

Japan's Largest Cosmetic Medical Group Aims to be the Number One Medical Group in the World by 2050

SBC Medical Group Holdings ("SBC") is the holding company of Japan's largest cosmetic medical group, which originated from Shonan Beauty Clinic, which CEO Aikawa Yoshiyuki opened in Kanagawa Prefecture in 2000, 3 years after graduation. It was listed on NASDAQ in September 2024, becoming the only listed medical group in Japan.

SBC provides management consulting for aesthetic medical business operations, equipment procurement, brand provision, etc. to over 200 franchise clinics, mainly in Japan. For FY24/12, SBC recorded sales of \$205 million (+6% YoY), operating profit of \$70 million (-1% YoY), EBITDA of \$89 million (+8% YoY) and an EV/EBITDA ratio of 3x. Operating profit fell by \$1 million, but this was due to the fact that depreciation and impairment losses increased by \$7 million from the previous fiscal year due to impairment losses on intangible fixed assets.

SBC aims to surpass Mayo Clinic, the US company that provides the world's best medical services, and become number one in Japan (1,200 clinics, 30 hospitals) by 2035 and then the top firm in the world (10,000 clinics, 1,000 hospitals) by 2050.

Among 9 peer companies, SBC ranks second with an EBITDA of \$89 million and third with an EV of \$259 million. On the other hand, its EV/EBITDA is 3x, is significantly lower than the 10x of M1 Kliniken (M12 Germany) and the 9x of Master Style (MASTER Thailand). Comparing ROE, SBC's 28% is higher than M1 Kliniken (16%) and Master Style (16%), giving SBC's stock price a relatively low value.

In addition, looking at 31 companies, including major publicly listed comprehensive medical companies, the average EV/EBITDA multiple is 11, higher than SBC's 3. Considering that SBC's ROE is 28%, the fourth highest, it can be said that SBC's stock price is undervalued.

Share Price & Volumes (Past Year)



Source: Strategy Advisors

Key Indicators (USD)

Stock Price (4/3/2025)	3.28
52 Week High (9/27/2024)	9.61
52 Week Low (4/2/2025)	2.95
All-Time High (9/27/2024)	9.61
All-Time Low (4/2/2024)	2.95
Shares Issued (mn)	103
Market Capitalization (\$ mn)	336
EV (\$ mn)	252
Equity Ratio (Actual, %)	73.3
ROE (24/12%)	27.6
PER (24/12 Actual, Times)	6.8
PBR (24/12 Actual, Times)	1.7
Yield (25/12 CoE, %)	-

Source: Strategy Advisors

Consolidated

FY	Sales (\$ mn)	YoY (%)	OP (\$ mn)	YoY (%)	PBT (\$ mn)	YoY (%)	NP (\$ mn)	YoY (%)	EPS (¥)	DPS (¥)
FY22/12	174	-	21	-	24	-	6	-	0.05	-
FY23/12	194	11.1	71	232.9	74	210.8	39	523.4	0.34	-
FY24/12	205	6.1	70	-1.1	73	-0.2	47	18.4	0.48	-

Source: Strategy Advisors Based on Company Data

1. Steadily Expanding Business Performance in FY24/12

In FY24/12, Sales Increased Due to Increased Franchise Services, etc.

SBC's consolidated results for the fiscal year 24/12 were sales of \$205 million (+6% YoY), gross profit of \$156 million (+14%) and operating profit of \$70 million (-1%), net profit of \$47 million (+18%) and EBITDA of \$89 million (+8%). Sales by business segment were franchise services \$45 million (+45%), procurement services \$55 million (+3%), management services \$53 million (-27%) and others were at \$20 million (+9%).

Increase in Franchise Service Due to Change in Fee Structure

The increase in Franchise Services, which contributed most to the overall increase in sales, was due to the change in the fee structure for Franchise Service from a percentage of sales to a fixed price. The increase in sales in other businesses was due to the expansion of the business of the subsidiaries acquired in 2023. The increase in profits was primarily due to the increase in sales in the Franchise Service business, which has a relatively high profitability.

Business Expansion of Contracted Medical Corporations Contributed to Increased Revenues Thanks to Procurement & Rental Services

The second largest contributor to the increase was the increase in procurement service revenue, which was due to an increase in the amount of required medical supplies due to the business expansion of contracted medical corporations. The third largest contributor to the increase was the increase in rental service revenue, due to an increase in the amount of required medical equipment due to the business expansion of contracted medical corporations. Other revenues also increased, thanks to the expansion of subsidiaries acquired in 2023.

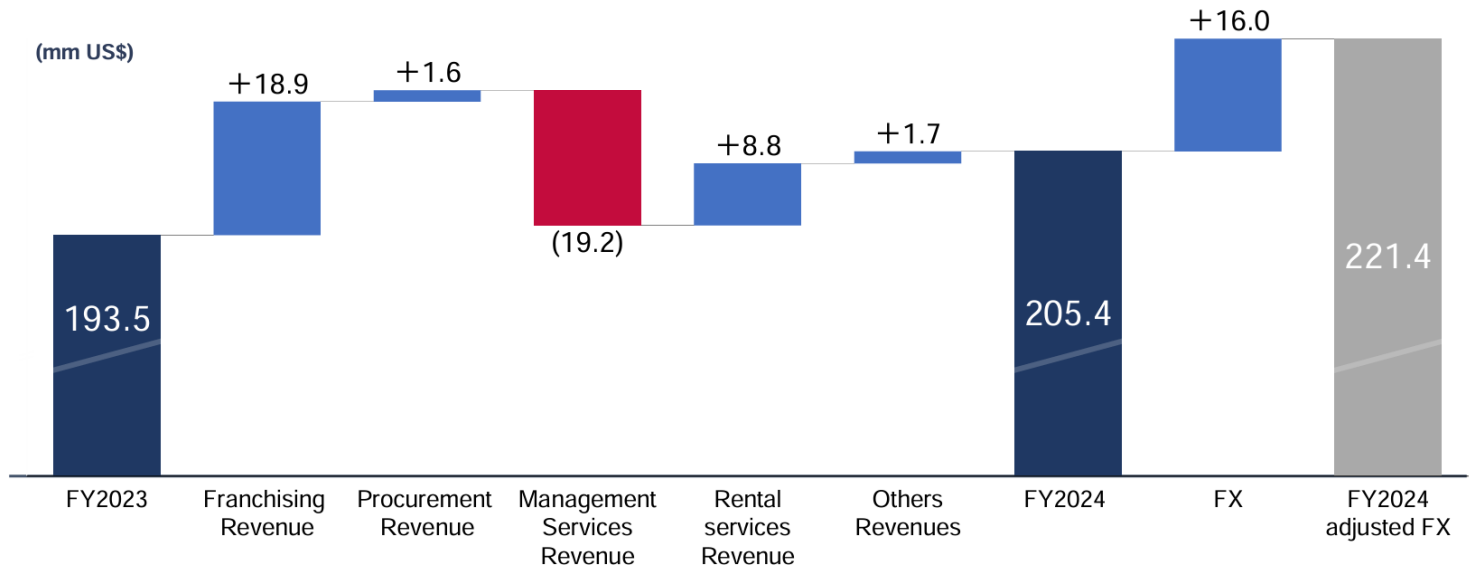
Management Services Revenue Decreased Due to the Suspension of the Clinic Management Staff Dispatch Business, the Overall Gross Profit Margin Increased

