

**SBC Medical Group** Holdings, Inc.

# Investor Presentation

September 2024

# Disclaimer

This document contains forward-looking statements. In addition, from time to time, we or our representatives may make forward-looking statements orally or in writing. We base these forward-looking statements on our expectations and projections about future events, which we derive from the information currently available to us. Such forward-looking statements relate to future events or our future performance, including: our financial performance and projections; our growth in revenue and earnings; and our business prospects and opportunities. You can identify forward-looking statements by those that are not historical in nature, particularly those that use terminology such as “may,” “should,” “expects,” “anticipates,” “contemplates,” “estimates,” “believes,” “plans,” “projected,” “predicts,” “potential,” or “hopes” or the negative of these or similar terms. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under the heading “Risk Factors” and elsewhere in the proxy statement and other materials filed with the U.S. Securities and Exchange Commission. Forward-looking statements are only predictions. The forward-looking events discussed in this document and other statements made from time to time by us or our representatives, may not occur, and actual events and results may differ materially and are subject to risks, uncertainties and assumptions about us. We are not obligated to publicly update or revise any forward-looking statement, whether as a result of uncertainties and assumptions, the forward-looking events discussed in this document and other statements made from time to time by us or our representatives might not occur. Past performance is not indicative of future results. There is no guarantee that any specific outcome will be achieved. Investments may be speculative, illiquid and there is a total risk of loss.



SBC Medical Group Holdings, Inc.



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# I. At a Glance

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# Company Overview

- SBC Medical Group Holdings (SBC) provides comprehensive consulting and management services to the medical corporations and their clinics
- We have the largest network of franchised clinics in Japan and a leading position in the aesthetic medical industry

## Company Overview and Key Figures (FY2023)

<b>Name</b>	SBC Medical Group Holdings, Inc.
<b>CEO</b>	Dr. Yoshiyuki Aikawa
<b>Founded</b>	2023 (Roots tracing back to 2000)
<b>Headquarters</b>	Irvine, California, USA (SBC Medical Group located in Tokyo)
<b>Our Services</b>	Comprehensive consulting and management services to the medical corporations and their clinics
<b>Number of Related Clinics</b>	<b>Japan:</b> 164 clinics <b>Global:</b> 2 clinics Irvine, California Ho Chi Minh City, Vietnam

### Revenue

**US\$193mn**

### EBITDA

**US\$82mn**

### Net Income

Attributable to the Company

**US\$39mn**

### ROE

**32%**

## Key Statistics of Franchisees\*

**166**

Number of Clinics

**15%**

5Y CAGR # of Clinics

**474**

Number of Doctors

**3.9mn**

Annual Customers

**\$361**

Revenue per Customer\*\*

**71%**

Repeat rate\*\*\*

\* As of December 31, 2023. Excluding the impact of the franchising of Rise Clinic and Gorilla Clinic

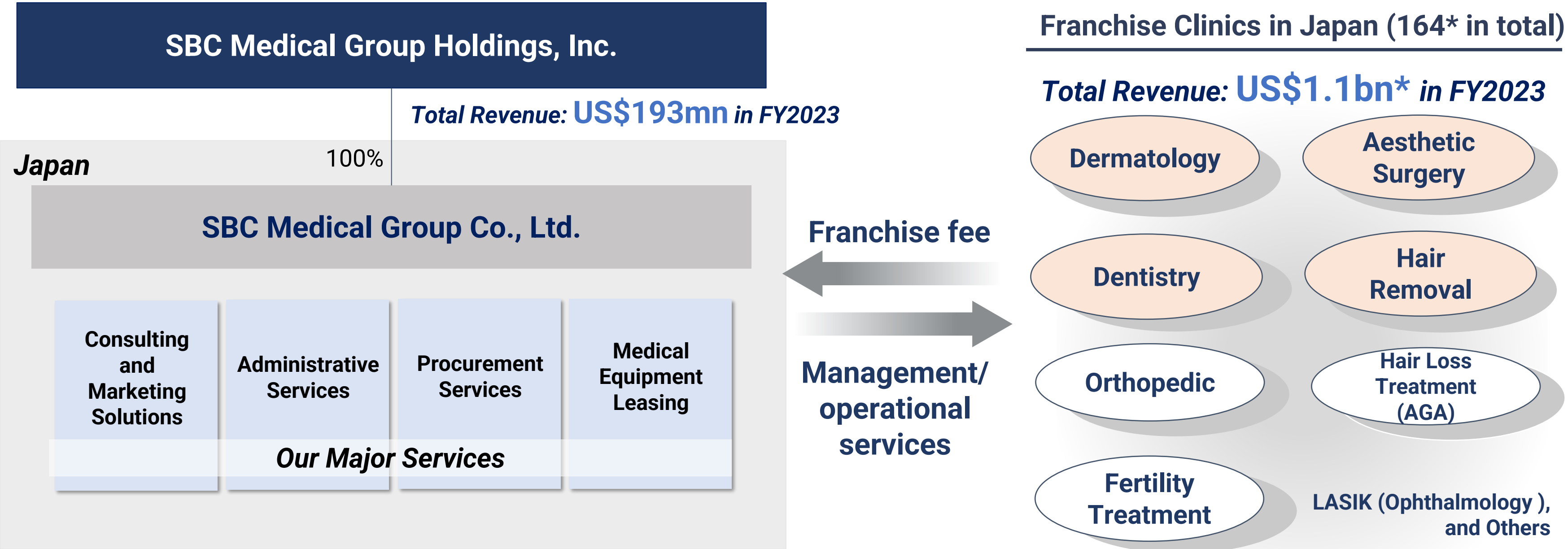
\*\* Calculated at 140JPY/1USD

\*\*\* The percentage of customers who visited our franchisee's clinics more than twice

