4) creating a comfortable work environment.

## **Prioritizing Children's Education and Poverty Issues**

Among these initiatives, SBC places particular emphasis on children's education and poverty issues. For children who say, "I can't go to cram school because I don't have the money" or "I can't go to college due to financial circumstances," the Company is focusing on educational support projects through Kids Door, guided by the principle that "economic disparity must not lead to educational disparity." CEO Aikawa's father, a pharmacist, once visited China to research traditional Chinese medicine. There, he saw children living in poverty and was deeply moved. It is said that his father's wish to build a school for underprivileged children if he ever succeeded also influenced him.

Japan's relative poverty rate (the percentage of household members living below the poverty line), which is surveyed every 3-years, stood at 15.4% in 2021. Additionally, the child poverty rate (for those aged 17 and under) was 11.5% (Source: Ministry of Health, Labor and Welfare, "Overview of the 2022 (Reiwa 4) Basic Survey on National Living Conditions"). The poverty line is defined as half of the median equivalent disposable income, which was ¥1.27 million in 2021. Equivalent disposable income is calculated by dividing a household's disposable income by the square root of the number of household members. In the OECD's ranking of relative poverty rates among major countries (note that the survey years vary by country), Japan's rate is lower than that of the United States and Brazil, but higher than that of major European countries and Australia.

## **Winner of the "best Motivation Company Award" for 3 Consecutive Years**

SBC Medical Group has been inducted into the Hall of Fame after winning first place for 3 consecutive years through 2025 in the Large Enterprise category of the "Best Motivation Company Award" (organized by Link & Motivation Inc.), which recognizes companies with high "Engagement Scores" - a standardized measure of the degree of mutual understanding and mutual affection between companies and their employees.

## 13. Risk Factors

The following are matters that are considered to be potential risk factors related to business operations and other aspects.

- 1) The government has begun to view with concern the rapid increase in cases where young doctors, having completed a two-year initial clinical training program after graduating from medical school, are joining cosmetic medicine clinics directly with little to no experience in insurance-based medical care (the so-called “Chokubi” issue). If regulations are introduced to address this issue, it could become difficult to secure young talent.
- 2) Due to the success of SBC and others, the perception that aesthetic medicine is a lucrative field is spreading within Japan and competition may intensify as new players enter the market.
- 3) Expanding into overseas markets, where the Company has relatively little business experience, could lead to unforeseen problems.
- 4) If Founder and CEO Aikawa is unable to continue his duties for any reason, the Company’s financial situation could be compromised.

# SBC Medical Group Holdings | SBC (NASDAQ)

Figure 29. Qtly Financial Performance Trends (\$mn)

FY	12/23		12/24		12/25					
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Total Revenues</b>	<b>47</b>	<b>62</b>	<b>55</b>	<b>53</b>	<b>53</b>	<b>44</b>	<b>47</b>	<b>43</b>	<b>43</b>	<b>40</b>
(YoY)	-	-	27.7%	29.5%	12.3%	-28.8%	-13.6%	-18.3%	-18.3%	-10.9%
Franchise Revenue	8	17	15	15	16	16	16	10	10	10
Procurement Services	8	19	13	14	18	11	14	16	13	13
Management Services	22	19	16	17	12	9	9	5	9	6
Rental Services	1	3	4	3	4	5	6	7	6	4
Other	5	6	7	5	4	5	3	6	4	6
Cost of Revenues	14	19	15	14	10	11	10	13	13	11
<b>Gross Profit</b>	<b>33</b>	<b>43</b>	<b>40</b>	<b>39</b>	<b>43</b>	<b>34</b>	<b>38</b>	<b>30</b>	<b>31</b>	<b>29</b>
Gross Profit Margin	70.9%	69.6%	72.1%	74.2%	81.5%	76.3%	79.7%	69.2%	70.6%	73.1%
Operating Expenses	13	19	15	12	29	29	14	15	15	16
<b>Income from Operations</b>	<b>20</b>	<b>24</b>	<b>24</b>	<b>27</b>	<b>14</b>	<b>5</b>	<b>24</b>	<b>15</b>	<b>16</b>	<b>13</b>
(OP Margin)	42.4%	38.5%	44.6%	51.4%	26.1%	10.6%	51.1%	33.6%	36.6%	32.5%
Total Other Income /Expenses	1	0	3	0	-1	1	7	-1	3	6
<b>Income before Income Taxes</b>	<b>21</b>	<b>24</b>	<b>27</b>	<b>27</b>	<b>13</b>	<b>6</b>	<b>31</b>	<b>14</b>	<b>19</b>	<b>19</b>
<b>Net Income Attributable to Owners of Parent</b>	<b>8</b>	<b>14</b>	<b>19</b>	<b>18</b>	<b>3</b>	<b>7</b>	<b>22</b>	<b>2</b>	<b>13</b>	<b>14</b>
<b>EBITDA</b>	<b>23</b>	<b>27</b>	<b>25</b>	<b>28</b>	<b>15</b>	<b>21</b>	<b>25</b>	<b>15</b>	<b>17</b>	<b>14</b>
<b>EBITDA Margin</b>	<b>49.3%</b>	<b>42.6%</b>	<b>46.5%</b>	<b>53.0%</b>	<b>28.0%</b>	<b>46.6%</b>	<b>52.5%</b>	<b>35.0%</b>	<b>38.4%</b>	<b>34.2%</b>
<b>Depreciation and Amortization</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Impairment Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Income Margin	17.7%	23.0%	34.2%	34.8%	5.3%	14.7%	45.4%	5.7%	29.6%	35.9%

