SBC Medical Group Holdings | SBC (NASDAQ)

Company Report

August 21, 2026

Strategy Advisors Co., Ltd.
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Q2 Results: Double-Digit Revenue and Earnings Growth Driven by Strengthening of the Domestic Core Business and Strategic Initiatives Becoming Increasingly Visible; Valuation Remains Undervalued at 7x PER and 1.5x PBR, Expecting Further Upside Potential

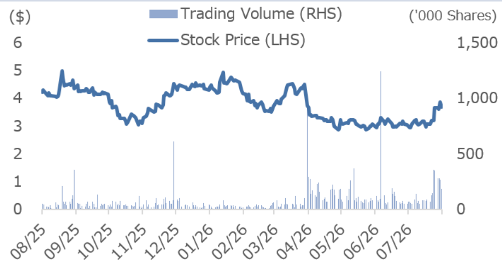
For Q2 FY12/26 (hereinafter "Q2"), the company reported double-digit growth in total revenues and income from operations, with total revenues of $49 million (+13% YoY), income from operations of $19 million (+30% YoY) and net income attributable to owners of parent of $11 million (+335% YoY). This was driven by growth in management services—primarily from the Point business—and contributions from Waqoo. These quarterly results can be viewed as a manifestation of the efforts made over the past two years to strengthen the foundation of the company's core domestic business and lay strategic groundwork for future growth.

Regarding the status of Group Clinic for SBC in H1 FY12/26, total revenues increased by 11% YoY. The average spend per visit rose by 11% in Q1 and 9% in Q2, driving the revenue growth. As of the end of June, the number of Group Clinics stood at 287, an increase of 34 clinics compared to the end of the same period last year.

The Q2 results for FY12/26, announced on August 13, not only exceeded stock market expectations but also included details in the business strategy update that suggest profit growth starting in Q3. Consequently, the stock price rose and is currently trading in the range of $3.30 to $3.90. The current valuation stands at a PER of 7x, a PBR of 1.5x, and an EV/EBITDA ratio of 3.8x. As the stock still appears undervalued, a rise 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 stock price.

Currently, HCA Healthcare (HCA NYSE), which boasts the highest EBITDA among publicly traded healthcare companies worldwide, has an

Stock Price and Trading Volume (Past 1 Year)



Source: Strategy Advisors.

Key Indicators

Stock Price (8/20/26)	3.68
52-Week High (9/8/25)	4.99
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 ($mn)	377
EV ($mn)	257
Equity Ratio (FY12/25, %)	65.3
ROE (FY12/25 Actual, %)	23.0
PER (FY12/25 Actual, x)	7.4
PBR (FY12/25 Actual, x)	1.5
Yield (FY12/26 CoE, %)	-

Source: Strategy Advisors.

enterprise value of $141.9 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 ($mn)	YoY (%)	Net Income ($mn)	YoY (%)	EPS ($)	DPS ($)
Q1 12/26	43	-9.0	18	-26.8	19	-40.0	11	-47.3	0.11	-
Q2 12/26	**49**	**13.4**	**19**	**30.3**	**20**	**44.4**	**11**	**335.0**	**0.10**	**-**
H1 12/25	91	-16.0	39	-25.1	45	-17.1	24	-35.7	0.23	-
H1 12/26	**92**	**1.7**	**37**	**-5.4**	**38**	**-14.6**	**22**	**-8.2**	**0.21**	**-**
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 the parent.
Source: Company Data. Compiled by Strategy Advisors.

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1. Q2 FY12/26 Results

FY12/26 Q2 Financial Results Showed Double-Digit Growth in Both Revenue and Profit

SBC Medical Group Holdings (hereinafter "SBC") announced its financial results for Q2 (hereinafter "Q2") of FY12/26 on August 13. Q2 results showed total revenues of $49 million (+13% YoY), gross profit of $36 million (+20% YoY), income from operations of $19 million (+30% YoY), and net income attributable to owners of parent of $11 million (+335% YoY).

Results Reflect Strengthening of Domestic Core Business Foundation and Strategic Moves for Future Growth

These quarterly results can be viewed as evidence that the efforts made over the past two years—including the strengthening of the domestic core business foundation and strategic moves for future growth—are beginning to bear fruit.

Figure 1. SBC: Q2 FY12/26 Financial Results Summary

($mn)	Q2 12/26	YoY	Q2 12/25	Q1 12/26
Total Revenues	**49**	**13%**	**43**	**43**
SBC Core Segment	**45**	**3%**	**43**	**43**
Franchise Revenue	10	-5%	10	9
Procurement Services	13	-15%	16	12
Management Services	13	150%	5	12
Rental Services	4	-43%	7	3
Other	5	-10%	6	6
Waqoo Segment	**5**	**-**	**-**	**-**
Cost of Revenues	13	-1%	13	13
Gross Profit	**36**	**20%**	**30**	**30**
Gross Profit Margin	73.1%	-	69.2%	70.5%
Operating Expenses	17	10%	15	13
Salaries and Welfare	8	15%	7	6
Depreciation and Amortization Expense	0	-27%	0	0
Consulting and Professional Service Fees	5	32%	4	3
Office Utility and Other Expenses	2	-7%	2	1
Other	2	-19%	2	1
Income from Operations	**19**	**30%**	**15**	**18**
Total Other Income /Expenses	1	-	-1	1
Income before Income Taxes	**20**	**44%**	**14**	**19**
Net Income Attributable to Owners of Parent	**11**	**335%**	**2**	**11**
Adjusted EBITDA	20	32%	15	18
Adjusted EBITDA Margin	41%	-	35%	43%
Depreciation and Amortization	1	78%	1	1

Note: Adjusted EBITDA = Net income attributable to SBC Medical + Taxes, non-operating items, and D&A. Effective Q226, operations constitute two reportable segments: SBC core and Waqoo segment (Waqoo's revenues primarily from medical support and direct-to-consumer businesses).
Source: Company Data. Compiled by Strategy Advisors.

Waqoo Becomes a Consolidated Subsidiary

SBC Medical Group, a subsidiary of SBC Medical Group Holdings, made Waqoo (4937 TSE Growth), which provides blood-derived processing services and plans and sells 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.

Total Revenues Disclosed Across Two Segments: "SBC Core" and "Waqoo"

Following the acquisition of Waqoo, the company began disclosing total revenues broken down into two segments—"SBC Core" and "Waqoo"—starting in Q2. Note that figures for the Waqoo segment are reflected in the company's consolidated financial statements with a three-month lag; the Q2 results include Waqoo's figures for the January–March period.