# Group Structure and Business Model

- SBC provides comprehensive consulting and management services to the medical corporations and their clinics through a franchise model

**US**



\* As of December 31, 2023. Excluding the impact of the franchising of Rise Clinic and Gorilla Clinic

# Diverse Range of Our Franchisee Clinics

- Our franchise network is diverse and covers various medical specialties beyond aesthetics
- The addition of Rize Clinic and Gorilla Clinic in 2023 significantly expanded our network from 166 to **220 clinics\*** in total, and we aim for further growth through our multi-brand strategy



\* Numbers of Clinics as of August 2024. Clinic-related figures in this presentation, excluding this page, do not include the impact of the franchising of Rize Clinic and Gorilla Clinic



## **II. Investment Highlights**

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# Investment Highlights

**1**

**Leading Position in Japan's Growing Aesthetic Medical Market with the Largest Clinic Network**

**2**

**Proven Profitability and High Margins Based on Recurring Fee Income**

**3**

**Additional High Growth Potential in Japan through Franchising Clinics and Related Fields, and in the Growing Global Aesthetic Medical Market**

**4**

**Strong Balance Sheet with Ample Leverage Capacity for Growth**

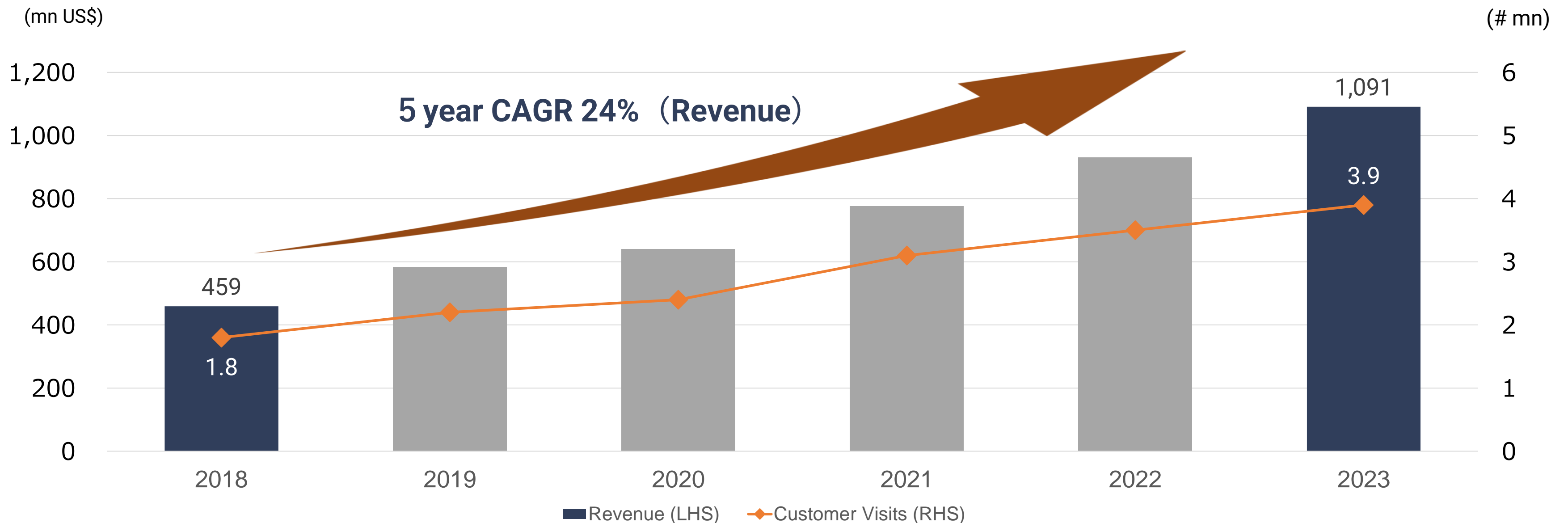
**5**

**Visionary Leadership and Experienced Management Team with Long-Term Commitments**

# 1 Leading Position in Japan's Growing Aesthetic Medical Market

- Our Franchisees have been steadily expanding their sales and customer base
- They have been driving the expansion of the aesthetic medical market in Japan

