SBC Medical Group Holdings | SBC (NASDAQ)

Company Report

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Strategy Advisors Co., Ltd.
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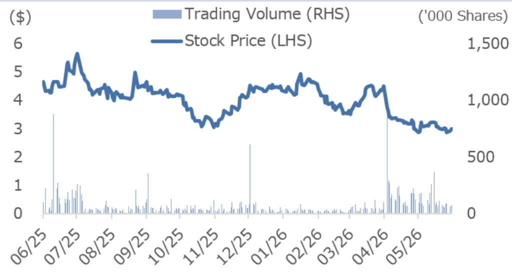
Q1 Results: Strategic Restructuring Completed. Core Business Returns to Double-Digit Growth. Meanwhile, the Stock Remains Undervalued at a 6x PER & EV/EBITDA Ratio of 3x. A Recovery in the Stock Price is Expected

For Q1 FY12/26, total revenues were $43 million (-9% YoY), income from operations was $18 million (-27% YoY) and net income attributable to owners of parent was $11 million (-47% YoY), reflecting a decline in both total revenues and profit, primarily due to the impact of revisions to the Fee Structure. On the other hand, on a like-for-like basis - excluding the impact of Fee Structure revisions and foreign exchange fluctuations - total revenues increased 11% YoY and EBITDA rose 17% YoY. Compared to Q4 FY12/25, total revenues increased by 9% and operating profit rose by 38%, driven by factors such as an increase in point-based commissions.

Regarding the status of Group Clinic for SBC in Q1 FY12/26, total revenues were $285 million (+10% YoY). The average revenue per visit rose 11% YoY, driving the revenue growth. As of the end of March, the number of Group Clinics stood at 284, an increase of 33 clinics compared to the end of the same period last year.

The Q1 FY12/26 earnings results announced on May 14 were generally in line with the company's expectations, but fell short of stock market expectations, causing the stock price to drop below $3. Although the stock price rebounded slightly afterward, it is currently trading in the $2.80–$3.30 range. The current valuation stands at a PER of 6x, a PBR of 1.2x and an EV/EBITDA of 3.3x. As the stock price still appears undervalued, a recovery in the stock price can be expected once exchange rates stabilize and future earnings reports confirm an increase in quarterly profits. In the medium to long term, if the results of the "SBC Wellness 2.0" business strategy - announced in March 2026 - begin to materialize, this is likely to have a corresponding impact on the share price.

Stock Price and Trading Volume (Past 1 Year)



Source: Strategy Advisors.

Key Indicators

Stock Price (6/17/26)	3.00
52-Week High (7/18/25)	5.65
52-Week Low (5/18/26)	2.87
All-Time High (9/27/24)	9.61
All-Time Low (5/18/26)	2.87
Number of Shares Issued	103
Market Capitalization ($mn)	308
EV ($mn)	207
Equity Ratio (FY12/25, %)	65.3
ROE (FY12/25 Actual, %)	23.0
PER (FY12/25 Actual, x)	6.0
PBR (FY12/25 Actual, x)	1.2
Yield (FY12/26 CoE, %)	-

Source: Strategy Advisors.

Currently, HCA Healthcare (HCA NYSE), which boasts the highest EBITDA among publicly traded healthcare companies worldwide, has an enterprise value of $138.3 billion, significantly exceeding that of SBC. Although there remains a significant gap in enterprise value between the two companies, considering that SBC is the only publicly traded aesthetic medicine company in Japan and has established itself as a leading company in the global aesthetic medicine industry, it can be said that SBC 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 ($)	DPS ($)
Q1 12/25	47	-13.6	24	-1.1	31	15.6	22	14.6	0.21	-
Q1 12/26	**43**	**-9.0**	**18**	**-26.8**	**19**	**-40.0**	**11**	**-47.3**	**0.11**	**-**
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	-

Note: Net income refers to net income attributable to owners of parent
Source: Company Data. Compiled by Strategy Advisors.

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1. Q1 FY12/26 Results Overview

Q1 FY12/26 Results Show Decline in Revenue & Profit

SBC Medical Group Holdings announced its Q1 FY12/26 earnings results on May 14. Total revenues were $43 million (-9% YoY), gross profit was $30 million (-20% YoY), income from operations was $18 million (-27% YoY) and net income attributable to owners of parent was $11 million (-47% YoY).

Return to Double-Digit Growth on a Like-for-Like Basis

On a like-for-like basis - excluding the impact of the Fee Structure revisions and foreign exchange fluctuations discussed below - total revenues increased 11% YoY, and EBITDA rose 17% YoY. These quarterly results can be viewed as marking the completion of strategic structural reforms and the return of the core business to double-digit growth.

Figure 1. SBC's Financial Results Summary for Q1 FY12/26

($mn)	Q1 12/26	QoQ	YoY	Q4 12/25	Q1 12/25
Total Revenues	**43**	**9%**	**-9%**	**40**	**47**
Franchise Revenue	9	-12%	-42%	10	16
Procurement Services	12	-2%	-14%	13	14
Management Services	12	89%	37%	6	9
Rental Services	3	-21%	-39%	4	6
Other	6	3%	115%	6	3
Cost of Revenues	13	20%	32%	11	10
Gross Profit	**30**	**5%**	**-20%**	**29**	**38**
Gross Profit Margin	70.5%	-	-	73.1%	79.7%
Operating Expenses	13	-21%	-7%	16	14
Salaries and Welfare	6	-7%	-4%	7	6
Depreciation & Amortization Expenses	0	229%	-33%	0	0
Consulting & Professional Service Fees	3	-36%	5%	5	3
Office, Utility & Other Expenses	1	-41%	-25%	2	2
Other	2	-23%	-17%	2	2
Income from Operations	**18**	**38%**	**-27%**	**13**	**24**
Total Other Income/Expenses	1	-80%	-84%	6	7
Income before Income Taxes	**19**	**2%**	**-40%**	**19**	**31**
Net Income Attributable to Owners of Parent	**11**	**-20%**	**-47%**	**14**	**22**
EBITDA	18	36%	-26%	14	25
EBITDA Margin	43%	-	-	34%	52%
Depreciation & Amortization	1	0%	7%	1	1
Impairment Loss	-	-	-	-	-

Note: EBITDA = income from operations + depreciation and amortization expense
Source: Strategy Advisors.