On the other hand, sales of management services decreased. This was due to the discontinuation of dispatching clinic management staff to contracted medical corporations. Therefore, the cost of sales decreased by the amount equivalent to the labor costs of the clinic management staff that had been dispatched and as a result, the gross profit margin increased by more than 4% to 76.0%.

Currency-Adjusted Sales Growth Rate: +14%

Furthermore, due to the weakening of the yen from ¥140.5 to the dollar in fiscal 2023 to ¥151.4 to the dollar in fiscal 2024, sales in dollar terms will decrease by US\$16 million. After adding back this sales and adjusting for the impact of exchange rates, sales will be US\$221 million, resulting in an increase of 14% over the previous fiscal year.

Figure 1. Revenue Growth Driven by Diverse Services Offering



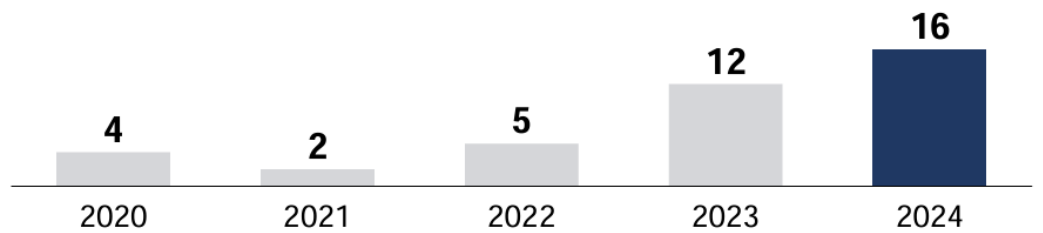
Source: Company Data. Compiled by Strategy Advisors

The Year-on-Year Decrease in Sales in the Fourth Quarter of FY2024 was Due to a Strategy of Lowering Unit Prices to Prioritize Customer Acquisition

Q4 of FY24/12 alone, sales were US\$44 million (-29% YoY), a reversal of the upward trend up until Q3, resulting in a decline in sales. This is due to the fact that, amid intensifying competition in the aesthetic medical market, the company prioritized increasing customer numbers and lowered prices in the second half of 2024. As the number of hair removal clinics going bankrupt increases and competitors are being eliminated, the company says that the competitive environment is expected to improve from 2025 onwards.

Figure 2. Intensifying Competition Accelerates Market Shakeout

of Hair Removal Salon and Clinic Bankruptcies¹



Source : TOKYO SHOKO RESEARCH, LTD.

¹ Including medical hair removal

Source: Strategy Advisors

SBC Medical Group Holdings | SBC (NASDAQ)

EBITDA Growth After Adjusting for One-Time Expenses & Currency Effects was +32%

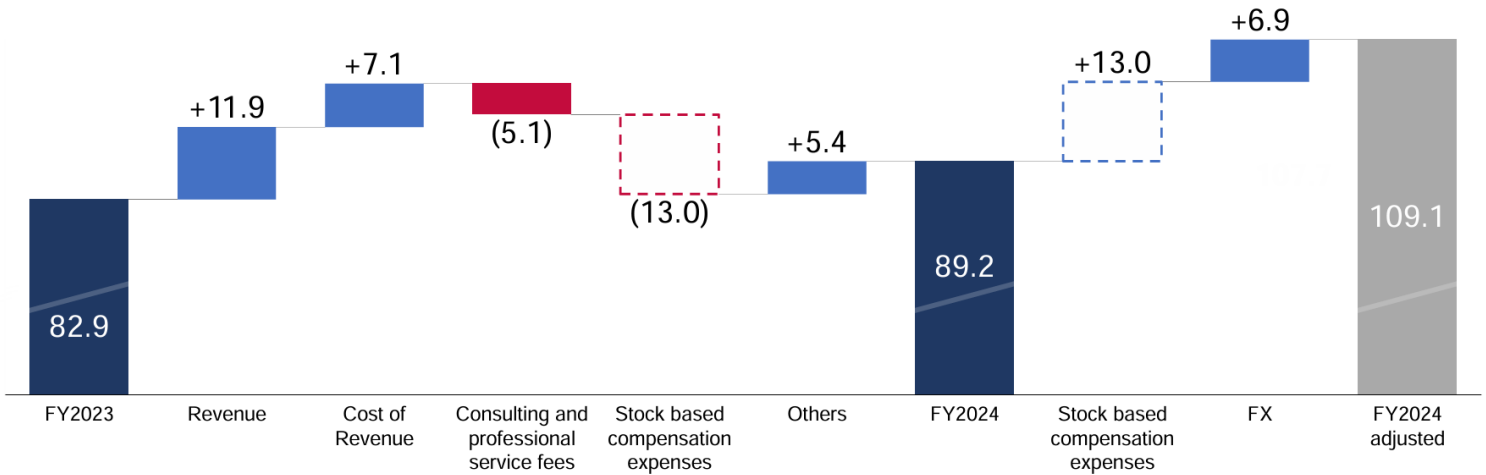
EBITDA (operating income + depreciation + impairment loss) increased 8% year on year to US\$89 million, driven by increased sales. EBITDA, which includes one-time expenses such as stock compensation related to warrants issued to parties who assisted in SBC's IPO process and a reduction due to exchange rate fluctuations, was US\$109 million, up 32% year on year.