Offsetting the Impact of Yen Weakness Through the Consolidation of Waqoo and Growth in Management Services Revenue

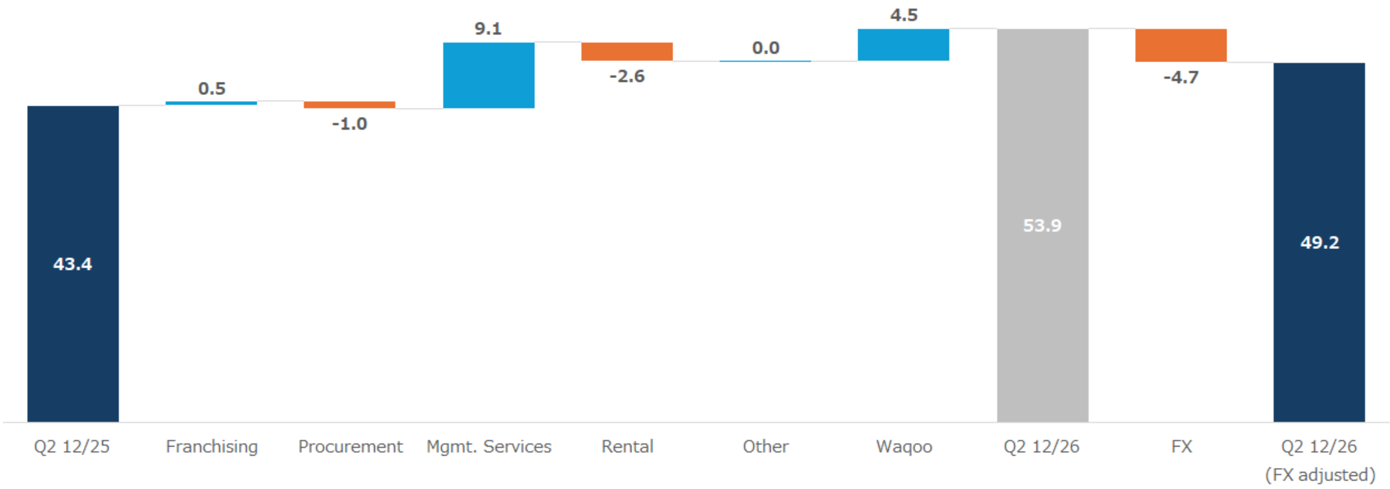
Total revenues for Q2 increased by 13% ($6 million) YoY. In addition to Waqoo's contribution ($5 million), the SBC Core segment—which had been experiencing a YoY decline in total revenues due to the weak yen and the Fee Structure revision implemented in April 2025—shifted to a $1 million increase in total revenues, driven by growth in management services resulting from the expansion of the points business. The exchange rate weakened by approximately 11% against the dollar, moving from ¥144.0/USD in Q2 FY12/25 to ¥159.3/USD in Q2 FY12/26. While the impact of the fee structure revision ran its course in Q1 FY12/26, the foreign exchange impact on the SBC Core Segment resulted in a $4.7 million decrease in total revenues, and the negative impact of the weak yen on total revenues continues.

The remaining factors contributing to and detracting from growth in total revenues will be discussed later in the section on revenue by business segment within the SBC Core Segment.

Total Revenues by Business Segment in the SBC Core Segment Consist of Revenues from Various Services Provided to Clinics Supported by SBC and Revenues from Subsidiaries

Total revenues by business segment in the SBC Core 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" (revenue from subsidiaries, etc.). Revenue other than that classified as "Other" comes from clinics supporting by SBC.

Figure 2. Revenue Bridge Analysis ($mn)



Source: Company Data. Compiled by Strategy Advisors.

SBC Core Segment Revenue Up 14% in Real Terms

Q2 total revenues for the SBC Core Segment were $45 million (+3% YoY). Due to the impact of foreign exchange rate fluctuations, total revenues decreased by $4.7 million YoY; excluding the foreign exchange impact, total revenues are estimated to have increased by $6.0 million (+14% YoY).

Franchising Revenue Increased by 5% on a Like-for-Like Basis

Franchising revenue totaled $10 million (-5% YoY). Excluding the impact of foreign exchange rates, total revenues increased by $0.5 million (+5%) YoY. The increase in total revenues was driven by the addition of clinics supported by SBC, such as JUN CLINIC, which joined the group in July 2025.

Management Services Revenue Rises Significantly

Management services total revenues amounted to $13 million (+150% YoY). Excluding foreign exchange effects, total revenues increased by $9.1 million (+178% YoY). Of this amount, an increase of $8.1 million was driven by higher point-based commission fees related to the operation of loyalty programs commissioned by clinics supported by SBC, following a change in operational policy implemented in June 2025. Additionally, the revision of service fees (implemented in June 2026), discussed below, contributed an additional $0.4 million to the revenue increase.

Procurement Services Declined

On the other hand, procurement services totaled $13 million (-15% YoY), due in part to a rebound from the temporary surge in material replacement during the same period of the previous year. Even excluding the impact of foreign exchange rates, total revenues decreased by $1.0 million (-6%) YoY.

Rental Services Revenue Declined Sharply

Rental services total revenues also fell to $4 million (-43% 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. Even excluding foreign exchange effects, total revenues decreased by $2.6 million (-38%) YoY.

Other Total Revenues Remained Essentially Flat

Other total revenues totaled $5 million (-10% YoY). Excluding the impact of foreign exchange rates, total revenues remained flat compared to the same period last year.

The Waqoo Segment Was Newly Added

The Waqoo segment, which was newly added starting in Q2 FY12/26, posted total revenues of $5 million. Although sales from the planning and marketing of skincare and cosmetic brands are trending downward, the blood-derived processing services business is expanding rapidly, resulting in strong overall performance. Note that, as mentioned earlier, since Waqoo's results reflected in the Q2 financial statements cover the January–March period, an exchange rate of ¥156.9/USD was applied, differing from ¥159.3/USD rate used for the SBC Core Segment. Additionally, in SBC's consolidated financial statements, different accounting standards—such as those regarding goodwill amortization—are applied compared to Waqoo.

The Gross Profit Margin Rose Due to an Improvement in the Sales Mix

The cost of revenues totaled $13 million (-1% YoY), driven by a decrease in expenses related to rental services and the impact of the weaker yen. Meanwhile, the gross profit margin rose from 69.2% in the same period of the previous year to 73.1%, due to factors such as the rising proportion of revenues from management services and Waqoo, both of which have relatively high profit margins—as a percentage of total revenues.

Operating Expenses Increased by 10%

Operating expenses (SG&A) totaled $17 million (+10% YoY). Consulting and professional service fees increased by $1.2 million YoY, including a one-time expense of $1.4 million related to the stock offering by CEO Aikawa in April. Additionally, salaries and welfare increased by $1.0 million YoY due to an increase in headcount and the consolidation of Waqoo.

Income from Operations Increased by 30%

Since the increase in gross profit exceeded the increase in operating expenses, income from operations rose 30% YoY to $19 million.

Income before income taxes increased by 44%

Foreign exchange gains and losses shifted from a loss of $1 million in the same period of the previous year to a gain of $1 million; consequently, the amount obtained by deducting other expenses from other income increased from -$1 million in the same period of the previous year to $1 million. As a result, income from operations increased by 30% YoY, while income before income taxes increased by 44% YoY.

Net Income Attributable to Owners of Parent Increased by 335%

The effective tax rate decreased to 40.0% from 82.0% in the same period of the previous year, which had been affected by a temporary increase in the tax burden. Meanwhile, net income attributable to non-controlling interests turned from a loss of $0.02 million in the same period of the previous year to a profit of $0.47 million, following the acquisition of Waqoo. As a result, net income attributable to owners of parent was $11 million, a 335% increase YoY.

Adjusted EBITDA Increased by 32%

SBC changed its disclosure from EBITDA—which was calculated by adding depreciation and amortization expense to income from operations—to adjusted EBITDA. Adjusted EBITDA, calculated by adding taxes, non-operating income and expenses, and amortization to net income attributable to owners of parent, increased 32% YoY to $20 million.