Revised Fee Structure Was the Primary Cause of the Revenue Decline

Total revenues decreased by $4 million YoY. Excluding the impact of the two-month extension in the consolidation period for Aesthetic Healthcare Holdings (AHH), acquired in November 2024 (+$1.3 million YoY) and the impact of the Fee Structure revision implemented in April 2025 (-$8.7 million YoY), total revenues, adjusted for foreign exchange fluctuations, increased by $4.4 million YoY. The exchange rate moved from ¥152.5 per USD in Q1 FY12/25 to ¥156.9 per USD in Q1 FY12/26, reflecting a weaker yen and a stronger dollar. As a result, foreign exchange effects reduced total revenues by $1.2 million. The company includes AHH’s figures for the October–December period in its Q1 financial results. In Q1 FY12/25, only AHH’s figures for December 2024 were reflected, whereas in Q1 FY12/26, AHH’s figures for October–December 2025 are reflected. The remaining factors contributing to growth in total revenues and decline will be discussed later in the section on revenue by business segment.

Revised the Fee Structure to Expand and Stabilize the Business Foundation

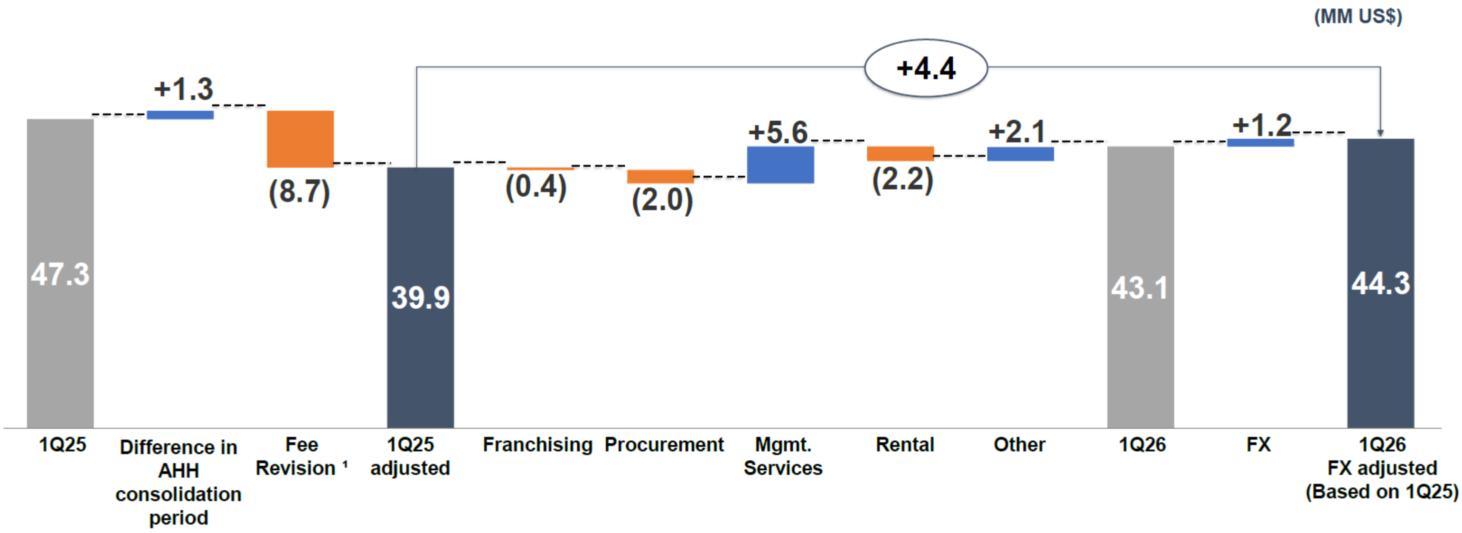
As part of its strategic restructuring, SBC changed its Fee Structure from a flat-rate system to a tiered system based on the scale of use of various consulting services and sales volume. In addition, the company introduced a new fee reduction and exemption system for clinics in their first year of operation.

The aim is to create an environment that makes it easier for clinics supported by SBC to open new locations, 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 Revenues from Various Services Provided to Clinics Supported by SBC & Revenues from Subsidiaries

SBC’s total revenues by business segment consist of franchising 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.). All revenue other than “Other” comes from clinics supported by SBC.

Figure 2. Revenue Bridge Analysis ($mn)



Source: Company Data.

Franchising Revenue Declined Significantly

Franchising revenue totaled $9 million (-42% YoY). The revision to the Fee Structure contributed to a YoY decrease of $6.2 million. Excluding the impact of the Fee Structure revision, franchising revenue decreased by $0.4 million YoY.

Rental Services Revenue Also Declined Significantly

Rental services revenue amounted to $3 million (-39% YoY) due to a decline in demand for hair removal laser equipment for aesthetic dermatology clinics, which had expanded in the same period of the previous year.

Procurement Services Declined

Procurement services totaled $12 million (-14% YoY) as the temporary surge in demand seen in the same period of the previous year subsided.

Management Services Revenue Increased Significantly

Management services revenue totaled $12 million (+37% YoY). While a revision to the Fee Structure resulted in a $2.4 million YoY decrease, an increase in point-based commission fees related to the operation of loyalty programs commissioned by clinics supported by SBC contributed to a $5.6 million YoY increase.