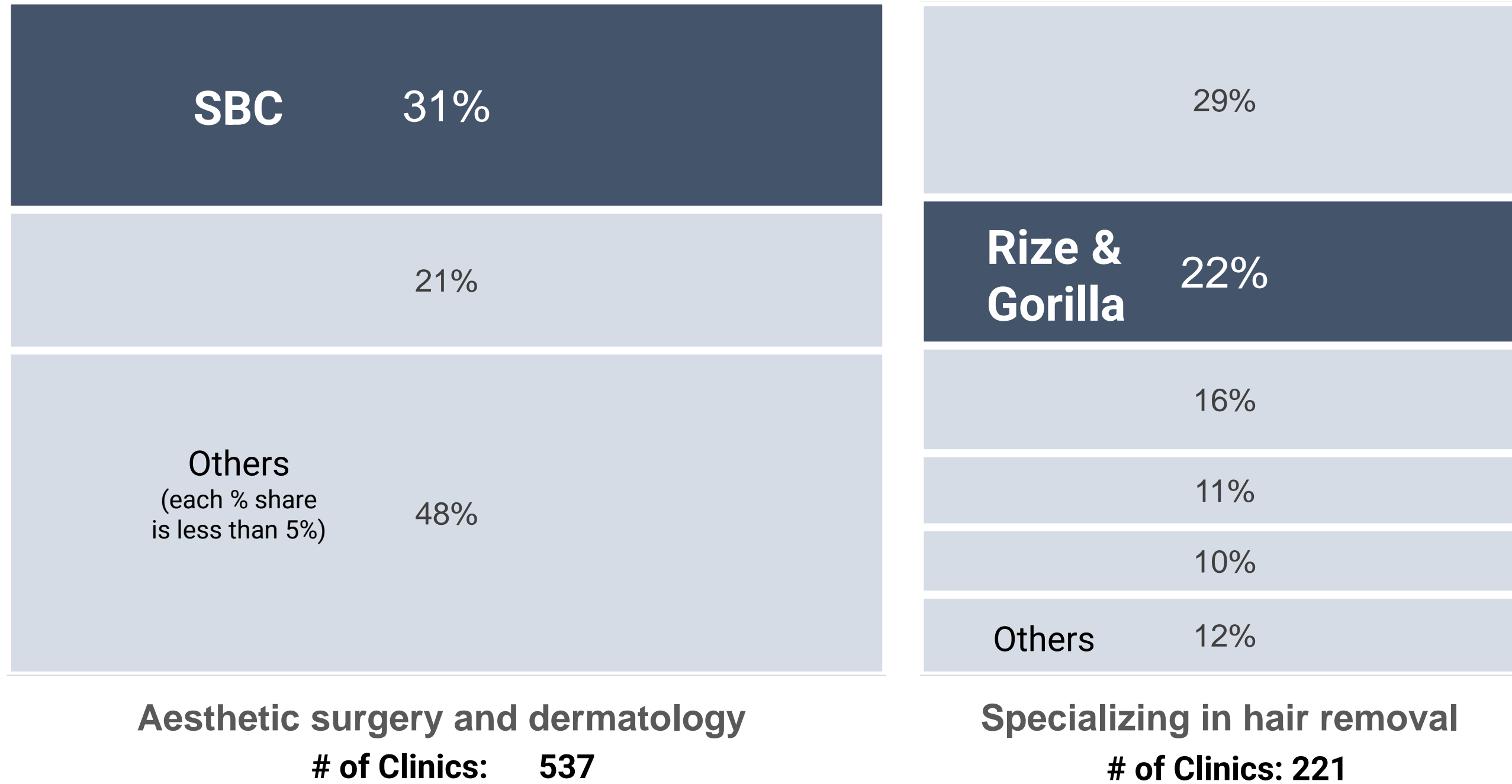
## Revenue\* and Customer Growth of Franchisees



\*Calculated at 140JPY/1USD

# 1 Market Share in Japanese Aesthetic Medical Market

Estimated % market share among medium to large clinic groups\*, based on number of clinic locations