Operating Profit Declined Due to Depreciation & Impairment Losses 1.5x Higher than the Previous Fiscal Year

On the other hand, operating profit was US\$70 million, down 1% year on year, due to the recording of depreciation and impairment losses of US\$19 million (up 54% year on year), including impairment losses on intangible fixed assets.

Figure 3. EBITDA Growth Driven by the Top Line

(mm US\$)



Source: Company Data. Compiled by Strategy Advisors

Figure 4. Summary of SBC's Financial Results for FY24/12

(\$ million)	23/12	24/12	YoY
Sales	194	205	6.1%
Sales by Service			
Franchise Services	42	61	45.0%
Procurement Services	53	55	3.1%
Management Services	72	53	-26.5%
Rental Services	7	16	120.0%
Others	19	20	9.0%
Sales by Business Segment			
Cosmetic Dermatology	106	113	6%
Cosmetic Surgery	64	59	-7%
Medical	30	33	7%
Abroad	0	1	48%
Cost of Sales	56	49	-12.2%
Gross Profit	137	156	13.7%
Gross Profit Margin	70.9%	76.0%	-
Operating profit	71	70	-0.5%
Profit before tax	74	73	-0.1%
Net Income	39	47	18.4%
EBITDA	83	89	7.6%
(Operating Profit + Depreciation + Impairment Loss)			
Depreciation and Impairment Losses	12	19	54.4%

*Sales figures by business segment are estimates calculated from figures in financial results presentation materials.

Source: Company Data. Compiled by Strategy Advisors

2. SBC Acquires Singaporean Cosmetic Medical Company, Increasing Number of Overseas Clinics 11-Fold

Acquired 21 Stores Overseas at Once

SBC announced that it had acquired Singapore's Aesthetic Healthcare Holdings Pte. Ltd. (hereinafter referred to as AHH) in November 2024. AHH was founded in 1999 by Dr. Ewen Chee, who plays a pioneering role in Singapore's aesthetic medical industry and operates four brands and 21 stores. The breakdown is as follows: The Chelsea Clinic (2 stores), a premium skin care clinic focusing on dermatology, Gangnam Laser Clinic (1 store), a skin care clinic focusing on medical hair removal, SkinGO! (16 stores), an aesthetic salon focusing on facial menus and Family Clinic (2 stores). Before this acquisition, SBC only had one overseas clinic each in both, Vietnam and Los Angeles, USA; but this acquisition has expanded the number of overseas clinics to 23 in one-fell-swoop.

If a Domestic Competitor Goes Bankrupt, Customers May Move to SBC, Which Has a Higher Creditworthiness

Tokyo Cosmetic Surgery is the only Japanese cosmetic medical franchise that has expanded overseas (21 clinics in total, 1 of which is overseas) and this acquisition has put SBC far ahead of its competitors. Meanwhile, in Japan, TCB Tokyo Central Cosmetic Surgery, which has 109 clinics, the second largest number after SBC Medical Group, has been plagued by reports of troubles with service and fees. In addition, the number of hair removal clinics going bankrupt is on the rise and competitors in the industry are being weeded out. The situation of domestic competitors like this could be a positive one for SBC, which has a high creditworthiness as the largest and only listed company in the industry.

Figure 5. Number of Clinics & Major Medical Specialties of Major Domestic Cosmetic Medical Franchises

Company	# of Clinics		Medical Department									
	Total	Foreign	Face		Dermatology		Body		Hair		Cosmetic Dentistry	Fertility
			Eyes	Other	Elective	Insured	Breast	Fat	Removal	Growth		
SBC Medical Group	251	23	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
SBC	180	2	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Rize	26	-	-	-	-	-	-	Y	Y	-	-	-
Gorilla	22	-	-	-	-	-	-	Y	Y	-	-	-
Ritz Plastic	1	-	Y	Y	Y	Y	-	-	Y	-	-	-
Aesthetic Healthcare	21	21	Y	Y	Y	-	-	Y	Y	Y	-	-
TCB	109	-	Y	Y	Y	-	-	Y	Y	-	-	-
Eminal Clinic	63	-	-	-	-	-	-	-	Y	-	-	-
Shinagawa	39	-	Y	Y	Y	-	-	-	Y	Y	-	-
Blanc Clinic	36	-	-	-	-	-	-	-	Y	-	-	-
Aoba Clinic	29	-	Y	Y	Y	-	-	-	Y	Y	-	-
Kyoritsu	26	-	Y	Y	Y	-	-	Y	Y	-	-	-
Shiromoto	25	-	Y	Y	Y	-	-	Y	Y	-	Y	-
Regina Clinic	23	-	-	-	-	-	-	-	Y	-	-	-
Tokyo Cosmetic	20	1	Y	Y	Y	-	-	Y	-	-	Y	-
Freya Clinic	19	-	-	-	-	-	-	-	Y	-	-	-
Lamyu Central	18	-	Y	Y	Y	-	-	Y	Y	Y	Y	-
Lucia Clinic	17	-	-	-	-	-	-	-	Y	-	-	-
Juno Beauty	13	-	Y	Y	Y	-	-	-	Y	-	-	-
Tokyo Aoyama	11	-	-	-	-	-	-	-	-	Y	-	-
Seishin Beauty	10	-	Y	Y	Y	-	-	Y	Y	Y	Y	-
Omotesando Medical Clinic	9	-	Y	Y	Y	-	-	Y	-	Y	-	-
Maria Clinic	9	-	Y	Y	Y	-	-	-	Y	Y	-	-
TA Clinic	9	-	Y	Y	Y	-	-	Y	-	Y	-	-
Asahi Cosmetic	8	-	Y	Y	Y	-	-	Y	Y	-	Y	-
Garden Clinic	8	-	Y	Y	Y	-	-	Y	Y	-	Y	-
Mira Clinic	6	-	-	Y	-	-	-	-	Y	-	-	-
Takasu Clinic	5	-	Y	Y	Y	-	-	Y	Y	Y	Y	-
Otsuka	4	-	Y	Y	Y	-	-	Y	Y	Y	Y	-

Source: Compiled by Strategy Advisors. Based on Company Data

3. Market Trends & Comparison With Other Companies in the Industry

1) The Number of Cosmetic Doctors on the Rise in Japan's. Japan is the World's 3rd Largest Market

The Global Market Size is US\$56 Billion. Japan Stands at US\$4 to 5 Billion

The global market size for aesthetic medical treatment is US\$56 billion, while Japan's is US\$4 to 5 billion. In Japan's domestic aesthetic medical treatment market, SBC has a 31% share based on the number of locations among medium-sized and larger clinic groups (source: Yano Research Institute 2024 edition). A combination of Lize Clinic and Gorilla Clinic is the second largest hair removal clinic in the market (22%).