Other Total Revenues Also Increased Significantly

Other total revenues totaled $6 million (+115% YoY), driven by a $1.3 million increase resulting from differences in the consolidation period for AHH, as well as higher revenue from the interior construction subsidiary and other factors.

Gross Profit Margin Declined Due to Fee Structure Revisions

Cost of revenues amounted to $13 million (+32% YoY), driven by increased expenses corresponding to the rise in total revenues. Meanwhile, the gross profit margin declined from 79.7% in the same period of the previous year to 70.5%, partly due to the impact of the Fee Structure revision.

Operating Expenses Decreased by 7%

Regarding operating expenses (SG&A), although consulting and professional service fees increased by $0.2 million YoY, salaries and welfare decreased by $0.2 million, office, utility and other expenses decreased by $0.4 million, and other expenses such as insurance premiums decreased by $0.3 million; as a result, operating expenses totaled $13 million (-7% YoY).

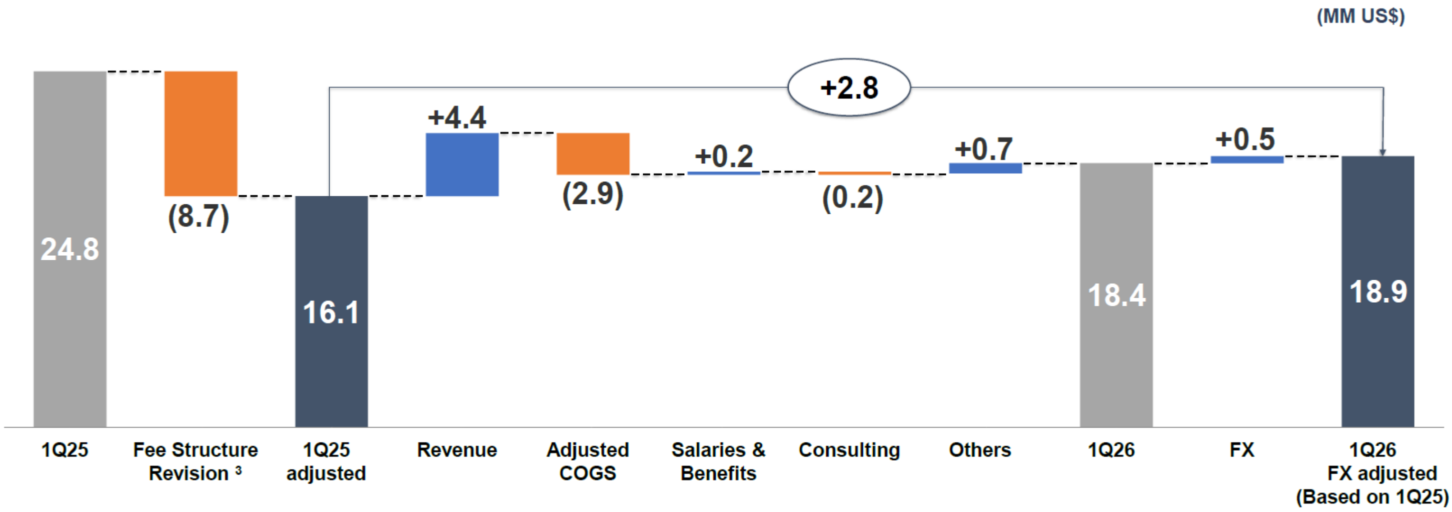
Income From Operations Decreased by 27%

Income from operations decreased to $18 million (-27% YoY), as the decline in gross profit exceeded the decline in operating expenses.

EBITDA Declined by 26%

EBITDA, calculated by adding depreciation and amortization expense to income from operations, decreased to $18 million (-26% YoY). The reduction in earnings resulting from the Fee Structure revision contributed to an $8.7 million decrease in earnings. On the other hand, EBITDA excluding the effects of the Fee Structure revision and foreign exchange fluctuations increased by $2.8 million YoY.

Figure 3. EBITDA Bridge Analysis ($mn)



Source: Company Data.

$9 Million in Insurance Gains No Longer Recognized

Regarding other incomes, a $9 million insurance gain related to the maturity of a life insurance policy recorded in the same period of the previous year was no longer recognized; consequently, the amount of other income net of other expenses decreased from $7 million in the prior period to $1 million. As a result, income from operations decreased by 27% YoY, while income before income taxes decreased by 40% YoY.

Confirmation of a Bottom in Income from Operations

Although Q1 FY12/26 results showed a YoY decline in both revenue and income from operations due to factors such as the revision of the Fee Structure, compared to Q4 FY12/25 Results, revenue increased by 9% and income from operations rose by 38%, driven by factors such as an increase in point-based commissions. These results confirmed that income from operations, which had been on a downward trend since peaking at $24 million in Q1 FY12/25, had bottomed out.

2. Status of Group Clinic for SBC

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

Number of Group Clinics Increased by 33 to 284 Compared to the End of the Same Period Last Year

As of the end of Q1 FY12/26, the number of group clinics (the total of clinics supported by SBC and company-operated clinics) stood at 284, an increase of 33 clinics compared to the end of the same period the previous year. The main factors contributing to this increase were the addition of six "JUN CLINIC" aesthetic dermatology and cosmetic surgery clinics to the group (July 2025) and the conversion of 24 clinics under "OrangeTwist", a major U.S. MedSpa platform, into equity-method affiliates. Compared to FY12/25, the number increased by one clinic due to new openings.

Repeat Rate: 72%

The repeat rate for Q1 FY12/26 - which represents the percentage of all past customers who have visited two or more times (covering the SBC brand, Gorilla Clinic, and Rize Clinic; excluding free consultations) - remained at 72%, the same as for FY12/25.