2. H1 FY12/26 Results

H1 FY12/26 Results: Revenue Up, Profit Down

Financial results for the H1 FY12/26 (hereinafter "H1") were as follows: total revenues of $92 million (+2% YoY), gross profit of $66 million (-2% YoY), income from operations of $37 million (-5% YoY), and net income attributable to the Company's shareholders of $22 million (-8% YoY).

Fee Structure Revisions Were the Primary Cause of the Decline in Revenue and Profit in Q1

Although Q2 results showed a 13% YoY increase in revenue and a 30% increase in operating profit, H1 results were lackluster due to the 9% YoY decline in revenue and 27% decrease in operating profit in Q1. The impact of the Fee Structure revision implemented in April 2025 was the primary cause of the decline in revenue and operating profit in Q1.

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 strategic structural reforms, in April 2025, SBC changed its Fee Structure from a flat-rate system to a tiered system based on the volume of various consulting services used and revenue levels. Additionally, the company introduced a new fee reduction and exemption 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.

Figure 3. SBC: H1 FY12/26 Financial Results Summary

($mn)	H1 12/26	YoY	H1 12/25
Total Revenues	**92**	**2%**	**91**
SBC Core Segment	**88**	**-3%**	**91**
Franchise Revenue	19	-28%	26
Procurement Services	26	-14%	30
Management Services	25	79%	14
Rental Services	7	-41%	12
Other	11	33%	9
Waqoo Segment	**5**	**-**	**-**
Cost of Revenues	26	13%	23
Gross Profit	**66**	**-2%**	**68**
Gross Profit Margin	71.9%	-	74.7%
Operating Expenses	30	2%	29
Salaries and Welfare	14	6%	13
Depreciation and Amortization Expense	1	-30%	1
Consulting and Professional Service Fees	9	20%	7
Office Utility and Other Expenses	3	-15%	4
Other	3	-18%	4
Income from Operations	**37**	**-5%**	**39**
Total Other Income /Expenses	2	-72%	6
Income before Income Taxes	**38**	**-15%**	**45**
Net Income Attributable to Owners of Parent	**22**	**-8%**	**24**
Adjusted EBITDA	38	-4%	40
Adjusted EBITDA Margin	42%	-	44%
Depreciation and Amortization	2	43%	1

Note: Adjusted EBITDA = Net income attributable to SBC Medical + Taxes, non-operating items, and D&A. Effective 2Q26, operations constitute two reportable segments: SBC core and Waqoo segment (Waqoo's revenues primarily from medical support and direct-to-consumer businesses).
Source: Company Data. Compiled by Strategy Advisors.

SBC Core Segment Revenue Down 3%

H1 total revenues for the SBC Core segment were $88 million (-3% YoY). Due to foreign exchange fluctuations, total revenues decreased by $5.7 million YoY; excluding the foreign exchange impact, total revenues are estimated to have increased by $2.7 million (+3% YoY).

Franchising Revenue and Rental Services Declined Sharply

Breaking down total revenues by business segment within the SBC Core Segment, franchising revenue totaled $19 million (-28% YoY). Even excluding the impact of foreign exchange rates, total revenues decreased by $5.9 million YoY. The revision to the franchise fee structure was the primary cause of the revenue decline.

Rental services total revenues amounted to $7 million (-41% YoY), due to a rebound decline in rentals of hair removal laser equipment to aesthetic dermatology clinics, which had expanded in the same period of the previous year. Even excluding foreign exchange effects, total revenues decreased by $4.7 million compared to the same period last year.

Procurement Services Also Declined

Procurement services totaled $26 million (-14% YoY). Excluding the impact of foreign exchange rates, total revenues decreased by $2.7 million compared to the same period last year. Within this, increased marketing activities contributed to a $2.1 million increase in total revenues, while a decline in equipment replacement — which had performed well in the same period last year — contributed to a $5.4 million decrease in total revenues.

Management Services Revenue Rises Significantly

Management services total revenues amounted to $25 million (+79% YoY). Excluding foreign exchange effects, total revenues increased by $12.5 million YoY. In Q1, while a revision to the franchise fee structure contributed to a decrease in revenues, this was offset by growth in the points business, which contributed $13.9 million to total revenues.

Other Segment Revenue Increased by 33%

For H1, “Other” revenue totaled $11 million (+33% YoY). This included a $1.3 million increase due to the inclusion of two additional months of revenue from Aesthetic Healthcare Holdings (AHH), which was acquired in November 2024, as well as increased revenue from the interior construction subsidiary.

The Waqoo Segment Was Newly Added

Total revenues for the Waqoo segment, which was newly added starting in Q2 FY12/26, totaled $5 million. Although total revenues from the planning and sales of skincare and cosmetic brands are trending downward, total revenues from blood-derived processing services are expanding rapidly, resulting in strong overall performance.

Gross Profit Margin Declined Due to a Deterioration in the Sales Mix

Cost of revenues totaled $26 million (+13% YoY), driven by increased expenses associated with higher “Other Revenue.” Gross profit totaled $66 million (-2% YoY) due to a decline in relatively high-margin sales, such as franchising revenue and procurement services. As a result, the gross profit margin declined from 74.7% in the same period of the previous year to 71.9%.

Operating Expenses Increased by 2%

Operating expenses totaled $30 million (+2% YoY). Although office, utility and other expenses decreased, consulting and professional service fees and salaries and welfare increased.

Income From Operations Decreased by 5%

Due to the decline in gross profit combined with the increase in operating expenses, income from operations decreased by 5% YoY to $37 million.

$9 Million in Insurance Gains Disappeared

Regarding other income, the $9 million insurance gain from the maturity of a life insurance policy recorded in the same period of the previous year was not repeated; consequently, the amount remaining after deducting other expenses from other income decreased from $6 million in the prior period to $2 million. As a result, while income from operations decreased by 5% YoY, income before income taxes decreased by 15% YoY.

Adjusted EBITDA Declined 4%

Meanwhile, adjusted EBITDA decreased 4% YoY to $38 million.

3. Status of Group Clinic for SBC

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

Number of Group Clinics Increased by 34 to 287 Compared to the End of the Same Period Last Year

As of the end of Q2 FY12/26, the number of group clinics (the total of clinics supported by SBC and company-operated clinics) stood at 287, an increase of 34 clinics compared to the end of the same period last year. The main factors contributing to this increase were the incorporation of six "JUN CLINIC" aesthetic dermatology and aesthetic surgery clinics into the group (July 2025) and the conversion of 24 clinics operated by "OrangeTwist," a major U.S. MedSpa platform, into equity-method affiliates (December 2025).Compared to the end of Q1 FY12/26, the number increased by 3 clinics due to the opening of an aesthetic dermatology clinic in Thailand by BLEZ, a business partner, as well as the new openings of the Shonan Cosmetic Dentistry Tokyo Kanda Clinic and the JUN CLINIC Omiya Clinic.