Source: Company Data. Compiled by Strategy Advisors.

**Figure 30. Consolidated Income Statement (\$mn)**

FY	12/22	12/23	12/24	12/25
<b>Total Revenues</b>	<b>174</b>	<b>194</b>	<b>205</b>	<b>174</b>
Franchise Revenue	24	42	61	46
Procurement Services	54	53	55	56
Management Services	67	72	53	30
Rental Services	20	7	16	23
Other	8	19	20	19
Cost of Revenues	59	56	49	46
<b>Gross Profit</b>	<b>114</b>	<b>137</b>	<b>156</b>	<b>127</b>
Gross Profit Margin	-	70.9%	76.0%	73.3%
Operating Expenses	94	66	86	60
<b>Income from Operations</b>	<b>20</b>	<b>71</b>	<b>70</b>	<b>67</b>
(OP Margin)	-	36.5%	34.2%	38.9%
Total Other Income/Expenses	4	3	3	15
<b>Income before Income Taxes</b>	<b>24</b>	<b>74</b>	<b>73</b>	<b>82</b>
Income Taxes	18	35	27	31
<b>Net Income Attributable to Owners of Parent</b>	<b>6</b>	<b>39</b>	<b>47</b>	<b>51</b>
<b>EBITDA</b>	<b>29</b>	<b>83</b>	<b>89</b>	<b>70</b>
<b>EBITDA Margin</b>	<b>16.7</b>	<b>42.8</b>	<b>43.4</b>	<b>40.4</b>
<b>Depreciation and Amortization</b>	<b>8</b>	<b>12</b>	<b>4</b>	<b>3</b>
<b>Impairment Loss</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>0</b>
Net Income Margin	3.6%	20.3%	22.7%	29.4%

Source: Company Data. Compiled by Strategy Advisors.