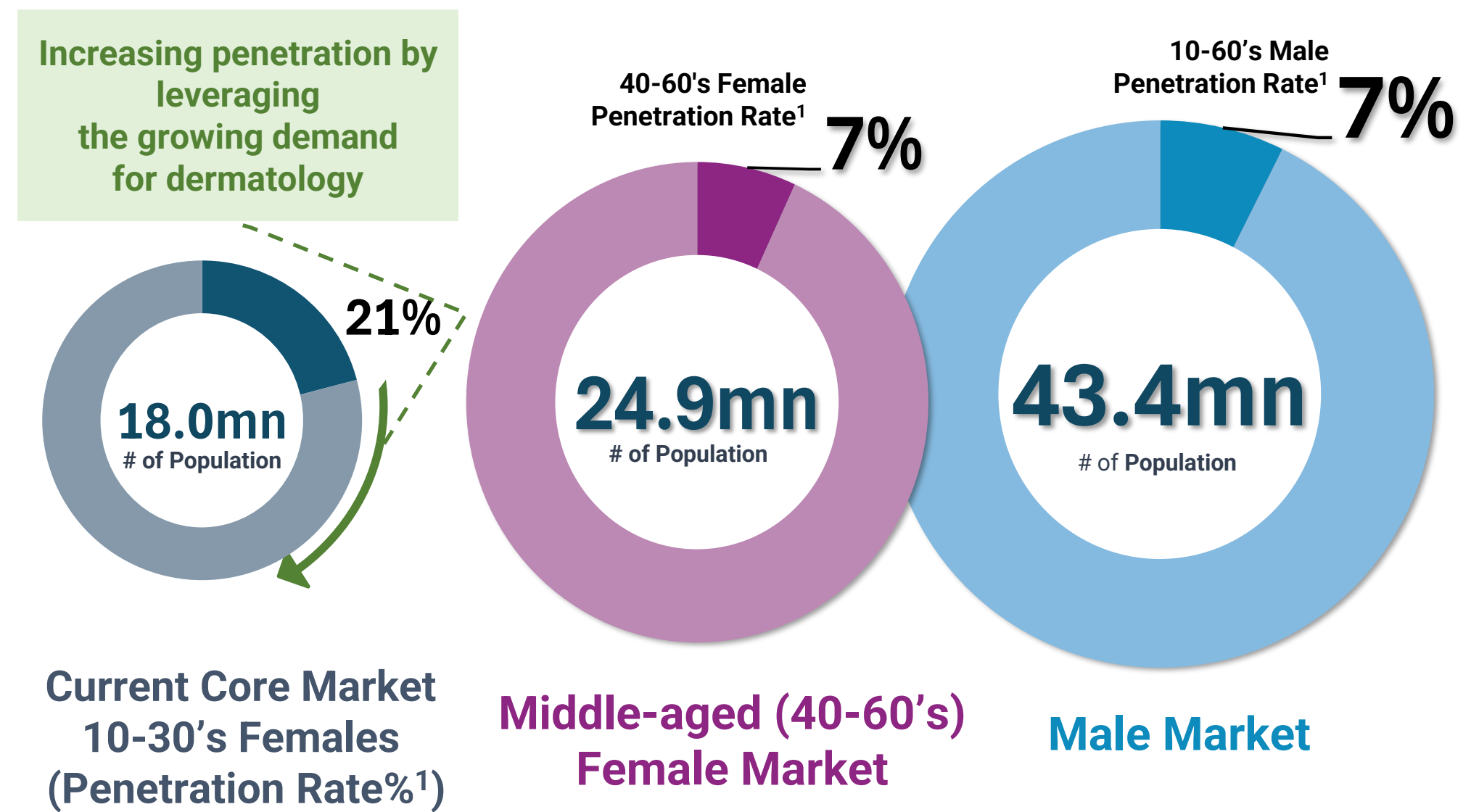


\* Clinic groups with more than 5 locations  
Source: Yano Research Institute (2024)

# 1 Untapped Potential in Japan's Aesthetic Medical Market

- Aesthetic medicine penetration among core customers (women 10-30's) is rising, driven by growing demand for dermatological treatments. While overall market penetration is still low (10%), significant growth is expected by tapping into middle-aged female and male markets

## Total Addressable Market in Japan



## Our Strategic Initiatives to Expand Market Reach

### To Middle-aged Female Market

Targeted marketing to reach middle-aged women



### To Male Market

- Specialized clinics for hair loss treatment (AGA)
- Gorilla Clinics for male laser hair removal



### To Capture Dermatology Market Growth

- Expand laser hair removal to dermatology services via Rise Clinics
- Develops dermatology-focused clinics under the SBC brand



# 1 SBC's Key Differentiators

- Our targeted solutions for mitigating doctors' major pain points give us a distinct competitive advantage in the clinic franchise market