By region, the total stood at 240 clinics in Japan, 24 in the U.S. and 23 in Southeast Asia (21 in Singapore, 1 in Vietnam, and 1 in Thailand).By medical specialty in Japan, there were 209 aesthetic medicine clinics (125 general aesthetic, 54 dermatology, 23 men's , and 7 surgical) and 31 Non-Aesthetic Healthcare clinics (11 for androgenetic alopecia [AGA] treatment, 10 dental, 4 for infertility treatment/gynecology, 2 for rehabilitation/orthopedics, 1 for ophthalmology, and 3 others).Furthermore, at this earnings briefing, SBC announced its goal of reaching 1,000 clinics by 2035. The decision to publicly disclose this target—something the company had refrained from doing recently—can be seen as a sign of SBC's confidence.

Repeat Rate Rises to 73%

The repeat rate for Q2 FY12/26 —which represents the percentage of all past customers who visited two or more times (covering the SBC brand, Gorilla Clinic, and Rize Clinic; excluding free consultations)—rose to 73% from 72% in Q1 of the same fiscal year.

One of the World's Largest Customer Bases Continues to Grow Steadily

The number of customers over the past year as of the end of June 2026 (covering the SBC brand, Rize Clinic, Gorilla Clinic, AHH, and JUN CLINIC; excluding those who received free consultations) stood at 6.92 million (up 10% YoY). Of these, the number of unique customers was 2.2 million (up 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.

SBC's customer base is estimated to be one of the largest in the world among publicly traded comprehensive aesthetic surgery clinic groups that also operate in the cosmetic surgery sector.

Average Spend Per Visit Rose 9% YoY

Meanwhile, the average spend per visit for Q2 FY12/26 (hereinafter "average spend per visit"; covering the SBC brand, Rize Clinic, Gorilla Clinic, AHH, and JUN CLINIC, after point/ticket discounts) was $287 (up 9% YoY). The average spend per visit had been declining YoY through Q3 of FY12/25 but began to rise in Q4 of that fiscal year, and this upward trend continued YoY in Q2 FY12/26.

Furthermore, regarding the average spend per visit by category for Q2 FY12/26, there is a significant disparity: while it was $1,680 for aesthetic surgery, it was only $230 for aesthetic dermatology.

Average Spend Per Visit Declined Through Q1 of FY12/25

From Q1 FY12/24 through Q1 FY12/25, the average spend per visit fell significantly. This was because the proportion of relatively high-revenue aesthetic surgery decreased, while the proportion of relatively low-revenue aesthetic dermatology (particularly partial hair removal treatments, which have especially low revenue per customer) rose sharply.

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

Subsequently, with Q1 FY12/25 marking the low point, the average spend per visit began to rise YoY starting in Q2. The increase in the average spend per visit from Q2 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, primarily aesthetic surgery, is declining. This trend is not limited to SBC but is common across the Japanese market and overseas markets such as the United States. As the global aesthetic medicine market expands, the shift toward non-surgical treatments—which are non-invasive and do not cause physical injury — is considered a structural industry change.

Group Clinic Total Revenues Up 11%

Total revenues for Group Clinics in FY12/26 (covering the SBC brand, Rize Clinic, Gorilla Clinic, AHH, JUN CLINIC, and after point/ticket discounts) reached $582 million, an 11% increase YoY, 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 2025.Total revenues from existing clinics increased 6% YoY to $543 million, driven by a rise in the average spend per visit. Exchange rates were ¥158.1/USD and ¥123.7/SGD. Additionally, Group Clinic total revenues for Q2 FY12/26 increased to $297 million from $285 million in Q1 FY12/26, driven by the impact of new clinic openings and other factors.

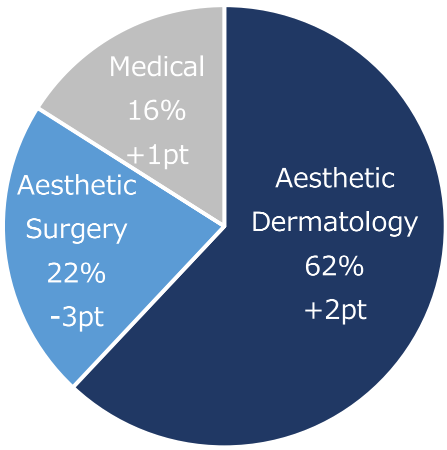
Total Revenues of Aesthetic Dermatology Increase

Figure 4 shows the total revenues by medical specialty and region for the first half of FY12/26 (covering the SBC brand, Rize Clinic, Gorilla Clinic, AHH, and JUN CLINIC), along with YoY changes. Driven by a shift in industry dynamics from aesthetic surgery to aesthetic dermatology, the opening of new aesthetic dermatology clinics supported by the company, and the integration of JUN

CLINIC into the group, the share of total revenues for aesthetic dermatology rose by 2 ppt YoY.

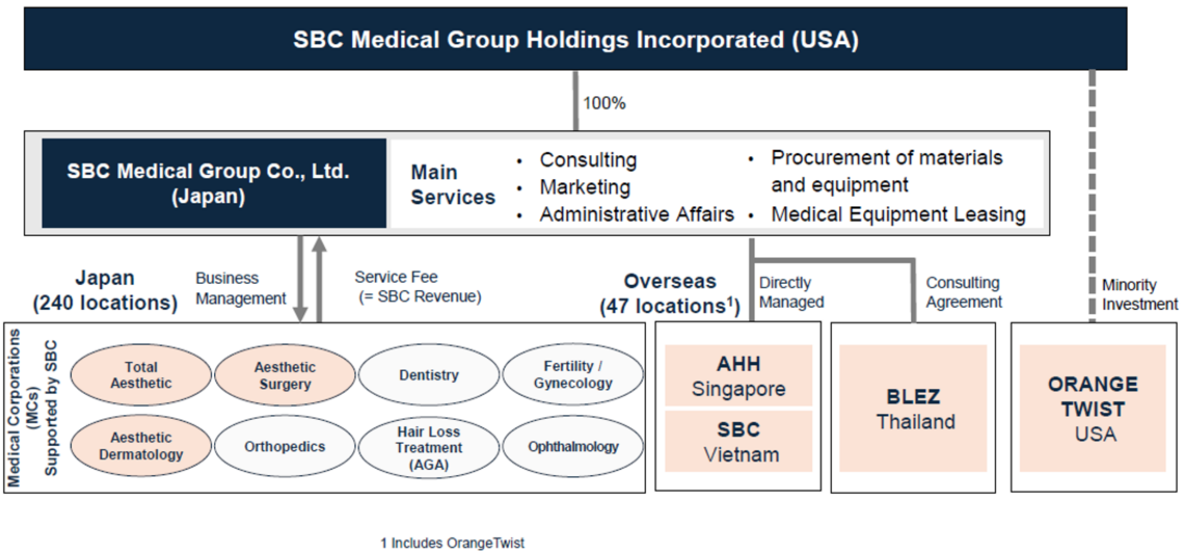
In addition, the total revenues for the medical sector (Non-Aesthetic Healthcare other than aesthetic surgery and aesthetic dermatology) also rose by 1 ppt YoY, driven by the impact of new clinic openings and an increase in treatments for androgenetic alopecia (AGA) and infertility.

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



Note: H1 FY12/26
Source: Company Data.

Figure 5. Overview of Group Structure



Source: Company Data. Compiled by Strategy Advisors.