The US is THE Largest Market. Japan is 3rd

In the field of cosmetic surgery worldwide, the United States is the largest market in terms of the total number of surgical and non-surgical procedures, followed by Brazil in second place and Japan in third place (2022). In terms of the number of cosmetic surgeons, Japan (3,050) ranks third after the United States (7,750) and Brazil (6,457) (2023). Popular surgical procedures include liposuction, breast augmentation and eyelid surgery, while popular non-surgical procedures include Botox, hyaluronic acid and hair removal.

Figure 6. Top 10 Countries by Cosmetic Surgery and Non-Surgical Procedures (2022)

	Country	Surgical Procedures	Composition Ratio	Non-Surgical Procedures	Composition Ratio	Total	Composition Ratio
1	US	1,645,435	11.0%	5,802,761	30.8%	7,448,196	22.0%
2	Brazil	2,049,257	13.7%	971,294	5.2%	3,020,552	8.9%
3	Japan	359,157	2.4%	2,100,169	11.1%	2,459,326	7.3%
4	Mexico	938,096	6.3%	755,229	4.0%	1,693,325	5.0%
5	Türkiye	470,875	3.1%	626,179	3.3%	1,097,054	3.2%
6	Germany	461,130	3.1%	571,661	3.0%	1,032,791	3.1%
7	Argentina	461,589	3.1%	554,929	2.9%	1,016,517	3.0%
8	Italy	262,556	1.8%	484,834	2.6%	747,391	2.2%
9	Columbia	466,453	3.1%	266,330	1.4%	732,783	2.2%
10	India	387,767	2.6%	324,155	1.7%	711,922	2.1%

Source: ISAPS, "ISAPS International Survey on Aesthetic/Cosmetic procedures performed in 2022", September 1, 2023

In Japan, Non-Surgical Procedures Are More Common

In Japan, the number of non-surgical procedures is overwhelmingly greater than that of surgical procedures, which decreased in 2020 but have increased significantly since 2022. Among surgical procedures, the most popular is blepharoplasty (454,000 procedures), followed by facelifts (84,000 procedures) and facial contouring (60,000 procedures). Among non-surgical procedures, the most popular are hair removal (612,000 procedures), followed by botulinum toxin injection (557,000 procedures) and cellulite treatment (353,000 procedures).

Young Doctors Are Concentrated in Urban Areas

The Ministry of Health, Labor and Welfare, at its Headquarters for the Promotion of Measures to Counteract Imbalanced Distribution of Doctors, is considering measures to address the issue of a shortage of doctors in surgery, obstetrics and gynecology and regional medical institutions, as young doctors are concentrated in urban areas for uninsured medical treatment, mainly cosmetic medicine. The law is to be revised between 2025 and 2026, with the aim of being brought into force in 2027.

The Number of Doctors Involved in Cosmetic Medicine Is Increasing in Japan

In Japan, the number of doctors working in clinics related to aesthetic medicine is increasing. Of the 107,348 doctors working in clinics, there are 6,124 dermatologists, 710 plastic surgeons and 1,230 cosmetic surgeons, for a total of 8,064 (7.5% composition) (As of the end of 2022. Source: Ministry of Health, Labor and Welfare). Compared to 10 years ago, the number of doctors working in clinics has increased by 1.2 times, while the number of dermatologists has increased by 1.5 times, plastic surgeons by 2.7 times and cosmetic surgeons by 4.4 times.

The Number of Clinics Offering Cosmetic Surgery Services is Also on the Rise

There is also active entry of cosmetic surgery clinics, with the number of such clinics standing at 1,526 in 2020 and grew to 2,142 by 2023, at an annual rate of 12% growth.

2) Comparison with Major Listed Companies

The Listed Cosmetic Medical Company with The Largest Turnover is Hong Kong's EC Healthcare

The world's major listed cosmetic medical company with the largest sales is EC Healthcare (02138 Hong Kong). Based in Hong Kong, the company also operates in Macau and mainland China, with 182 clinics. Its sales are US\$538 million, nearly three times that of SBC, but of this, cosmetic medical sales account for only about one-third, while two-thirds are general medical sales and it also has some veterinary clinics. Originally focused on cosmetic medical sales, the company has made aggressive acquisitions over the past five years, with general medical sales now far exceeding cosmetic medical sales.

Kliniken, Which Ranks Second, Derives Most of Its Sales from Pharmaceutical Distribution

The second largest in terms of sales is Germany's M1 Kliniken (M12 Germany), which has 61 clinics across Europe, mainly in Germany. Originally a purely aesthetic medical company, it began pharmaceutical distribution operations in 2018 and this business now accounts for around 80% of sales. On the other hand, its profits are lower than those of the aesthetic medical business.

SBC Ranks First in Sales in the Aesthetic Medical Business

SBC is ranked third in terms of consolidated sales after EC Healthcare and M1 Kliniken, but as mentioned above, the majority of sales of both of these companies are from non-aesthetic medical business; so, SBC's sales from the aesthetic medical business exceed those of these two companies. In addition, SBC has the largest number of clinics of these companies.

Fourth Place Goes to The Klinique Medical Clinic in Thailand

The fourth largest in terms of sales is The Klinique Medical Clinic (KLINIQ Thailand) in Thailand. It operates 55 clinics across Thailand. It was listed in 2022 and is only engaged in the aesthetic medical business.