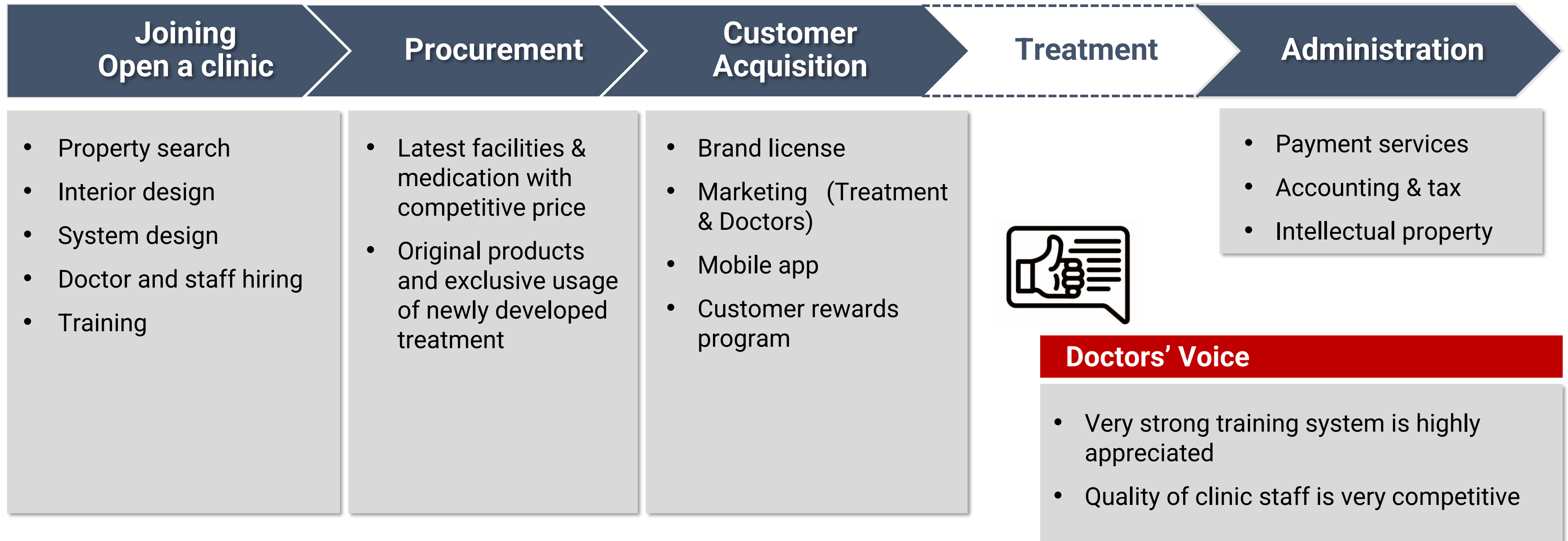
## Doctors' Pain Points

## Our Solutions



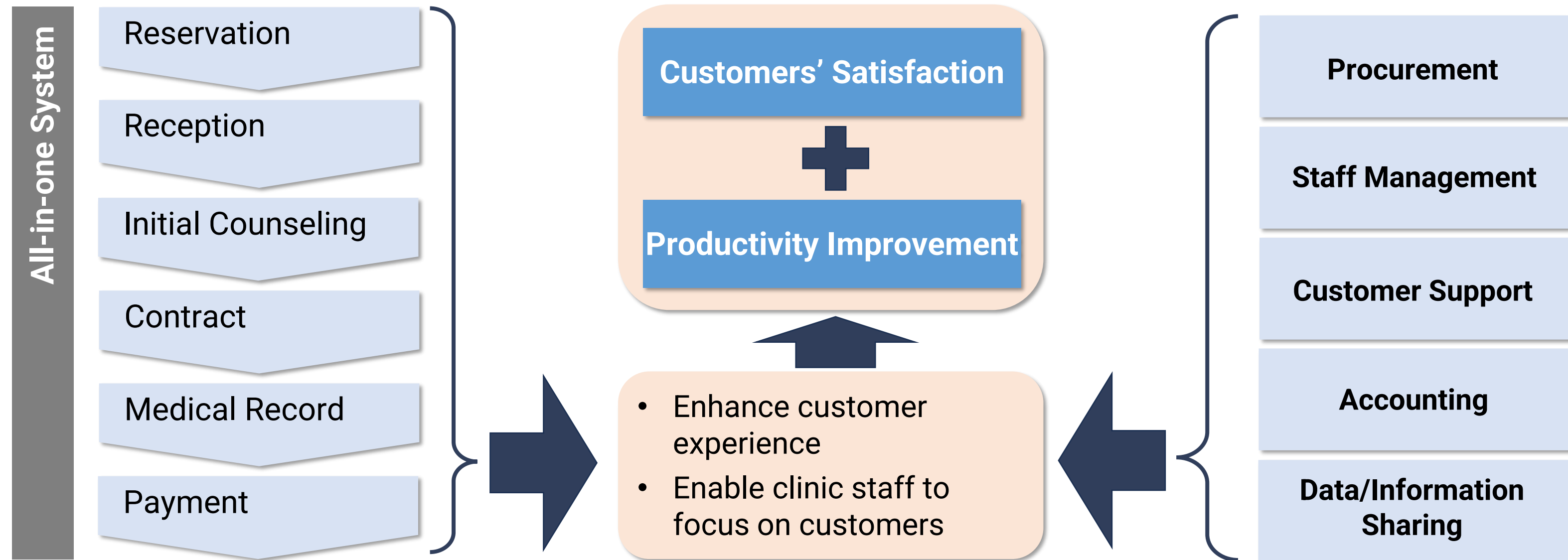
# 1 Business Flow and Our One-Stop Service

- SBC provides a one-stop solution for all doctors' clinic operation needs. Whether they're planning to open a clinic or looking for help in managing day-to-day administrative tasks, SBC provides comprehensive and reliable services to ensure their clinics runs smoothly