The Number of Customers Over the Past Year Has Been Steadily Increasing

The number of customers over the past year as of the end of March 2026 (covering the SBC brand, Rize Clinic, Gorilla Clinic, AHH and JUN CLINIC; excluding free consultations) stood at 6.76 million (+10% YoY). Of these, the number of unique customers was 2.14 million (+10% YoY). Note that the figures for unique customers at AHH and JUN CLINIC are estimates derived by applying the ratio of unique customers to the total number of customers over the past year for the SBC brand, Rize Clinic and Gorilla Clinic.

Average Revenue Per Visit rose 11% YoY

Meanwhile, the average revenue per visit (hereinafter "average revenue per visit"; covering the SBC brand, Rize Clinic, Gorilla Clinic, AHH, JUN CLINIC and after point/ticket discounts) for Q1 FY12/26 was $289 (+11% YoY). Average revenue per visit had been declining YoY through Q3 FY12/25, but began to rise in Q4 of that fiscal year, and this upward trend continued YoY in Q1 FY12/26. Note that the average revenue per visit level in Q1 FY12/26 was lower than that in Q4 of FY12/25, which is presumed to be due to seasonal factors.

Average Revenue Per Visit Declined Through Q1 of FY12/25

From Q1 FY12/24 through Q1 FY12/25, 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 increase in the proportion of relatively low-priced aesthetic dermatology services (particularly partial hair removal treatments, which have especially low prices).

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

Subsequently, with Q1 FY12/25 marking the low point, the average revenue per visit began to rise starting in Q2. The increase in average revenue per visit from Q2 of FY12/25 onward was driven by: 1) the discontinuation of certain low-priced services and a shift away from the entrenched price competition (Shonan Beauty Clinic / SBC, Rize Clinic, Gorilla Clinic); 2) price increases for hair removal treatments (Shonan Beauty Clinic / SBC); 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 - which specialize in high-priced services such as customized laser treatments - to the group (July 2025).

The Rise in the Proportion of Non-Surgical Treatments Reflects a Structural Shift in the Industry

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 the average revenue per visit due to the company's focus on high-revenue clinics.

Group Clinic Total Revenues Up 10%

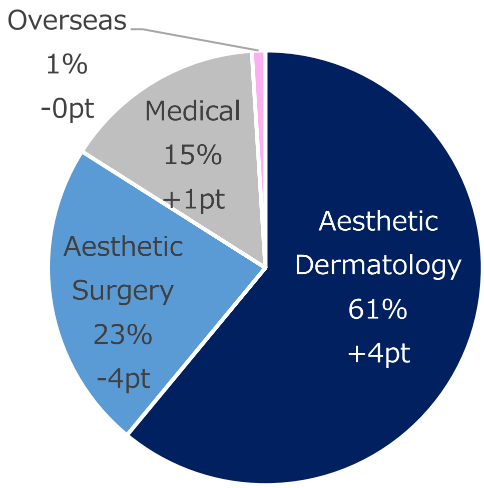
Group clinic total revenues for Q1 FY12/26 (covering the SBC brand, Rize Clinic, Gorilla Clinic, AHH, JUN CLINIC and point/ticket discounts) reached $285 million, a 10% YoY increase, driven by revenue growth at existing clinics, the impact of new clinic openings, and the contribution of JUN CLINIC, which joined the group in July. Total revenues at existing clinics rose 6% YoY to $271 million, driven by an increase in average revenue per visit. Exchange rates were ¥156.9 per USD and ¥122.9 per Singapore dollar. Note that Group Clinic total revenues for Q1 of FY12/26 were lower than Q4 FY12/25, due to seasonal factors as the end of the year is typically a busy period.

Aesthetic Dermatology's Revenue Distribution Increases

Figure 4 shows the revenue distribution by medical specialty and region for Q1 of FY12/26 (covering the SBC brand, Rize Clinic, Gorilla Clinic, AHH and JUN CLINIC) and the YoY change for each. The revenue distribution for aesthetic dermatology rose by 4% YoY due to changes in the industry structure - specifically, a shift in demand from aesthetic surgery to aesthetic dermatology - as well as the opening of new aesthetic dermatology clinics supported by SBC and the integration of JUN CLINIC into the group.

In addition, the revenue distribution for the medical sector (general medical care other than aesthetic surgery and aesthetic dermatology) also rose by 1% YoY, driven by the impact of new clinic openings and an increase in treatments for androgenetic alopecia (AGA) and infertility.

Figure 4. Revenue Distribution by Department & Region and YoY Changes for Group Clinics, and Total Revenues



Note: As of Q1 FY12/26.
Source: Company Data.

Promoting a Multi-Brand Strategy Targeting Specific Customer Segments

SBC has built a network of group clinics centered on “Shonan Beauty Clinic / SBC” a comprehensive aesthetic medicine clinic catering to entry-level, mass-market and expert-level clients. However, recognizing that the proportion of non-surgical treatments in the aesthetic procedures market has been rising in recent years, the company has announced a policy to promote a multi-brand expansion strategy centered on specialized aesthetic dermatology clinics 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 of $308 in June 2025). Total revenues at NEO Skin Clinic have surged from $357,000 in April, when it opened, to $633,000 in December.

Additionally, JUN CLINIC - which joined the group in July and targets both the mass and expert segments - reported an average revenue per visit of $351 for the period 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.

Furthermore, 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 entry-level patients and opened its first clinic in Nakano on October 1, 2025.