Figure 7. Sales, Number of Clinics, and Major Medical Specialties of Major Listed Cosmetic Medical Companies (\$ Million)

Company	Country	Sales	# of Clinics	Medical Department									
				Face		Dermatology		Body		Hair		Cosmetic Dentistry	Fertility
				Eyes	Other	Elect	Insurance	Breast	Fat	Removal	Growth		
EC Healthcare	HK	531	182	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
M1 Kliniken AG	Germany	361	61	Y	Y	Y	-	Y	Y	-	-	-	-
SBC Medical	Japan	205	251	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Klinique Medical	Thailand	85	55	Y	Y	Y	-	Y	Y	Y	-	-	-
Master Style PCL	Thailand	61	92	Y	Y	Y	-	Y	Y	-	Y	-	-
Miricor Enterprises	HK	59	2	-	Y	Y	-	-	-	-	-	-	-
Fameglow Holdings	China	45	6	-	-	Y	-	-	-	Y	-	-	-
Aesthetic Connect	Thailand	15	1	Y	Y	Y	-	-	-	-	-	-	-
DC Healthcare	Malaysia	12	13	-	Y	Y	-	-	-	Y	-	-	-

Source: Compiled by Strategy Advisors. Based on Company Data

The Company with The Largest Sales is HCA Healthcare of the USA

Among the world's publicly traded medical companies, including comprehensive medical companies, the top 3 in terms of sales are HCA Healthcare (HCA NYSE, \$71 billion), Fresenius Medical Care (FME Germany, \$21 billion) and Tenet Healthcare (THC NYSE, \$21 billion). (SBC's target sales for Mayo Clinic (unlisted) is \$17.9 billion, second only to Tenet Healthcare.) The top three in terms of EBITDA are HCA Healthcare, Tenet Healthcare and Fresenius Medical Care.

HCA Healthcare's Aggressive Share Buybacks Often Leave it with Negative Equity

HCA Healthcare was founded in 1968 and is headquartered in Tennessee. It operates 183 general hospitals and 317 urgent care centers in the United States, treating more than 40 million patients annually. In 2006, the company was taken private for the third time by KKR and Bain Capital and was re-listed in 2010. It has promoted M&A and its sales in 2024 are expected to be 2.3 times higher than when it was re-listed in 2010. It has been actively implementing shareholder return measures, mainly through share buybacks, and has often been in debt.

No. 2 Fresenius Medical Care Provides Dialysis Services Primarily in The United States.

Fresenius Medical Care is a company that provides artificial dialysis services and was established in Germany in 1996. It has expanded its business through aggressive M&A and sales have doubled over the past 10 years. It has nearly 4,000 clinics globally, with sales in the United States accounting for approximately 70% of its total.

No. 3 Tenet Healthcare Provides Comprehensive Medical Care Primarily in The Southern United States

Tenet Healthcare was founded in 1969 and is head-quartered in Dallas, Texas. It operates 65 general hospitals and 450 urgent care centers, mainly in the southern United States. It has been expanding its business through aggressive M&A and like Fresenius Medical Care, its sales have doubled over the past 10 years.

SBC is Among The Top 3 Cosmetic Medical Companies in Terms of Sales and EBITDA

As mentioned above, the top three companies in terms of sales among aesthetic medical companies are EC Healthcare, M1 Kliniken and SBC. The top three companies in terms of EBITDA among aesthetic medical companies overall are EC Healthcare, SBC and M1 Kliniken.

DaVita Ranks 1st Overall in ROE

The top 3 companies in terms of ROE are DaVita (DVA NYSE), Tenet Healthcare and Fameglow Holdings (08603 Hong Kong). DaVita, which ranked first, is a company that provides artificial dialysis services and was founded in 1979. Sales have remained roughly flat over the past 10 years. The company has approximately 2,700 clinics in the United States and approximately 370 clinics outside the United States. In 2024, the company actively bought back its own shares and reduced its shareholders' equity to about one-tenth of its current value, which resulted in a high ROE. Tenet Healthcare, which ranked second, sold a hospital in 2024 and recorded an extraordinary profit, which led to a high ROE in certain periods. Fameglow Holdings, which ranked third, is a company founded in Hong Kong in 2008 and has a simple business model that only provides cosmetic dermatology and hair removal. It mainly provides minimally invasive treatments, with laser treatments and other treatments accounting for the majority of its revenue.

EC Healthcare has the Highest Corporate Value Amongst Cosmetic Medical Companies

The top three companies by value are HCA Healthcare, Tenet Healthcare and DaVita. Among aesthetic medical companies, the top three by value are EC Healthcare, M1 Kliniken and SBC.

Figure 8. Sales, EBITDA, ROE & Enterprise Value of Major Listed Companies

Company name	Ticker	Country /Region	Beauty	FY	Sales	EBITDA	ROE	Enterprise Value
					(\$ mn)	(\$ mn)	(%)	(\$ mn)
HCA Healthcare Inc	HCA	US	-	24/12	70,603	13,896	-	130,599
Fresenius Medical Care	FME	Germany	-	24/12	20,926	3,392	4%	25,189
Tenet Healthcare Corp	THC	US	-	24/12	20,665	6,892	118%	27,194
Universal Health Services	UHS	US	-	24/12	15,828	2,264	18%	17,029
DaVita Inc	DVA	US	-	24/12	12,816	2,725	159%	25,209
Community Health Systems	CYH	US	-	24/12	12,634	1,063	-	13,037
Rede d or Sao Luiz SA	RDOR3	Brazil	-	24/12	9,429	1,288	16%	11,322
Ardent Health Partners Inc	ARDT	US	-	24/12	5,966	575	-	4,001
Hapvida Participacoes Investimento	HAPV3	Brazil	-	24/12	5,391	526	-1%	3,930
IHH Healthcare Bhd	5225	Malaysia	-	24/12	5,334	1,350	9%	17,291
Surgery Partners Inc	SGRY	US	-	24/12	3,114	501	-9%	8,336
Bangkok Dusit Medical Services	BDMS	Thailand	-	24/12	3,060	580	16%	10,717
Aier Eye Hospital Group Co Ltd	300015	China	-	24/9	2,872	764	19%	18,762
Medicover AB	MCOV B	Sweden	-	24/12	2,264	295	3%	4,023
Meinian Onehealth Healthcare	002044	China	-	24/9	1,506	191	4%	3,387
Terveystalo PLC	TTALO	Finland	-	24/12	1,450	233	13%	2,109
Life Healthcare Group HD	LTGHF	S. Africa	-	24/9	1,376	226	29%	1,354
Netcare LTD	NWKHY	S. Africa	-	24/9	1,359	244	13%	1,515
Fortis Healthcare Ltd	532843	India	-	24/12	897	171	8%	6,590
MediClin AG	MED	Germany	-	24/9	804	111	-5%	539
Max Healthcare Institute Ltd	543220	India	-	24/12	770	193	13%	13,754
Pihlajalinna Oyj	PIHLIS	Finland	-	24/12	762	91	17%	494
EC Healthcare	02138	HK	Y	24/03	538	93	-1%	380
M1 Kliniken AG	M12	Germany	Y	24/12	361	33	16%	320
SBC Medical Group HD	SBC	Japan	Y	24/12	205	89	28%	259
Klinique Medical Clinic	KLINIQ	Thailand	Y	24/12	85	19	19%	186
Master Style PCL	MASTER	Thailand	Y	24/12	61	22	16%	214
Miracor Enterprises HD	01827	HK	Y	24/03	59	10	-0%	67
Fameglow Holdings	08603	HK	Y	24/03	45	12	114%	37
Aesthetic Connect PCL	TRP	Thailand	Y	24/12	15	5	8%	34
DC Healthcare Holdings	0283	Malaysia	Y	24/12	12	-2	-36%	41