# 1 Advanced Digitized Integrated System

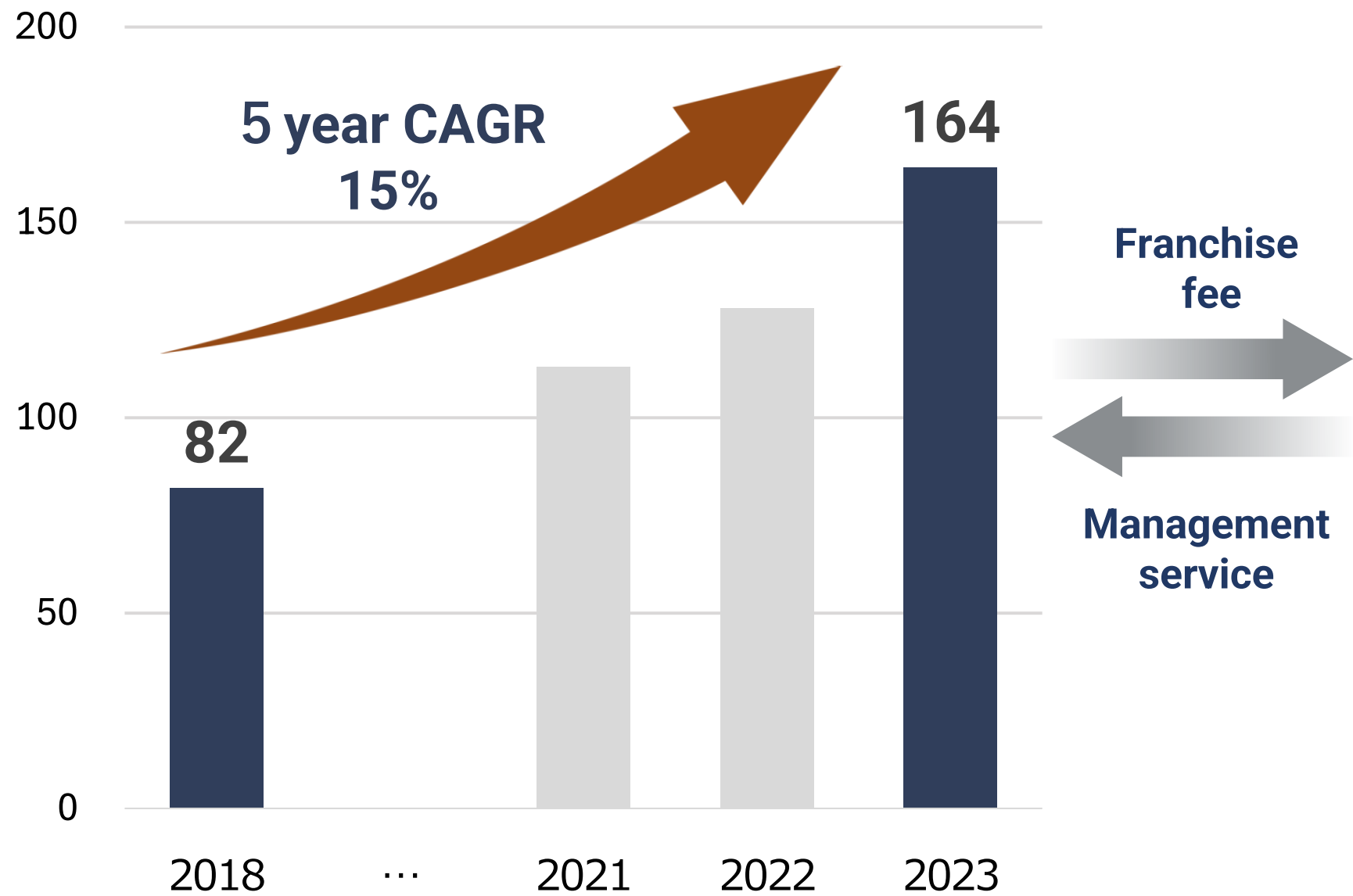
## Digitalization of all relevant procedures at clinics





# 2 Revenue Growth Driven by Predictable and Recurring Fees

## Growing Number of Franchise Clinics in Japan



\* The figures exclude the impact of Rize Clinic and Gorilla Clinic joining the franchise

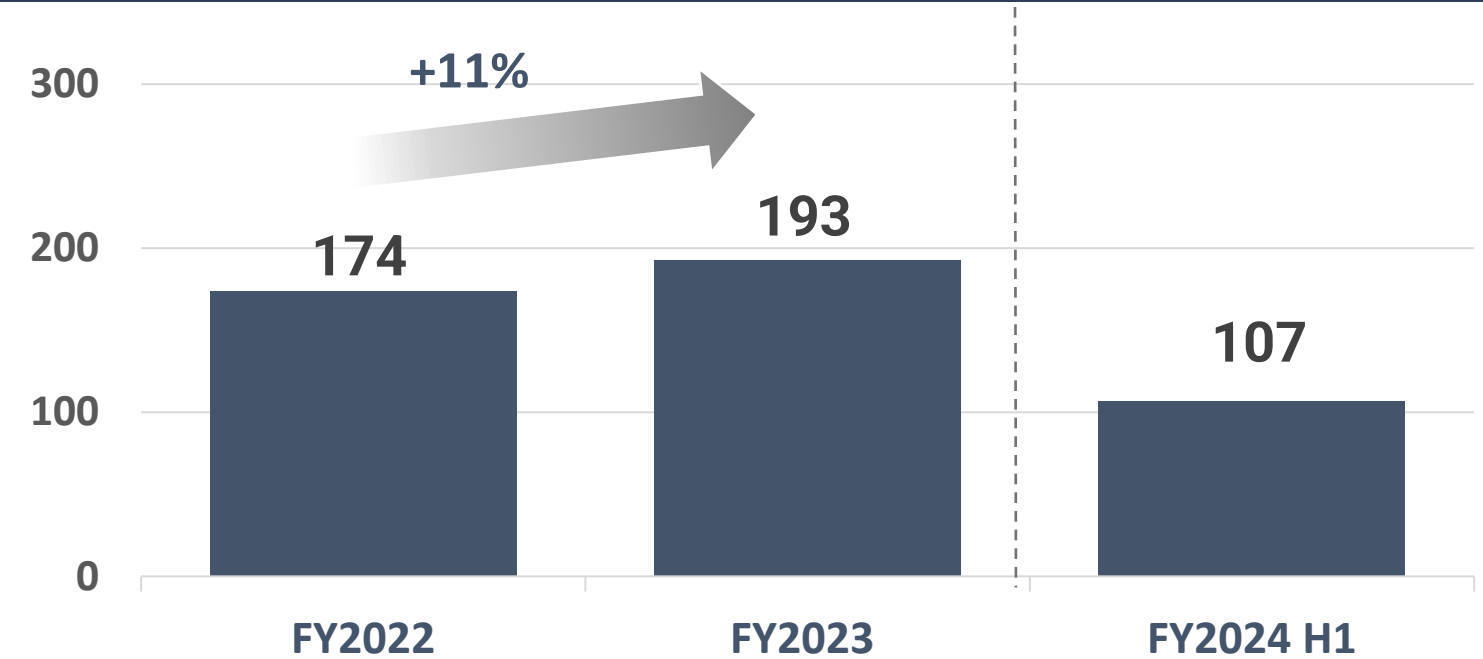
## Our Revenue Stream (FY2023)