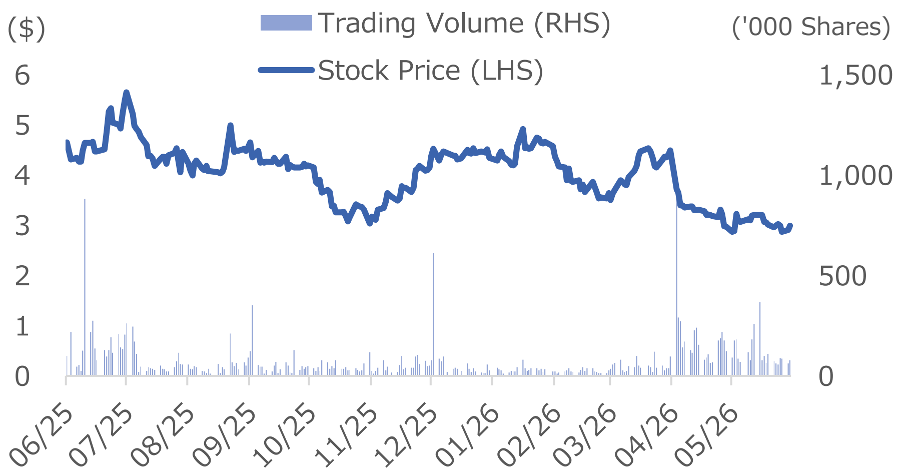
3. Stock Price Trends and Valuations

1) Stock Price Trends

Since April 2025, the Stock Has Been Consolidating at Lower Levels

In its Q1 FY12/25 earnings results, released on May 15, 2025, SBC reported a 1% YoY decline in income from operations. However, the company also announced that it would begin a share buyback program, capped at $5 million, starting May 20. Subsequently, the market reacted positively to the share buyback and other measures, and the stock price, which had been trending downward, began to find support at lower levels.

Figure 5. SBC: Stock Price and Trading Volume Trends



Source: Strategy Advisors.

The Stock Price Rose Through Mid-July Due to the Share Buyback and Inclusion in the Russell 3000 Index

SBC's stock was newly included in the Russell 3000 Index - comprising the 3,000 U.S.-listed stocks with the highest market capitalization - effective June 30, 2025. Backed by share buyback and investment from index funds and other sources, the stock price rose to $5.65 on July 18.

Stock Price Falls Again Due to Weak Q2 FY12/25 Results and a Weak Yen

Subsequently, partly due to the completion of the share buyback program, the stock price fell below $5 in late July. The stock price temporarily fell below $4 following the release of the disappointing Q2 FY12/25 earnings results on August 13. The stock price subsequently recovered and moved into the $4–$5 range; however, 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 once again.

Although the Q3 FY12/25 earnings results, announced on November 14, showed an increase in operating profit compared to the previous quarter, the margin of increase was modest, causing the stock price to fall to $3.04 on the 17th. However, the stock price rebounded after management discussed new business developments in Thailand and the tender offer for Waqoo (4937 TSE Growth) during the Q3 results briefing.

The Stock Price Fell Further Following the Q1 FY12/26 Results

The FY12/25 earnings results, announced on March 27, 2026, were generally in line with market expectations. However, the stock price rose due to a sharp increase in Q4 total revenues at the group's clinics driven by higher average revenue per customer, as well as heightened expectations for the "SBC Wellness 2.0" business strategy. Subsequently, following a secondary offering, the stock price range narrowed to between $3.10 and $3.80.

The Q1 FY12/26 earnings results, announced on May 14, were generally in line with the company's expectations but fell short of market expectations, causing the stock price to drop below $3. Although the stock price rebounded slightly afterward, it is currently trading in the $2.80–$3.30 range.

If Future Earnings Reports Confirm an Increase in Quarterly Profits, a Recovery in the Stock Price Can Be Expected

The purpose of the Fee Structure revision implemented by SBC is to build a win-win relationship with the clinics supported by SBC by improving their profitability. Since the average revenue per customer at group clinics - which had been declining - has continued to rise YoY since the Q2 FY12/25, demand for the services SBC provides to the clinics supported by SBC is expected to gradually increase. As discussed below, the company's stock remains undervalued; therefore, if exchange rates stabilize and future earnings reports confirm an increase in quarterly profits, a recovery in the stock price can be expected. In the medium to long term, if the results of the "SBC Wellness 2.0" business strategy announced in March 2026 begin to materialize, this is expected to have a corresponding impact on the stock price.

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

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

Among the 11 major publicly listed aesthetic medicine companies worldwide, SBC ranks 2nd in EBITDA (past 12 months) at $64 million, trailing only EC Healthcare (02138 HK) and 4th in enterprise value at $207 million, behind Fameglow Holdings (08603 HK), M1 Kliniken AG (M12 DE) and EC Healthcare, solidifying its position as an industry leader. However, its EV/EBITDA stands at 3.3x, making it the 4th-lowest - excluding one company for which the figure could not be calculated - behind Miricor Enterprises Holdings (01827 HK), EC Healthcare and Perfect Medical Health Management (01830 HK). In terms of PER, excluding the 2 companies for which the figure cannot be calculated, it remains at 6x, the lowest among the group.

In terms of ROE, SBC stands at 17%, ranking 5th highest among the 8 companies, excluding the 2 with negative ROE and the 1 for which the figure could not be calculated. On the other hand, looking at PBR, SBC stands at 1.2x, ranking 5th lowest, suggesting it is relatively undervalued.

Significant Profit Declines in Q3 and Q4 of FY12/24 & Q2 of FY12/25, as Well as the Stock Offering in April 2026, Have Impacted Valuation Levels

One reason the stock price appears undervalued is the company's significant earnings volatility. Specifically, in Q3 FY12/24, the company recorded stock-based compensation expenses related to warrants issued to parties who supported its IPO ($14 million), resulting in income from operations of $14 million (-31% YoY).