Source: Compiled by Strategy Advisors. Based on Company Data

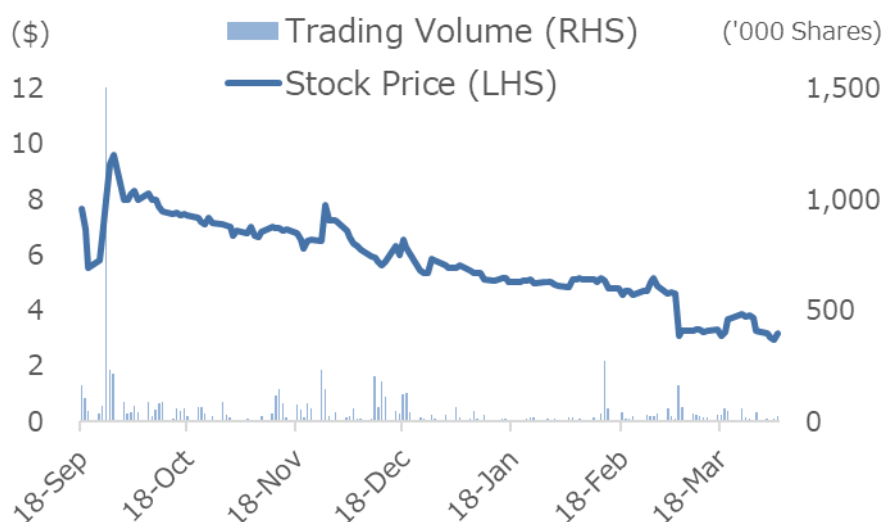
4. Stock Price Trends and Valuations

1) Stock Price and Volumes

Since Listing, the Price Has Been Gradually Declining & is Trying to Break below \$3

After being listed on NASDAQ on September 18, 2024, the stock price temporarily rose to the high US\$9 range, but has since gradually fallen. As of the end of February 2025, the stock price was in the mid-US\$4 range, about half the price at the time of listing, but fell sharply to around US\$3 due to large-scale selling in early March. Since then, the stock price has been on the verge of falling below US\$3. Although the company saw a decrease in operating profit for the full fiscal year ending December 2024, this was due to temporary factors such as impairment losses and the actual EBITDA, which ignores the impact of exchange rates, was up 32% compared to the previous fiscal year. If these factors are fully factored into the stock price, the stock price may rise.

Figure 9. SBC Stock Price and Trading Volumes



Source: Strategy Advisors

2) Comparison with Peer Companies (Aesthetic Medical Companies)

SBC's ROE is Higher than Other Companies, but its EV/EBITDA is Low

Comparing the world's nine major publicly listed cosmetic medical companies, SBC ranks second with an EBITDA of US\$89 million and third with an enterprise value of US\$259 million. On the other hand, its EV/EBITDA is 3x, significantly lower than the 10x of M1 Kliniken (M12 Germany), the 9x of Master Style (MASTER Thailand), and the 9x of Klinique Medical Clinic (KLINIQ Thailand). Comparing ROE, SBC's 28% is higher than M1 Kliniken (16%), Master Style (16%), and Klinique Medical Clinic (19%), giving SBC's stock price a relatively low value.

Figure 10. EV/EBITDA Multiple, PBR & ROE of Major Listed Cosmetic Medical Peers

Company Name	Ticker	Country	EBITDA ^{①*}	Enterprise Value ^{②*}	②/①	ROE	PBR	PER
			(\$ mn)	(\$ mn)	(Times)	(%)	(Times)	(Times)
EC Healthcare	02138	Hong Kong	93	380	4	-1%	0.5	-
M1 Kliniken AG	M12	Germany	33	320	10	16%	2.9	18.7
SBC Medical Group H.D.	SBC	Japan	89	259	3	28%	2.7	9.7
Master Style PCL	MASTER	Thailand	22	214	9	16%	1.9	13.1
Klinique Medical	KLINIQ	Thailand	19	186	9	19%	3.8	20.1
Miricor Enterprises H.D.	01827	Hong Kong	10	67	7	-0%	3.1	-
DC Healthcare Holdings	0283	Malaysia	-2	41	-26	-36%	3.9	-
Fameglow Holdings	08603	Hong Kong	12	37	3	114%	6.8	9.3
Aesthetic Connect PCL	TRP	Thailand	5	34	6	8%	1.3	15.5

* EBITDA and ROE are figures for the latest one year.

Source: Compiled by Strategy Advisors. Based on Company Data

3) Comparison with Peer Companies (General Medical & Cosmetic Medical Companies)

SBC's EV/EBITDA Multiple of 3x is Relatively Low

The simple average of the EV/EBITDA multiples of 31 major competitors, including SBC, is 11, significantly higher than SBC's 3. Considering that SBC's ROE is 28%, the fifth highest among the 31 competitors, SBC's stock price appears undervalued.