4. Business Strategies Update for SBC Wellness 2.0

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 (optimization of physical function) market. Specific growth strategies include: 1) acceleration of the Multi-Brand Strategy in Aesthetic Dermatology; 2) Non-Aesthetic Healthcare Business Expansion; 3) Global Business Expansion; and 4) AI-Driven Competitive Advantage & Cost Reform. SBC has now updated the four growth strategies mentioned above.

1) Multi-Brand Strategy in Aesthetic Dermatology

Aesthetic Dermatology Revenue Up 19% in H1

Total revenues for the aesthetic dermatology segment (comprising the SBC brand, Rize Clinic, Gorilla Clinic, and JUN CLINIC) in the first half of FY12/26 grew by 19% YoY, demonstrating robust growth. SBC plans to accelerate its response to diversifying customer needs through both existing and new brands to maximize market share.

Shonan Beauty Clinic/ SBC Skin Clinic

Among existing brands, the SBC-branded "Shonan Beauty Clinic/SBC" is scheduled to be renamed "SBC Skin Clinic" effective September 12, with the aim of evolving into a clinic chosen by an even wider range of customers. SBC Skin Clinic plans to expand to 18 locations by the end of FY12/26 through the opening of two new clinics and the conversion of three existing clinics.

Full-Scale Expansion of High-Priced, High-Value-Added Brands

For the two high-value-added brands—which feature high price points and strong performance—the company plans to begin expanding in earnest. Neo Skin Clinic plans to expand from one clinic at the end of FY12/25 to four clinics by the end of FY12/26 (of which the Ginza clinic opened in March, with clinics in Nagoya and Kobe scheduled to open in August). Meanwhile, JUN CLINIC had six clinics at the end of FY12/25 but now has seven following the opening of the Omiya clinic in June.

Launch of Two New Brands

As for new brands, the company opened the Ikebukuro branch on August 6 as the first location of "SBC MEN'S FLASH," which aims to streamline operations by specializing in men's beard hair removal. Additionally, the company plans to open the Osaka Namba branch on August 21 as the first location of "Shonan Beauty Clinic / SBC," which aims to become a large-scale clinic specializing in hair removal in easily accessible locations.

Gorilla Clinic Achieves High Growth

Additionally, Gorilla Clinic—which specializes in dermatology (medical hair removal) and hair loss treatment (AGA) for men and has achieved high growth—disclosed its total revenues and revenue breakdown. Total revenues increased from $52 million in the first half of FY12/25 to $62 million in the first half of FY12/26. The breakdown of total revenues for the first half of FY12/26 was as follows: dermatology accounted for $50 million (+19% YoY), and AGA accounted for $10 million (+40% YoY).

2) Non-Aesthetic Healthcare Business Expansion

Developing the Non-Aesthetic Healthcare Business as a Second Growth Engine

SBC is working to diversify its business by applying the expertise it has cultivated in aesthetic medicine to the field of Non-Aesthetic Healthcare. By strengthening both "appearance" (aesthetics) and "physical function" (non-aesthetic healthcare), the company aims to become the No. 1 player in the longevity sector in the Japanese market. Although the Non-Aesthetic Healthcare business accounted for only 16% of SBC Group clinics' total revenues in the first half of FY12/26, the company plans to significantly increase this ratio and develop it into a second growth engine.

Formation of a Dedicated Team for Non-Aesthetic Healthcare

In June 2026, the company appointed Mr. Naoya Fujimoto—who previously served as an Executive Officer at Leverages, a major healthcare & IT talent platform—as head of Non-Aesthetic Healthcare business development and formed a dedicated team for non-aesthetic healthcare. In addition to strengthening existing clinics (by boosting patient acquisition and improving operations), the company has set a policy to expand the number of locations through M&A, focusing on distinctive clinics with established networks.

3) Global Business Expansion

Collaboration with OrangeTwist in the U.S.

In the United States, the company plans to collaborate with OrangeTwist—which became part of the group in December 2025—to establish a foothold in the world's largest beauty, health, and longevity market. OrangeTwist operates 24 locations across six U.S. states, with recurring revenue accounting for over 40% of its total revenues. By leveraging SBC's operational expertise, the company plans to strengthen its highly efficient operations and multi-location expansion model, while also working to enhance profitability through measures such as expanding service offerings. In the future, the company aims to export the longevity model established in the U.S. to Japan and other parts of Asia.

Aiming to Expand from Thailand to ASEAN

In the aesthetic medicine market of Southeast Asia, while demand is growing steadily, the supply side is divided between high-cost clinics and low-cost clinics with questionable quality, creating a shortage of clinics that offer the combination of "affordability, peace of mind, and standardization" found in Japan. SBC plans to first export the "low-cost, high-utilization" operational system for aesthetic medicine clinics—refined in Japan—to Thailand, with the goal of expanding into the wider ASEAN region in the future.

Aiming to Develop the "Powered by SBC" Model into a High-ROIC Business

In Thailand, BLEZ—with which SBC formed a business partnership in November 2025—opened "BLEZ CLINIC" in June 2026 as the first clinic under the "Powered by SBC Model" and is currently conducting a pilot program. The "Powered by SBC Model" is a business structure in which local companies provide capital and handle operations, while SBC provides systems for procurement services, standardization, training, and patient acquisition, receiving revenue-based recurring income in return. For SBC, this represents an asset-light business expansion, and the company aims to develop this model into a high-ROIC business. Furthermore, in Vietnam, where the company operates company-owned clinics, the customer base is shifting from local Japanese residents to Vietnamese nationals, and it appears the company has entered the stage of considering multi-store expansion.

4) AI-Driven Competitive Advantage & Cost Reform

Aiming for the Growth of Clinics and SBC Through AI Utilization

As a Medical Services Organization (MSO), SBC has accumulated a wide range of treatment data over the past 26 years. Going forward, by implementing AI in clinics, the company aims to leverage this vast amount of data for business strategy and drive total revenues at same-clinic group clinics. Subsequently, the company plans to strengthen its MSO platform by establishing a cycle that leads to the expansion of service offerings for clinics through further data accumulation and improvements in AI accuracy.

The use of AI is expected not only to improve the profitability of group clinics but also to serve as a catalyst for accelerating SBC's growth. Specifically, this is expected to result in: 1) increased appeal of the platform attracting new clinics and leading to an increase in the number of locations; 2) increased transaction activity at clinics leading to higher service fees per location (hereinafter "AFPC"); and 3) an expansion of the service offerings provided to clinics.

SBC plans to achieve sustainable growth in consolidated revenue and EPS through "triple growth"—in the number of locations, AFPC, and the service menu—driven by the use of AI.

AI Initiatives Aimed at Driving Clinic Revenue Growth and Reducing Operational Burdens

AI initiatives designed to support clinic management by driving revenue growth and reducing operational burdens include the already-released "AI Chatbot" and AI interpreter "TalkBridge," as well as the "Marketing AI," scheduled for phased release, and the "Call Center AI," scheduled for release in 2026.

The "AI Chatbot" automatically responds to customer inquiries 24 hours a day, aiming to acquire new customers and improve operational efficiency. "TalkBridge" is an AI interpreter for English and Chinese, designed to attract tourists visiting Japan.

Marketing AI handles semi-automated social media posts and performs LTV and customer journey analysis, pursuing more sophisticated marketing strategies and improved efficiency. Call Center AI uses AI to replace or assist with phone calls, aiming to increase response rates and reduce the burden on clinics.