In Q4 of the same fiscal year, it recorded an impairment loss ($15 million), resulting in income from operations of $5 million (-80% YoY); and in Q2 FY12/25, income from operations was $15 million (-47% YoY) due to revisions to the Fee Structure and other factors.

However, SBC's valuation rose slightly from November 2025 through mid-April 2026, driven by YoY increases in operating profit in Q3 and Q4 FY2/25, as well as the market's positive reception of the "SBC Wellness 2.0" business strategy. Subsequently, SBC's valuation declined again following a secondary offering of shares conducted on April 21.

Figure 6. Enterprise Value to EBITDA Multiple (EV/EBITDA Multiple), PBR & ROE of Major Listed Medical Peers

Company Name	Ticker	Country	EBITDA (a) ($mn)	EV (b) ($mn)	b/a (x)	ROE (%)	PBR (x)	PER (x)
Fameglow Holdings	08603	Hong Kong	19	1,156	61.7	34.9	43.7	192.1
M1 Kliniken AG	M12	Germany	45	397	8.9	19.6	2.8	23.0
EC Healthcare	02138	Hong Kong	77	210	2.7	-10.1	0.3	-
SBC Medical Group HD	**SBC**	**Japan**	**64**	**207**	**3.3**	**16.9**	**1.2**	**6.0**
Klinique Medical Clinic	KLINIQ	Thailand	27	174	6.4	21.6	3.0	15.1
So-Young International	SY	China	-30	171	-	-15.8	0.5	-
Perfect Medical Health Management	01830	Hong Kong	55	156	2.8	36.5	3.6	6.6
Master Style PCL	MASTER	Thailand	13	92	6.9	5.8	0.7	12.9
Dc Healthcare Holdings	0283	Malaysia	4	38	8.8	2.6	2.7	642.4
Aesthetic Connect PCL	TRP	Thailand	4	36	9.2	-	0.8	17.1
Miricor Enterprises HD	01827	Hong Kong	13	21	1.6	7.7	1.9	26.5

Note:
Stock prices are closing prices as of June 17. EBITDA and ROE figures are for the last 12 months (LTM). The latest figures currently available are used for LTM calculations.
According to Speeda's definition, the profit used to calculate EBITDA is income before income taxes + interest expense – interest income. However, SBC uses income from operations in accordance with the company's definition.
Source: Strategy Advisors. Based on data from Speeda.

Figure 7. Sales and Major Medical Specialties of Major Listed Aesthetic Medical 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	Y	Y	Y	Y	Y	Y	Y	Y	Y
M1 Kliniken AG	Germany	412	Y	Y	Y	-	-	Y	Y	-	-	-
So-Young International	China	234	Y	Y	Y	-	Y	Y	Y	Y	Y	-
SBC Medical Group HD	**Japan**	**169**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**
Perfect Medical Health Management	Hong Kong	127	Y	Y	Y	-	Y	Y	Y	Y	-	Y
Klinique Medical Clinic	Thailand	119	Y	Y	Y	-	Y	Y	Y	-	-	-
Fameglow Holdings	Hong Kong	76	-	-	Y	-	Y	-	-	-	-	-
Master Style PCL	Thailand	57	Y	Y	Y	-	-	Y	Y	Y	-	-
Miricor Enterprises HD	Hong Kong	47	-	Y	Y	-	-	-	-	-	-	-
Dc Healthcare Holdings	Malaysia	22	-	Y	Y	-	Y	-	-	-	-	-
Aesthetic Connect PCL	Thailand	-	Y	Y	Y	-	-	-	-	-	-	-

Note:
Total revenues are for the most recent year (LTM). The LTM calculation uses the most recent figures currently available. Y=Yes.
Source: Strategy Advisors. Based on data from Speeda.

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

Although SBC Has a High ROE, PBR is Low, Suggesting Undervaluation

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 of the spectrum. Even SBC, a leading company in the aesthetic medical sector, lags significantly behind major companies in the comprehensive medical sector in terms of scale.

However, in terms of ROE, SBC ranks 9th highest among the 24 companies for which data is available, placing it among the top performers in terms of profitability. Regarding PBR, among the 22 companies for which data is available, SBC ranks 9th lowest alongside two other companies, indicating that it remains undervalued.

SBC Also Appears Significantly Undervalued Based on EV/EBITDA

Even when comparing EV/EBITDA ratios, SBC's ratio of 3.3x ranks as the fourth lowest among the 28 companies (excluding one for which the ratio could not be calculated), indicating that it is significantly undervalued.

Based on the above, even when comparing SBC to comprehensive healthcare companies, the sense of undervaluation stands out even more.

SBC Has the Right to Take on the Ambitious Goal of "Becoming the World's Most Trusted Medical Group with the Largest Customer Base" by 2050

SBC's Equity Story is centered on CEO Aikawa's exciting vision to "build the world's leading healthcare group", along with the company's goals to become "Japan's most chosen medical group by the largest customer base" by 2030 and to become "the world's most trusted medical group with the largest customer base" by 2050.

Currently, HCA Healthcare (HCA NYSE), which boasts the highest EBITDA among publicly traded healthcare companies worldwide, has an enterprise value of $138.3 billion, significantly exceeding that of SBC. Although there remains a substantial gap in enterprise value between the two companies, considering that SBC is the only publicly traded aesthetic medicine company in Japan and has established itself as a leading company in the global aesthetic medicine industry, it can be said that SBC has the right to take on this ambitious goal.