Figure 11. EV/EBITDA Multiple, PBR & ROE of Major Listed Companies

Company Name	Ticker	Country	Beauty	EBITDA	Enterprise	②/①	ROE	PBR	PER
				①*	Value ②*				
				(\$ mn)	(\$ mn)	(Times)	(%)	(Times)	(Times)
HCA Healthcare Inc	HCA	US	-	13,896	130,599	9	-	-	14.6
Tenet Healthcare Corp	THC	US	-	6,892	27,194	4	118%	3.0	4.0
DaVita Inc	DVA	US	-	2,725	25,209	9	159%	99.2	12.8
Fresenius Medical Care	FME	Germany	-	3,392	25,189	8	4%	0.9	25.1
Aier Eye Hospital Group Co Ltd	300015	China	-	764	18,762	24	19%	6.6	37.0
IHH Healthcare Bhd	5225	Malaysia	-	1,350	17,291	13	9%	2.0	23.0
Universal Health Services	UHS	US	-	2,264	17,028	8	18%	1.8	10.6
Max Healthcare Institute Ltd	543220	India	-	193	13,754	71	13%	13.0	108.3
Community Health Systems	CYH	US	-	1,063	13,037	12	-	-	-
Rede d or Sao Luiz SA	RDOR3	Brazil	-	1,288	11,322	10	16%	2.6	16.7
Bangkok Dusit Medical Services	BDMS	Thailand	-	580	10,717	14	16%	3.5	22.1
Surgery Partners Inc	SGRY	US	-	501	8,336	17	-9%	1.7	-
Fortis Healthcare Ltd	532843	India	-	171	6,590	39	8%	6.9	81.9
Medicover AB	MCOV B	Sweden	-	295	4,023	14	3%	5.8	160.8
Ardent Health Partners Inc	ARDT	US	-	575	4,001	7	-	-	9.0
Hapvida Participacoes Investimento	HAPV3	Brazil	-	526	3,930	9	-1%	0.3	-
Meinian Onehealth Healthcare	002044	China	-	191	3,387	17	4%	2.7	67.7
Terveystalo PLC	TTALO	Finland	-	233	2,109	9	13%	2.8	21.2
Netcare LTD	NWKHY	S. Africa	-	244	1,515	6	13%	1.6	12.2
Life Healthcare Group HD	LTGHF	S. Africa	-	226	1,354	6	29%	1.6	4.3
MediClin AG	MED	Germany	-	111	539	5	-5%	0.7	-
Pihlajalinna Oyj	PIHLIS	Finland	-	91	494	5	17%	1.7	10.8
EC Healthcare	02138	HK	Y	93	380	4	-1%	0.5	-
M1 Kliniken AG	M12	Germany	Y	33	320	10	16%	2.9	18.7
SBC Medical Group HD	SBC	Japan	Y	89	259	3	28%	2.7	9.7
Master Style PCL	MASTER	Thailand	Y	22	214	9	16%	1.9	13.1
Klinique Medical Clinic	KLINIQ	Thailand	Y	19	186	9	19%	3.8	20.1
Miracor Enterprises HD	01827	HK	Y	10	67	7	-0%	3.1	-
Dc Healthcare Holdings	0283	Malaysia	Y	-2	41	-26	-36%	3.9	-
Fameglow Holdings	08603	HK	Y	12	37	3	114%	6.8	9.3
Aesthetic Connect PCL	TRP	Thailand	Y	5	34	6	8%	1.3	15.5

* EBITDA and ROE are figures for the latest one year. Source: Compiled by Strategy Advisors. Based on Company Data

Figure 12. Cumulative Quarterly Performance Trends

(\$ mn)	23/3				24/12			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	43	84	131	194	55	108	161	205
(YoY Comparison)	-	-	-	11.1%	27.7%	28.6%	22.7%	6.1%
Management Services	17	31	54	72	16	32	44	53
(YoY Comparison)	-	-	-	7.5%	-8.9%	5.3%	-17.2%	-26.5%
Procurement Services	13	26	35	53	13	27	44	55
(YoY Comparison)	-	-	-	-1.9%	5.2%	4.0%	27.8%	3.1%
Franchise Service	7	17	25	42	15	30	45	61
(YoY Comparison)	-	-	-	68.0%	120.2%	76.6%	78.5%	45.0%
Rental Services	2	3	5	7	4	7	11	16
(YoY Comparison)	-	-	-	-66.7%	75.8%	111.5%	139.2%	120.0%
Others	4	7	13	19	7	12	16	20
(YoY Comparison)	-	-	-	137.5%	74.4%	64.4%	22.7%	9.0%
Cost of Sales	14	23	37	56	15	29	39	49
Gross Profit	29	60	94	137	40	79	122	156
(Gross Profit Margin)	66.4%	72.0%	71.6%	70.9%	72.1%	73.2%	75.9%	76.0%
SG&A	17	34	47	66	15	27	57	86
Operating Profit	11	27	47	71	24	52	66	70
(Operating Profit Margin)	25.8%	31.8%	35.6%	36.7%	44.6%	48.0%	40.7%	34.2%
Non-Operating Profit and Loss	1	2	3	3	3	3	2	3
Profit Before Tax	12	29	50	74	27	54	67	73
Net Income	6	17	25	39	19	37	40	46
Net Profit Margin	14.0%	19.9%	19.1%	20.3%	34.2%	34.5%	24.9%	22.7%

Source: Company Data. Compiled by Strategy Advisors

Figure 13. Quarterly Performance Trends

(\$ mn)	23/3				24/12			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	43	41	47	62	55	53	53	44
(YoY Comparison)	-	-	-	-	27.7%	29.5%	12.3%	-29.0%
Franchise Services	7	10	9	17	15	15	16	16
(YoY Comparison)	-	-	-	-	120.2%	46.9%	82.3%	-5.9%
Procurement Services	13	13	9	18	13	14	18	11
(YoY Comparison)	-	-	-	-	5.2%	2.7%	96.1%	-38.9%
Management Service	17	13	23	18	16	17	12	9
(YoY Comparison)	-	-	-	-	-8.9%	24.0%	-47.3%	-50.0%
Rental Services	2	1	1	2	4	3	4	5
(YoY Comparison)	-	-	-	-	75.8%	181.6%	208.3%	150.0%
Others	4	3	5	6	7	5	4	4
(YoY Comparison)	-	-	-	-	74.4%	51.2%	-33.6%	-33.3%
Cost of Sales	14	9	14	19	15	14	10	10
Gross Profit	29	32	33	43	40	39	43	34
(Gross Profit Margin)	66.4%	77.9%	70.9%	69.6%	72.1%	74.2%	81.5%	77.3%
SG&A	17	16	13	19	15	12	29	29
Operating Profit	11	16	20	24	24	27	14	4
(Operating Profit Margin)	25.8%	38.0%	42.4%	39.1%	44.6%	51.4%	26.1%	9.1%
Non-Operating Profit and Loss	1	1	1	0	3	-0	-1	1
Profit Before Tax	12	17	21	24	27	27	13	6
Net Income	6	11	8	14	19	18	3	6
Net Profit Margin	14.0%	26.0%	17.7%	23.0%	34.2%	34.8%	5.3%	13.6%