AI Initiatives to Support Clinic Expansion

As initiatives designed to support clinic management by leveraging AI to optimize "location" and "start-up" processes during clinic openings, the "AI Clinic Site Proposal" and "Knowledge-Sharing AI"—both of which have already been released—are notable examples.

The "AI Site Selection Proposal" is an initiative in which AI automatically collects and compiles data on population, foot traffic, and trade areas into a database, thereby speeding up the selection of potential sites while improving accuracy. The "Knowledge-Sharing AI" initiative uses AI to transform 26 years' worth of accumulated on-site know-how (tacit knowledge) into a company-wide asset, with the goal of expanding the opening of new clinics in a reproducible manner and enhancing the clinics' appeal. By utilizing both of these tools, clinics can expect to achieve early profitability at new locations while mitigating the risks associated with opening new clinics.

5) Revision of Service Fees

Revision of Two Types of Service Fees

Against the backdrop of enhanced AI utilization at clinics, the restructuring of the data infrastructure, and strengthened educational support, SBC has announced a policy to sequentially review the service fee per location (AFPC) within its management services revenue. Specifically, this stems from the enhanced support for Gorilla Clinic and Rize Clinic, which began in June, and from improvements to call center functions resulting from the AI implementation across numerous group clinics, which began in July.

Call Center Improvements Expected to Generate $11 Million in Annual Revenue

The improvements to call center operations, enabled by AI, provide 24-hour telephone support for clinics—including support in foreign languages—and are expected to increase appointment conversion rates and reduce the burden on clinics. Based on current exchange rates, this is estimated to increase SBC's management fees by $11 million on an annualized basis.

Enhanced Support for Gorilla Clinic and Rize Clinic Is Expected to Generate $4 Million in Annual Revenue Growth

Enhanced support for Gorilla Clinic and Rize Clinic, using AI, will improve the customer experience, streamline operations, strengthen data-driven management, and expand educational support programs. This is expected to contribute to strengthening the competitiveness and advancing the management of both clinics. Based on current exchange rates, this is estimated to increase SBC's management fee by $4 million on an annualized basis.

The Win-Win Relationship with the Clinics Remains Unchanged

In April 2025, SBC reduced service fees related to franchising revenue and management services in consideration of the deteriorating revenue environment for the clinics. Since this increase in management fees is a measure aligned with enhancing the value provided to the clinics, we believe there will be no change to the win-win relationship with them.

Entering a Phase of Accelerated Growth in Domestic, Overseas, and New Business Areas

Over the past two years or so, SBC has worked to strengthen its core domestic business foundation by expanding its multi-brand presence in the dermatology sector (through new clinic openings and the acquisition of JUN CLINIC) and by enhancing operations through the use of AI, achieving a 6% increase in same-clinic revenue for group clinics in the H1 FY12/26.Furthermore, as strategic moves to lay the groundwork for future growth, the company made a minority equity investment in OrangeTwist in the U.S., strengthened its technological foundation through the acquisition of Waqoo, and opened BLEZ CLINIC locations in Thailand.

Going forward, the company is expected to enter a phase of accelerated growth across multiple fronts, including domestic, international, and new business areas. Domestic growth drivers include continued growth through rebranding in the aesthetic dermatology sector, the establishment of new business formats such as clinics specializing in hair removal, and the strengthening of Non-Aesthetic Healthcare services.

Overseas growth drivers include the full-scale launch of collaboration with OrangeTwist in the U.S. market and the strengthening of B2B business initiatives in Southeast Asia. Growth drivers in new business areas include the promotion of service enhancement and efficiency through the use of AI, as well as the establishment of the Longevity Center, scheduled for 2027.

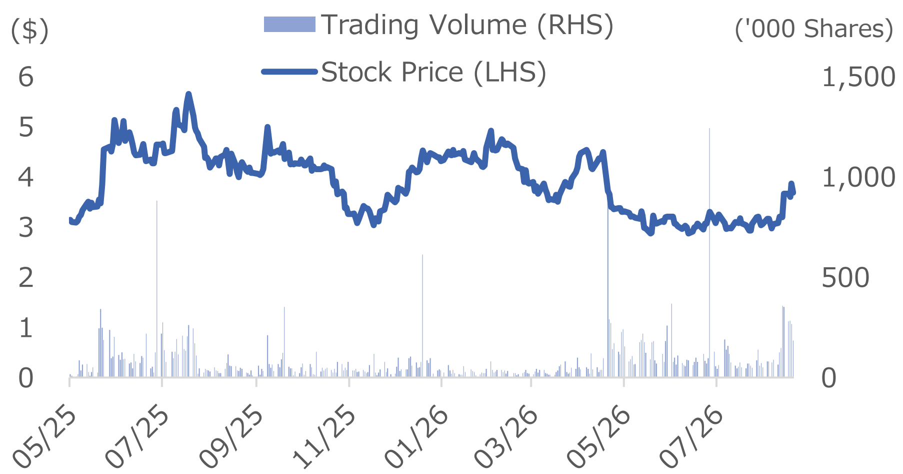
5. Stock Price Trends and Valuations

1) Stock Price Trends

Stock Price Has Rebounded since May 2025

In the Q1 FY12/25 earnings report released on May 15, 2025, although income from operations decreased by 1% YoY, SBC simultaneously announced that it would begin a share buyback program, capped at $5 million, starting May 20. Subsequently, the stock price—which had been trending downward—rebounded as the market reacted positively to the share buyback and other developments.

Figure 6. SBC: Stock Price and Trading Volume Trends



Source: Strategy Advisors.

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

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

The Stock Price Fell Again Due to Weak Q2 Results for FY12/25 and the Weak Yen

Subsequently, partly due to the completion of the share buyback program, the stock price fell below $5 in late July. Following the release of the disappointing Q2 earnings for FY12/25 on August 13, the stock price temporarily fell below $4. 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.

Stock Price Rebounded Following the Q3 FY12/25 Earnings Report

Although the Q3 earnings for FY12/25, 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, following the Q3 earnings briefing, where management discussed new business initiatives in Thailand and the tender offer for Waqoo, the stock price range rose to between $3.50 and $4.80.

Stock Price Falls Following a

The FY12/25 earnings results announced on March 27, 2026, were generally in

Secondary Offering and Q1 Results for FY12/26

line with market expectations. However, the stock price rose to near the upper end of its range due to a sharp increase in Q4 total revenues at the group's clinics driven by higher average spend per visit, as well as heightened expectations for the "SBC Wellness 2.0" business strategy. Subsequently, following a stock offering on April 21, the stock price range narrowed to between $3.1 and $3.8. The Q1 earnings for FY12/26, announced on May 14, were generally in line with the company's projections but fell short of stock market expectations, causing the stock price range to narrow further to between $2.8 and $3.3.

Stock Price Rebounded After FY12/26 Earnings

The Q2 earnings for FY12/26, announced on August 13, exceeded stock market expectations. Furthermore, the business strategy update included content suggesting profit growth starting in Q3, causing the stock price to rise; it is currently trading in the $3.30–$3.90 range.