Figure 8. Enterprise Value to EBITDA Multiple (EV/EBITDA multiple), PBR & ROE of Major Listed Medical Peers

Company Name	Ticker	Country	Beauty	EBITDA (a) ($mn)	EV (b) ($mn)	b/a (x)	ROE (%)	PBR (x)	PER (x)
HCA Healthcare Inc	HCA	US	-	15,670	138,339	8.8	-	-	13.5
Fresenius SE & Co. KGaA	FRE	Germany	-	3,802	37,238	9.8	7.5	1.1	17.7
Tenet Healthcare Corp	THC	US	-	4,875	29,799	6.1	37.9	3.7	11.4
DaVita Inc	DVA	US	-	2,708	27,896	10.3	-	-	20.9
Rede d'or São Luiz SA	RDOR3	Brazil	-	1,281	23,565	18.4	20.6	4.0	16.8
IHH Healthcare Bhd	5225	Malaysia	-	1,538	23,047	15.0	7.0	2.5	38.3
Universal Health Services	UHS	US	-	2,795	13,772	4.9	21.3	1.2	6.0
Max Healthcare Institute Ltd	543220	India	-	254	11,559	45.5	14.3	9.9	88.3
Aier Eye Hospital Group Co., Ltd.	300015	China	-	806	11,341	14.1	15.0	3.1	22.9
Community Health Systems	CYH	US	-	2,022	10,957	5.4	-	-	0.8
Bangkok Dusit Medical Services	BDMS	Thailand	-	834	9,227	11.1	14.5	2.6	18.4
Surgery Partners Inc	SGRY	US	-	572	7,500	13.1	-4.4	1.1	-
Medicover AB	MCOV B	Sweden	-	441	4,937	11.2	15.4	5.4	38.6
Hapvida Participações Investimento	HAPV3	Brazil	-	597	3,845	6.4	-0.9	0.1	-
Meinian Onehealth Healthcare	002044	China	-	194	3,581	18.4	3.9	2.8	85.1
Terveystalo PLC	TTALO	Finland	-	245	1,688	6.9	13.9	1.6	10.3
Fameglow Holdings	08603	Hong Kong	Y	19	1,156	61.7	34.9	43.7	192.1
MediClin AG	MED	Germany	-	112	553	4.9	-	0.9	8.2
Pihlajalinna Oyj	PIHLIS	Finland	-	121	479	4.0	20.3	1.2	6.4
M1 Kliniken AG	M12	Germany	Y	45	397	8.9	19.6	2.8	23.0
EC Healthcare	02138	Hong Kong	Y	77	210	2.7	-10.1	0.3	-
SBC Medical Group HD	**SBC**	**Japan**	**Y**	**64**	**207**	**3.3**	**16.9**	**1.2**	**6.0**
Klinique Medical Clinic	KLINIQ	Thailand	Y	27	174	6.4	21.6	3.0	15.1
So-Young International	SY	China	Y	-30	171	-	-15.8	0.5	-
Perfect Medical Health Management	01830	Hong Kong	Y	55	156	2.8	36.5	3.6	6.6
Master Style PCL	MASTER	Thailand	Y	13	92	6.9	5.8	0.7	12.9
Dc Healthcare Holdings	0283	Malaysia	Y	4	38	8.8	2.6	2.7	642.4
Aesthetic Connect PCL	TRP	Thailand	Y	4	36	9.2	-	0.8	17.1
Miricor Enterprises HD	01827	Hong Kong	Y	13	21	1.6	7.7	1.9	26.5

Note: Stock prices are closing prices as of June 17. Y=Yes. EBITDA and ROE figures are for the last 12 months (LTM). The latest figures currently available are used for LTM calculations.
According to Speeda's definition, the profit used to calculate EBITDA is income before income taxes + interest expense – interest income. However, SBC uses income from operations in accordance with the company's definition.
Source: Strategy Advisors. Based on Speeda data.

Figure 9. Quarterly Financial Performance Trends ($mn)

FY	12/24				12/25				26/12
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Total Revenues	**55**	**53**	**53**	**44**	**47**	**43**	**43**	**40**	**43**
(YoY)	27.7%	29.5%	12.3%	-28.8%	-13.6%	-18.3%	-18.3%	-10.9%	-9.0%
Franchise Revenue	15	15	16	16	16	10	10	10	9
Procurement Services	13	14	18	11	14	16	13	13	12
Management Services	16	17	12	9	9	5	9	6	12
Rental Services	4	3	4	5	6	7	6	4	3
Other	7	5	4	5	3	6	4	6	6
Cost of Revenues	15	14	10	11	10	13	13	11	13
Gross Profit	**40**	**39**	**43**	**34**	**38**	**30**	**31**	**29**	**30**
Gross Profit Margin	72.1%	74.2%	81.5%	76.3%	79.7%	69.2%	70.6%	73.1%	70.5%
Operating Expenses	15	12	29	29	14	15	15	16	13
Income from Operations	**24**	**27**	**14**	**5**	**24**	**15**	**16**	**13**	**18**
(OP Margin)	44.6%	51.4%	26.1%	10.6%	51.1%	33.6%	36.6%	32.5%	41.2%
Total Other Income /Expenses	3	0	-1	1	7	-1	3	6	1
Income before Income Taxes	**27**	**27**	**13**	**6**	**31**	**14**	**19**	**19**	**19**
Net Income Attributable to Owners of Parent	**19**	**18**	**3**	**7**	**22**	**2**	**13**	**14**	**11**
EBITDA	**25**	**28**	**15**	**21**	**25**	**15**	**17**	**14**	**18**
EBITDA Margin	**46.5%**	**53.0%**	**28.0%**	**46.6%**	**52.5%**	**35.0%**	**38.4%**	**34.2%**	**42.7%**
Depreciation and Amortization	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Impairment Loss	**-**	**-**	**-**	**15**	**-**	**-**	**-**	**-**	**-**
Net Income Margin	34.2%	34.8%	5.3%	14.7%	45.4%	5.7%	29.6%	35.9%	26.3%

Source: Company Data. Compiled by Strategy Advisors.