Source: Company Data. Compiled by Strategy Advisors

Figure 14. Consolidated Income Statement

(\$ mn)	22/12	23/12	24/12
Sales	174	194	205
Management Services	67	72	53
Procurement Services	54	53	55
Franchise Service	25	42	61
Rental Services	21	7	16
Others	8	19	20
Cost of Sales	59	56	49
Gross Profit	115	137	156
(Gross Profit Margin)	65.9%	70.9%	76.0%
SG&A	93	66	86
Operating Profit	21	71	70
(Operating Profit Margin)	12.3%	36.7%	34.2%
Non-Operating Profit and Loss	4	3	3
Extraordinary Profit and Loss	-1	0	0
Profit Before Tax	24	74	73
(Profit Before Tax Margin)	13.6%	38.0%	35.6%
Corporate Tax etc.	18	35	27
Net Profit Attributable to Owners of Parent	6	39	46
Net Profit Margin	3.6%	20.3%	22.7%
EBITDA	29	83	89
(Operating profit + Depreciation + Impairment Loss)			
Depreciation and Impairment Losses	8	12	19

Source: Company Data. Compiled by Strategy Advisors

Figure 15. Consolidated Balance Sheet

(\$ mn)	22/12	23/12	24/12
Cash and Deposits	54	103	125
Accounts Receivable	13	36	30
Inventory	1	3	1
Other Current Assets	45	24	28
Current Assets	113	166	184
Tangible Fixed Assets	22	20	14
Intangible Fixed Assets	11	23	6
Investments and Other Assets	80	50	61
Total Fixed Assets	113	93	82
Total Assets	225	259	266
Accounts Payable	15	27	14
Interest-Bearing Debt	8	7	4
Others	78	59	43
Current Liabilities	101	92	61
Interest-Bearing Debt	8	15	7
Others	8	7	3
Fixed Liabilities	16	23	10
Total Liabilities	118	115	71
Capital and Surplus	27	37	63
Retained Earnings	103	143	189
Others	-25	-38	-54
Shareholders' Equity	105	142	195
Non-Controlling Interests	3	2	0
Total Net Assets	108	144	195
Liabilities and Net Assets	225	259	266

Source: Company Data. Compiled by Strategy Advisors

Figure 16. Consolidated Operating Cash Flows

(\$ mn)	22/12	23/12	24/12
Net Income	6	39	47
Depreciation	6	12	4
Impairment Loss	1	0	16
Provisions and Asset Impairments	0	0	0
Tax Adjustment Amount	-4	4	-14
Others	3	3	-32
Cash Flows from Operating Activities	0	51	21
Acquisition and Sale of Tangible Fixed Assets	-23	-1	-3
Acquisition and Sale of Intangible Fixed Assets	0	-2	-
Acquisition and Sale of Businesses	-6	1	-5
Increase or Decrease in Investment Assets	-3	2	-1
Others	-1	2	-1
Cash Flows from Investing Activities	-33	2	-10
Increase and Repayment of Debt	-5	4	5
Issuance, Redemption and Cancellation of Shares	0	0	0
Other Financial Cash Flows	-3	3	18
Cash Flows from Financing Activities	-8	6	23
Free Cash Flow	-33	52	11

Source: Company Data. Compiled by Strategy Advisors

Figure 17. Index, ROE & KPI's

Accounting Period	22/ 12	23/ 12	24/12
EPS (\$)	0.05	0.34	0.48
BPS (\$)	0.93	1.24	1.90
Dividend per Share (\$)	-	-	-
Dividend Payout Ratio	-	-	-
Closing Price (\$)	-	-	-
PER (Times)	-	-	6.8
PBR (Times)	-	-	1.7
# of Shares Issued at End of Period ('000)	116,156	116,156	103,021
# of Treasury Stocks (Shares)	-	-	270
# of Treasury Stocks Excluded ('000 Shares)	-	-	102,751
Market Capitalization (\$ mn)	-	-	338
Shareholders' Equity Ratio	46.7	54.9	73.3
Interest-Bearing Debt Balance (\$ mn)	16	23	11
D/E Ratio	0.2	0.2	0.1
EV (Enterprise Value)	-	-	235
EBITDA (\$ mn)	29	86	89
EV/EBITDA Multiple	-	-	2.6
ROE	-	31.8	27.6
ROIC (Invested Capital)	-	26.5	25.0
ROIC (Business Assets)	-	73.4	87.2
# of Employees	-	-	-

Source: Company Data. Compiled by Strategy Advisors

Disclaimer

This report is published by Strategy Advisors, Inc. (hereafter referred to as "SA") and was prepared with analysts as the primary authors.

The purpose of this report is to provide an unconventional approach to the introduction and commentary of the companies covered.

In principle, SA does not review or approve the content of the report (although we will point out obvious errors or inappropriate language to the authors).

SA does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

SA may receive non-investment banking fees from the subject company in the future for providing consulting or training services.

SA receives a flat fee of JPY6,000,000 from companies who commissioned Sponsored Research coverage from the issuer. This fee is for the production and dissemination of an Initiation Report (if the initial year of the contract) and quarterly update reports during the one-year term of a Sponsored Research contract. (SA does not accept stock or warrant compensation).

SA and the analysts who write this report does not own the securities of the subject company. SA does not allow an analyst to own shares in any company that he/she covers. The issuer does not make a market in any securities.

The Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

This report is prepared solely for the purpose of providing information to assist in investment decisions and is not intended as a solicitation for securities or other transactions. Final decisions regarding securities and other transactions are the sole responsibility of the investor.

In preparing this report, the authors have received information through interviews with the subject companies. However, the hypotheses and views expressed in this report are not those of the subject companies, but rather are based on the authors' analysis and evaluation.

This report is based on information that the authors believe to be reliable, but they do not guarantee its accuracy, completeness, or timeliness. The views and forecasts expressed in this report are based on the judgment of the authors at the time of publication and are subject to change without notice.

In no event shall the publisher or authors be liable for any direct, indirect, incidental, or special damages that may be incurred by an investor as a result of reliance on the information or analysis contained in this report.

In principle, the copyright of this report belongs to the publisher. Reproduction, sale, display, distribution, publication, modification, distribution, or commercial use of the information provided in this report without the permission of the publisher is prohibited by law.



Strategy Advisors

Address: Central Building 703 , 1-27-8 Ginza, Chuo-Ku, Tokyo 104-0061