If Future Earnings Reports Confirm an Increase in Quarterly Profits, a Rise in the Stock Price Is Expected

Strategy Advisors believe that the service fee revisions SBC implemented from June through July were made possible by strengthening a win-win relationship with the clinics supported by SBC, through improvements in those clinics' profitability. As the average spend per visit at group clinics improves, demand for the services SBC provides to the clinics supported by SBC is expected to gradually increase going forward. As discussed below, the company's stock remains undervalued; therefore, once exchange rates stabilize and future earnings reports confirm an increase in quarterly profits, further stock price appreciation can be expected. In the medium to long term, as 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 Medical Companies)

SBC Is a Leading Company in the Aesthetic Medicine Industry, Yet Its Valuation Remains Undervalued

Among the 11 major publicly traded aesthetic medicine companies worldwide, SBC ranks first with an EBITDA (for the past year) of $69 million, significantly outpacing its competitors, and can thus be considered the industry leader. However, in terms of enterprise value, SBC stands at just $257 million, ranking third behind Fameglow Holdings (08603, Hong Kong) and M1 Kliniken AG (M12, Germany). As a result, its EV/EBITDA ratio stands at 3.8x, the second-lowest among the companies, excluding the two for which calculations are not available. Its PER also remains at 7x, the lowest among the companies, excluding the two for which calculations are not available.

Regarding ROE, SBC maintains a healthy level of 19%. Meanwhile, while M1 Kliniken AG—which has an ROE roughly on par with SBC's—has a PBR of 2.8x, SBC's PBR stands at just 1.5x. Therefore, even when considering the PBR in light of the ROE level, SBC can be said to be relatively undervalued.

Significant Profit Declines in Q3 and Q4 of FY12/24 and Q2 FY12/25 Have Impacted Valuation Levels

The primary reason for the stock's undervaluation appears to be the significant decline in earnings from Q3 of FY12/24 through Q2 of FY12/25, combined with the continued trend of a strong dollar and a weak yen, which has dampened investors' growth expectations. In particular, in Q3 FY12/24, the company recorded stock-based compensation expenses related to warrants ($14 million) issued to parties who supported its IPO, 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 fell to $15 million (-47% YoY) due to revisions to the Fee Structure and other factors—all of which are believed to still be affecting investor sentiment.

Expectations for a Rise in Valuation Driven by a Recovery in Earnings

However, as Q3 and Q4 of FY12/25 saw YoY increases in operating profit, and the "SBC Wellness 2.0" business strategy was well-received by the market, SBC's valuation rose slightly from November 2025 through mid-April 2026.Subsequently, following a secondary offering of shares on April 21, SBC's valuation declined once again. However, with the completion of strategic structural reforms, an increase in operating profit YoY in Q2 FY12/26, and an expected improvement in future earnings outlook, a rise in valuation is anticipated going forward.

Figure 7. Enterprise Value to EBITDA Multiple (EV/EBITDA multiple), PBR & ROE of Major Listed Medical Peers in the Aesthetic Medicine Industry

Company Name	Ticker	Country	EBITDA (a) ($mn)	EV (b) ($mn)	b/a (x)	ROE (%)	PBR (x)	PER (x)
Fameglow Holdings	08603	Hong Kong	19	1,414	75.5	34.9	53.5	198.6
M1 Kliniken AG	M12	Germany	45	399	8.9	19.6	2.8	15.8
SBC Medical Group HD	**SBC**	**Japan**	**69**	**257**	**3.8**	**19.3**	**1.5**	**7.4**
So-Young International	SY	China	-	244	-	-15.8	0.8	-
Perfect Medical Health Management	01830	Hong Kong	47	210	4.5	46.5	4.3	9.2
Klinique Medical Clinic	KLINIQ	Thailand	27	206	7.6	21.6	3.5	18.0
EC Healthcare	02138	Hong Kong	20	164	8.1	-25.3	0.3	-
Master Style PCL	MASTER	Thailand	13	100	7.5	5.8	0.8	14.3
Dc Healthcare Holdings	0283	Malaysia	4	35	8.2	2.6	2.4	582.4
Aesthetic Connect PCL	TRP	Thailand	-	34	-	-	0.8	16.4
Miricor Enterprises HD	01827	Hong Kong	10	23	2.3	7.3	2.0	28.3

Note: Stock prices are closing prices as of August 20. EBITDA and ROE are figures for the last 12 months (LTM). The latest figures currently available are used for LTM calculations. The profit used to calculate EBITDA is income before income taxes + interest expense − interest income. However, for SBC, the calculation is based on the company's own definition.
Source: Strategy Advisors.

Figure 8. 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	483	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**	**175**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**
Perfect Medical Health Management	Hong Kong	123	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	46	-	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.

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

Although SBC Has High ROE, PBR Is Low, Suggesting It Is Undervalued

When comparing the 29 leading companies in the general medical and aesthetic medicine services sectors, general 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 medicine sector, lags significantly behind major comprehensive healthcare companies in terms of scale. However, in terms of ROE, SBC ranks 8th highest among the 24 companies for which data is available, indicating strong profitability. Conversely, in terms of PBR, SBC ranks 10th lowest—tied with Universal Health Services (UHS, NYSE)—among the 26 companies for which data is available, suggesting it remains undervalued.

SBC Also Appears Significantly Undervalued Based on EV/EBITDA

When comparing EV/EBITDA ratios, SBC’s ratio of 3.8x is the second-lowest among the 26 companies (excluding the three for which the ratio 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 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 $141.9 billion, significantly exceeding SBC's enterprise value. 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 9. 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	-	15,861	141,930	8.9	-	-	14.2
Fresenius SE & Co. KGaA	FRE	Germany	-	3,877	42,788	11.0	8.0	1.4	21.3
Tenet Healthcare Corp	THC	US	-	5,578	37,069	6.6	53.3	5.6	17.5
DaVita Inc	DVA	US	-	2,772	25,762	9.3	-	-	17.4
Rede d'or São Luiz SA	RDOR3	Brazil	-	1,479	24,577	16.6	20.9	4.1	17.1
IHH Healthcare Bhd	5225	Malaysia	-	1,538	22,449	14.6	7.0	2.4	37.1
Universal Health Services	UHS	US	-	2,820	15,453	5.5	21.0	1.5	7.4
Aier Eye Hospital Group Co., Ltd.	300015	China	-	806	11,737	14.6	15.0	3.2	26.2
Community Health Systems	CYH	US	-	1,759	11,022	6.3	-	-	0.8
Max Healthcare Institute Ltd	543220	India	-	-	10,155	-	-	8.9	62.1
Bangkok Dusit Medical Services	BDMS	Thailand	-	836	10,155	12.2	15.0	2.8	19.8
Surgery Partners Inc	SGRY	US	-	561	7,464	13.3	-5.2	1.1	-
Medicover AB	MCOV B	Sweden	-	455	5,431	11.9	16.9	6.1	43.6
Hapvida Participações Investimento	HAPV3	Brazil	-	752	3,358	4.5	-0.4	0.1	-
Meinian Onehealth Healthcare	002044	China	-	194	3,132	16.1	3.9	2.4	73.5
Terveystalo PLC	TTALO	Finland	-	236	1,782	7.5	12.6	1.7	10.9
Fameglow Holdings	08603	Hong Kong	Y	19	1,414	75.5	34.9	53.5	198.6
MediClin AG	MED	Germany	-	141	610	4.3	11.8	0.9	10.4
Pihlajalinna Oyj	PIHLIS	Finland	-	109	475	4.4	15.4	1.2	6.5
M1 Kliniken AG	M12	Germany	Y	45	399	8.9	19.6	2.8	15.8
SBC Medical Group HD	**SBC**	**Japan**	**Y**	**69**	**257**	**3.8**	**19.3**	**1.5**	**7.4**
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Master Style PCL	MASTER	Thailand	Y	13	100	7.5	5.8	0.8	14.3
Dc Healthcare Holdings	0283	Malaysia	Y	4	35	8.2	2.6	2.4	582.4
Aesthetic Connect PCL	TRP	Thailand	Y	-	34	-	-	0.8	16.4
Miricor Enterprises HD	01827	Hong Kong	Y	10	23	2.3	7.3	2.0	28.3

Note: Stock prices are closing prices as of August 20. EBITDA and ROE are figures for the last 12 months (LTM). The latest figures currently available are used for LTM calculations. The profit used to calculate EBITDA is income before income taxes + interest expense – interest income. However, for SBC, the calculation is based on the company's own definition. Y=Yes
Source: Strategy Advisors.