Figure 10. Consolidated Income Statement ($mn)

FY	12/22	12/23	12/24	12/25
Total Revenues	**174**	**194**	**205**	**174**
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
Gross Profit	**114**	**137**	**156**	**127**
Gross Profit Margin	-	70.9%	76.0%	73.3%
Operating Expenses	94	66	86	60
Income from Operations	**20**	**71**	**70**	**67**
(OP Margin)	-	36.5%	34.2%	38.9%
Total Other Income/Expenses	4	3	3	15
Income before Income Taxes	**24**	**74**	**73**	**82**
Income Taxes	18	35	27	31
Net Income Attributable to Owners of Parent	**6**	**39**	**47**	**51**
EBITDA	**29**	**83**	**89**	**70**
EBITDA Margin	**16.7**	**42.8**	**43.4**	**40.4**
Depreciation and Amortization	**8**	**12**	**4**	**3**
Impairment Loss	**-**	**-**	**15**	**0**
Net Income Margin	3.6%	20.3%	22.7%	29.4%

Source: Company Data. Compiled by Strategy Advisors.

Figure 11. Consolidated Balance Sheet ($mn)

FY	12/22	12/23	12/24	12/25	Q1 12/26
Cash and Cash Equivalents	54	103	125	164	167
Trade Receivables	13	35	30	30	37
Inventories	1	3	1	3	2
Other Current Assets	45	25	28	34	32
Total Current Assets	**113**	**166**	**184**	**231**	**239**
Tangible fixed assets	22	20	14	16	19
Intangible Assets	7	20	2	48	47
Goodwill	4	4	5	15	15
Other Non-Current Assets	80	50	61	70	68
Total Non-Current Assets	**113**	**93**	**82**	**149**	**149**
Total Assets	**225**	**259**	**266**	**380**	**388**
Trade Payables	15	30	15	18	20
Interest-Bearing Debt	8	4	4	14	15
Other Current Liabilities	78	59	42	30	28
Total Current Liabilities	**101**	**92**	**61**	**61**	**63**
Interest-Bearing Debt	8	4	8	38	37
Other Non-Current Liabilities	8	19	2	18	18
Total Non-Current Liabilities	**16**	**23**	**10**	**56**	**55**
Total Liabilities	**117**	**115**	**71**	**117**	**118**
Capital & Surplus	27	37	63	73	73
Retained Earnings	103	143	189	240	252
Other	-25	-38	-57	-65	-69
Total Equity Attributable to Owners of the Parent	**105**	**142**	**195**	**248**	**255**
Non-controlling Interest	3	2	0	15	15
Total Stockholders' Equity	108	144	195	263	270
Total Liabilities and Equity	**225**	**259**	**266**	**380**	**388**

Source: Company Data. Compiled by Strategy Advisors.

Figure 12. Consolidated Statement of Cash Flows ($mn)

FY	12/22	12/23	12/24	25/12	Q1 12/26
Net Income	6	39	47	51	11
Depreciation and Amortization	6	12	4	3	1
Impairment Loss	1	0	16	0	0
Adjustments to Operating Income/Losses	-2	0	-3	-4	0
Deferred Income Taxes	-4	4	-14	5	-1
Changes in Operating Assets and Liabilities	-11	-8	-47	-27	-3
Other Non-Cash Expenses	3	3	4	-4	2
Cash Flows from Operating Activities	**0**	**51**	**21**	**25**	**9**
Acquisition and Sale of Tangible Fixed Assets	-23	-1	-3	5	-1
Acquisition and Sale of Intangible Fixed Assets	0	-2	0	0	0
Acquisition and Sale of Businesses	-6	1	-5	-43	0
Changes in investment assets	-3	2	0	-1	0
Other	-1	2	-1	18	0
Cash Flows from Investing Activities	**-33**	**2**	**-10**	**-21**	**-1**
Increase and Repayment of Debt	-5	4	12	33	-2
Issuance, Redemption and Cancellation of Shares	0	0	0	-5	0
Other Financial Cash Flows	-3	3	11	10	0
Cash Flows from Financing Activities	**-8**	**6**	**23**	**38**	**-2**
Free Cash Flow	**-33**	**52**	**10**	**4**	**9**

Source: Company Data. Compiled by Strategy Advisors.

Figure 13. Stock Price Indexes, ROE and KPIs

FY	12/22	12/23	12/24	25/12	Q1 12/26
EPS ($)	0.06	0.42	0.48	0.50	0.11
BPS ($)	1.04	1.51	1.90	2.42	2.49
DPS ($)	0.0	0.0	0.0	0.0	0.0
Dividend Payout Ratio	-	-	-	-	-
Closing Price ($)	-	-	5.56	4.31	4.18
PER (x)	-	-	11.5	8.7	-
PBR (x)	-	-	2.8	1.8	1.7
# of Shares Outstanding at End of Period (‘000)	-	-	103,021	103,881	103,881
# of Treasury Stocks (‘000)	-	-	270	1,304	1,304
# of shares of Outstanding excl. Treasury Stocks (‘000)	100,743	100,743	102,751	102,577	102,577
Market Cap. ($mn)	-	-	571	442	429
Shareholders' Equity Ratio	46.7	54.9	73.3	65.3	65.8
Interest-Bearing Debt ($mn)	16	23	13	52	52
Net D/E ratio	-0.34	-0.56	-0.58	-0.45	-0.45
EV (Enterprise Value)	-	-	460	345	328
EBITDA ($mn)	29	83	89	70	18
EV/EBITDA multiple	-	-	5.16	4.92	-
ROE	-	31.8	27.6	23.0	-
ROIC (Invested Capital)	-	26.5	25.0	19.5	-
Number of Employees	-	-	863	863	-

Source: Company Data. Compiled by Strategy Advisors.

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