**Figure 31. Consolidated Balance Sheet (\$mn)**

<b>FY</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24</b>	<b>12/25</b>
Cash and Cash Equivalents	51	103	125	164
Trade Receivables	-	36	30	30
Inventories	-	3	1	3
Other Current Assets	-	24	28	34
<b>Total Current Assets</b>	<b>112</b>	<b>166</b>	<b>184</b>	<b>231</b>
Tangible fixed assets	15	14	9	8
Intangible Assets	7	20	2	48
Goodwill	-	4	5	15
Other Non-Current Assets	91	55	66	78
<b>Total Non-Current Assets</b>	<b>113</b>	<b>93</b>	<b>82</b>	<b>149</b>
<b>Total Assets</b>	<b>225</b>	<b>259</b>	<b>266</b>	<b>380</b>
Trade Payables	15	30	15	18
Interest-Bearing Debt	8	4	4	14
Other Current Liabilities	78	59	42	30
<b>Total Current Liabilities</b>	<b>101</b>	<b>92</b>	<b>61</b>	<b>61</b>
Interest-Bearing Debt	8	4	8	38
Other Non-Current Liabilities	8	19	2	18
<b>Total Non-Current Liabilities</b>	<b>16</b>	<b>23</b>	<b>10</b>	<b>56</b>
<b>Total Liabilities</b>	<b>117</b>	<b>115</b>	<b>71</b>	<b>117</b>
Capital & Surplus	27	37	63	73
Retained Earnings	103	143	189	240
Other	-25	-38	-57	-65
<b>Total Equity Attributable to Owners of the Parent</b>	<b>105</b>	<b>142</b>	<b>195</b>	<b>248</b>
Non-controlling Interest	3	2	0	15
<b>Total Stockholders' Equity</b>	<b>108</b>	<b>144</b>	<b>195</b>	<b>263</b>
<b>Total Liabilities and Equity</b>	<b>225</b>	<b>259</b>	<b>266</b>	<b>380</b>

Source: Company Data. Compiled by Strategy Advisors.

**Figure 32. Consolidated Statement of Cash Flows (\$mn)**

<b>FY</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24</b>	<b>12/25</b>
Net Income	6	39	47	51
Depreciation and Amortization	6	12	4	3
Impairment Loss	1	0	16	0
Adjustments to Operating Income/Losses	-2	0	-3	-4
Deferred Income Taxes	-4	4	-14	5
Other Non-Cash Expenses	-11	-8	-47	-27
Change in Working Capital	3	3	4	-4
<b>Cash Flows from Operating Activities</b>	<b>0</b>	<b>51</b>	<b>21</b>	<b>25</b>
Acquisition and Sale of Tangible Fixed Assets	-23	-1	-3	5
Acquisition and Sale of Intangible Fixed Assets	0	-2	0	0
Acquisition and Sale of Businesses	-6	1	-5	-43
Change in investment assets	-3	2	0	-1
Other	-1	2	-1	18
<b>Cash Flows from Investing Activities</b>	<b>-33</b>	<b>2</b>	<b>-10</b>	<b>-21</b>
Increase and Repayment of Debt	-5	4	12	33
Issuance, Redemption and Cancellation of Shares	0	0	0	-5
Other Financial Cash Flows	-3	3	11	10
<b>Cash Flows from Financing Activities</b>	<b>-8</b>	<b>6</b>	<b>23</b>	<b>38</b>
<b>Free Cash Flow</b>	<b>-33</b>	<b>52</b>	<b>10</b>	<b>4</b>

Source: Company Data. Compiled by Strategy Advisors.

**Figure 33. Stock Price Indexes, ROE and KPIs**

<b>FY</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24</b>	<b>12/25</b>
EPS (\$)	0.06	0.42	0.48	0.50
BPS (\$)	1.04	1.51	1.90	2.42
DPS (\$)	0.0	0.0	0.0	0.0
Dividend Payout Ratio	-	-	-	-
Closing Price (\$)	-	-	5.56	4.31
PER (x)	-	-	11.5	8.7
PBR (x)	-	-	2.8	1.8
# of Shares Outstanding at End of Period ('000)	-	-	103,021	103,881
# of Treasury Stocks ('000)	-	-	270	1,304
# of shares of Outstanding excl. Treasury Stocks ('000)	100,743	100,743	102,751	102,577
Market Cap. (\$mn)	-	-	571	442
Shareholders' Equity Ratio	46.7	54.9	73.3	65.3
Interest-Bearing Debt (\$mn)	16	23	13	52
Net D/E ratio	-0.34	-0.56	-0.58	-0.45
EV (Enterprise Value)	-	-	460	345
EBITDA (\$mn)	29	83	89	70
EV/EBITDA multiple	-	-	5.16	4.91
ROE	-	31.8	27.6	23.0
ROIC (Invested Capital)	-	26.5	25.0	19.5
ROIC (Business Assets)	-	73.4	130.7	83.3
Number of Employees	-	-	863	863

Source: Company Data. Compiled by Strategy Advisors.

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