Figure 10. Quarterly Financial Performance Trends ($mn)

FY	12/24				12/25				26/12	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total Revenues	**55**	**53**	**53**	**44**	**47**	**43**	**43**	**40**	**43**	**49**
(YoY)	27.7%	29.5%	12.3%	-28.8%	-13.6%	-18.3%	-18.3%	-10.9%	-9.0%	13.4%
SBC Core Segment	**55**	**53**	**53**	**44**	**47**	**43**	**43**	**40**	**43**	**45**
Franchise Revenue	15	15	16	16	16	10	10	10	9	10
Procurement Services	13	14	18	11	14	16	13	13	12	13
Management Services	16	17	12	9	9	5	9	6	12	13
Rental Services	4	3	4	5	6	7	6	4	3	4
Other	7	5	4	5	3	6	4	6	6	5
Waqoo Segment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5**
Cost of Revenues	15	14	10	11	10	13	13	11	13	13
Gross Profit	**40**	**39**	**43**	**34**	**38**	**30**	**31**	**29**	**30**	**36**
Gross Profit Margin	72.1%	74.2%	81.5%	76.3%	79.7%	69.2%	70.6%	73.1%	70.5%	73.1%
Operating Expenses	15	12	29	29	14	15	15	16	13	17
Income from Operations	**24**	**27**	**14**	**5**	**24**	**15**	**16**	**13**	**18**	**19**
OP Margin	44.6%	51.4%	26.1%	10.6%	51.1%	33.6%	36.6%	32.5%	41.2%	38.5%
Total Other Income /Expenses	3	0	-1	1	7	-1	3	6	1	1
Income before Income Taxes	**27**	**27**	**13**	**6**	**31**	**14**	**19**	**19**	**19**	**20**
Net Income Attributable to Owners of Parent	**19**	**18**	**3**	**7**	**22**	**2**	**13**	**14**	**11**	**11**
Adjusted EBITDA	**25**	**28**	**15**	**21**	**25**	**15**	**17**	**14**	**18**	**20**
Adjusted EBITDA Margin	**46.5%**	**53.0%**	**28.0%**	**46.6%**	**52.5%**	**35.0%**	**38.4%**	**34.2%**	**42.7%**	**40.8%**
Depreciation and Amortization	**1**	**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%	21.7%

Note: Adjusted EBITDA = Net income attributable to SBC Medical + Taxes, non-operating items, and D&A. Effective 2Q26, operations constitute two reportable segments: SBC core and Waqoo segment (Waqoo's revenues primarily from medical support and direct-to-consumer businesses).
Source: Company Data. Compiled by Strategy Advisors.

Figure 11. 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 12. Consolidated Balance Sheet ($mn)

FY	12/22	12/23	12/24	12/25	H1 12/26
Cash and Cash Equivalents	54	103	125	164	184
Trade Receivables	13	35	30	30	43
Inventories	1	3	1	3	3
Other Current Assets	45	25	28	34	29
Total Current Assets	**113**	**166**	**184**	**231**	**259**
Tangible fixed assets	22	20	14	16	18
Intangible Assets	7	20	2	48	46
Goodwill	4	4	5	15	15
Other Non-Current Assets	80	50	61	70	68
Total Non-Current Assets	**113**	**93**	**82**	**149**	**147**
Total Assets	**225**	**259**	**266**	**380**	**407**
Trade Payables	15	30	15	18	24
Interest-Bearing Debt	8	4	4	14	17
Other Current Liabilities	78	59	42	30	37
Total Current Liabilities	**101**	**92**	**61**	**61**	**78**
Interest-Bearing Debt	8	4	8	38	31
Other Non-Current Liabilities	8	19	2	18	17
Total Non-Current Liabilities	**16**	**23**	**10**	**56**	**48**
Total Liabilities	**117**	**115**	**71**	**117**	**127**
Capital & Surplus	27	37	63	73	76
Retained Earnings	103	143	189	240	262
Other	-25	-38	-57	-65	-74
Total Equity Attributable to Owners of the Parent	**105**	**142**	**195**	**248**	**264**
Non-controlling Interest	3	2	0	15	16
Total Stockholders' Equity	**108**	**144**	**195**	**263**	**280**
Total Liabilities and Equity	**225**	**259**	**266**	**380**	**407**

Source: Company Data. Compiled by Strategy Advisors.

Figure 13. Consolidated Statement of Cash Flows ($mn)

FY	12/22	12/23	12/24	12/25	H1 12/26
Net Income	6	39	47	51	22
Depreciation and Amortization	6	12	4	3	2
Impairment Loss	1	0	16	0	0
Adjustments to Operating Income/Losses	-2	0	-3	-4	0
Deferred Income Taxes	-4	4	-14	5	-5
Changes in Operating Assets and Liabilities	-11	-8	-47	-27	9
Other Non-Cash Expenses	3	3	4	-4	3
Cash Flows from Operating Activities	**0**	**51**	**21**	**25**	**32**
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	1
Changes in investment assets	-3	2	0	-1	0
Other	-1	2	-1	18	0
Cash Flows from Investing Activities	**-33**	**2**	**-10**	**-21**	**0**
Increase and Repayment of Debt	-5	4	12	33	-4
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**	**-4**
Free Cash Flow	**-33**	**52**	**10**	**4**	**32**

Source: Company Data. Compiled by Strategy Advisors.

Figure 14. Stock Price Indexes, ROE and KPIs

FY	12/22	12/23	12/24	12/25	H1 12/26
EPS ($)	0.06	0.42	0.48	0.50	0.21
BPS ($)	1.04	1.51	1.90	2.42	2.57
DPS ($)	0.0	0.0	0.0	0.0	0.0
Dividend Payout Ratio	-	-	-	-	-
Closing Price ($)	-	-	5.56	4.31	3.08
PER (x)	-	-	11.5	8.7	-
PBR (x)	-	-	2.8	1.8	1.2
# 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. ($mn)	-	-	571	442	316
Shareholders' Equity Ratio	46.7	54.9	73.3	65.3	64.9
Interest-Bearing Debt ($mn)	16	23	13	52	48
Net D/E ratio	-0.34	-0.56	-0.58	-0.45	-0.52
EV (Enterprise Value)	-	-	460	345	316
EBITDA ($mn)	29	83	89	70	38
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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