Management Services	US\$72mn	<ul style="list-style-type: none"> <li>Marketing solution</li> <li>Administrative services (accounting, HR, IT, facility, clinic operation)</li> </ul>
Procurement Services	US\$53mn	<ul style="list-style-type: none"> <li>Purchasing advertising services</li> <li>Purchasing medical materials</li> </ul>
Royalty Income	US\$42mn	<ul style="list-style-type: none"> <li>Company's brand name</li> <li>Trade name</li> <li>Trademark</li> </ul>
Rental Services	US\$7mn	<ul style="list-style-type: none"> <li>Medical equipment leasing</li> </ul>
(Others: US\$18mn)		
<b>Total Revenue: US\$193mn</b>		

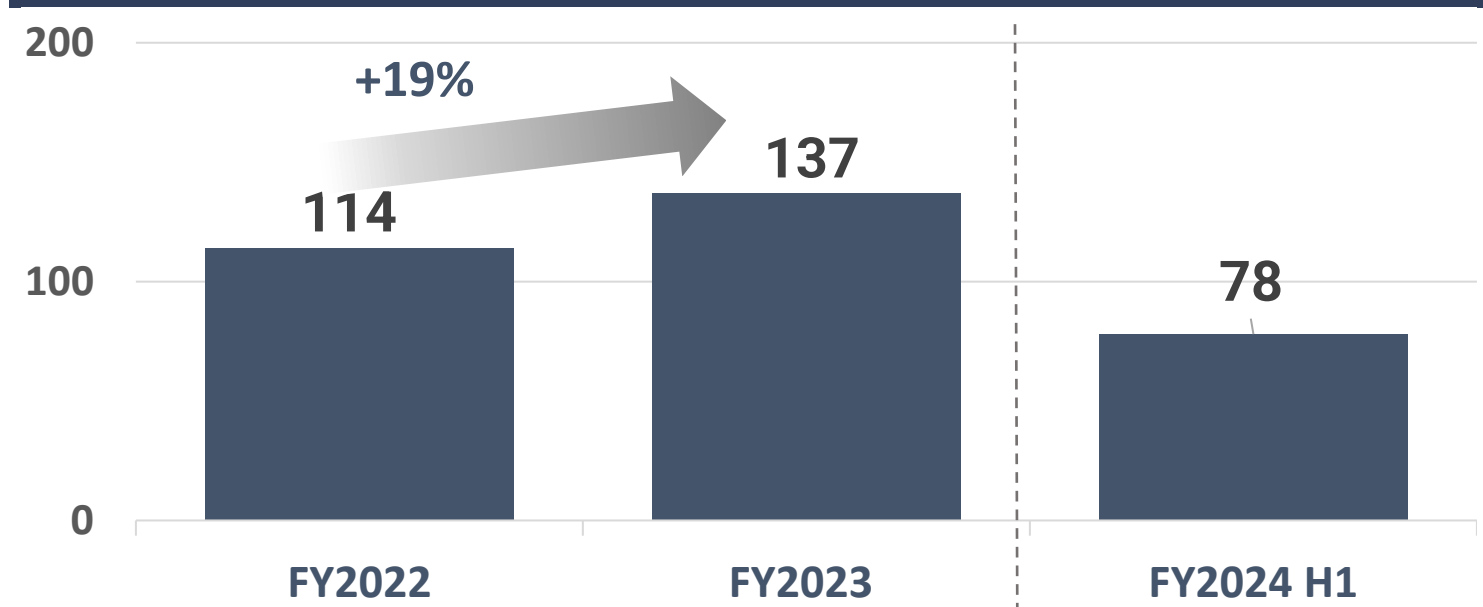


# 2 Strong Revenue Growth and High profitability

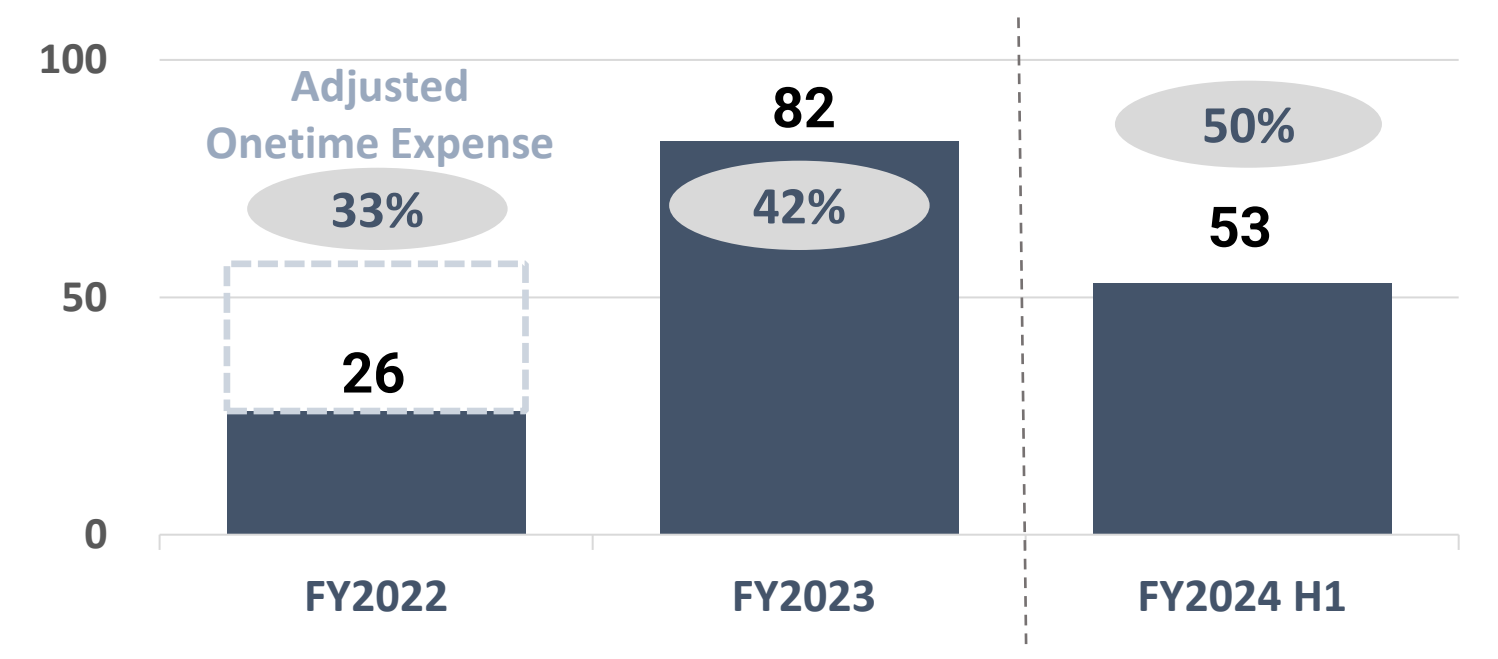
**Revenue (mn US\$, % of Growth YoY)**



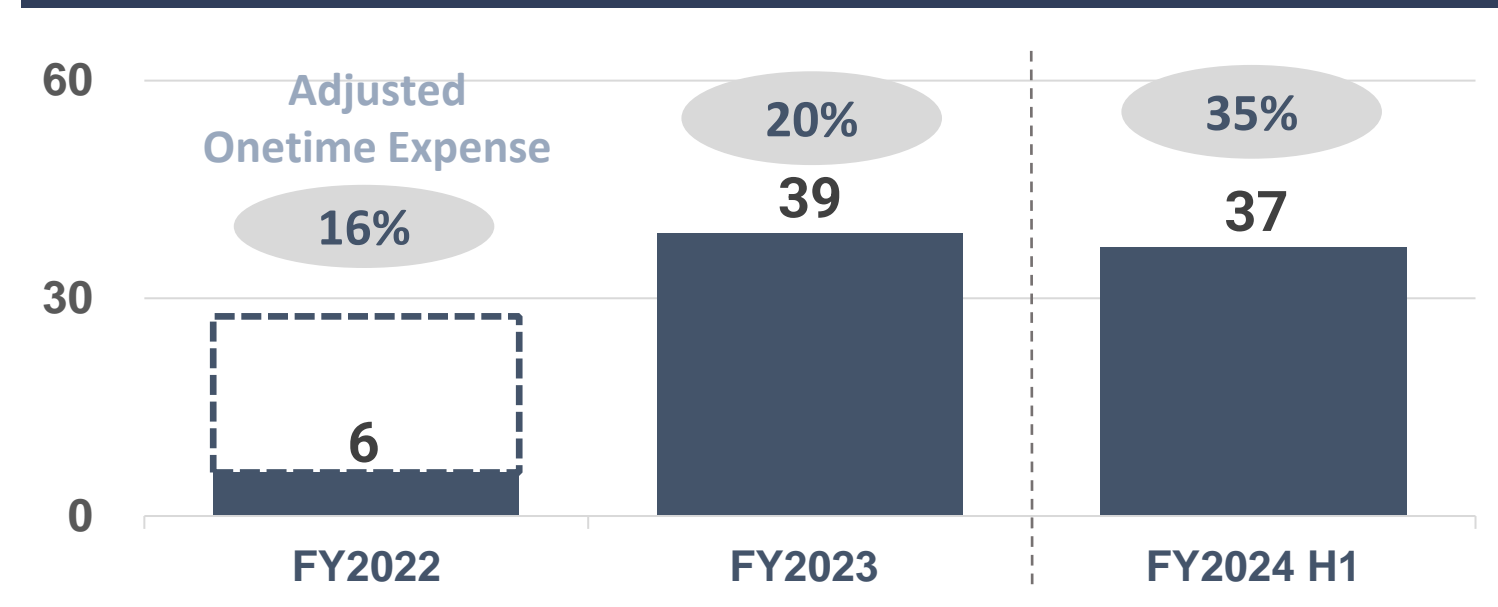
**Gross Profit (mn US\$, % of Growth YoY)**



**EBITDA (mn US\$, % of Margin)**



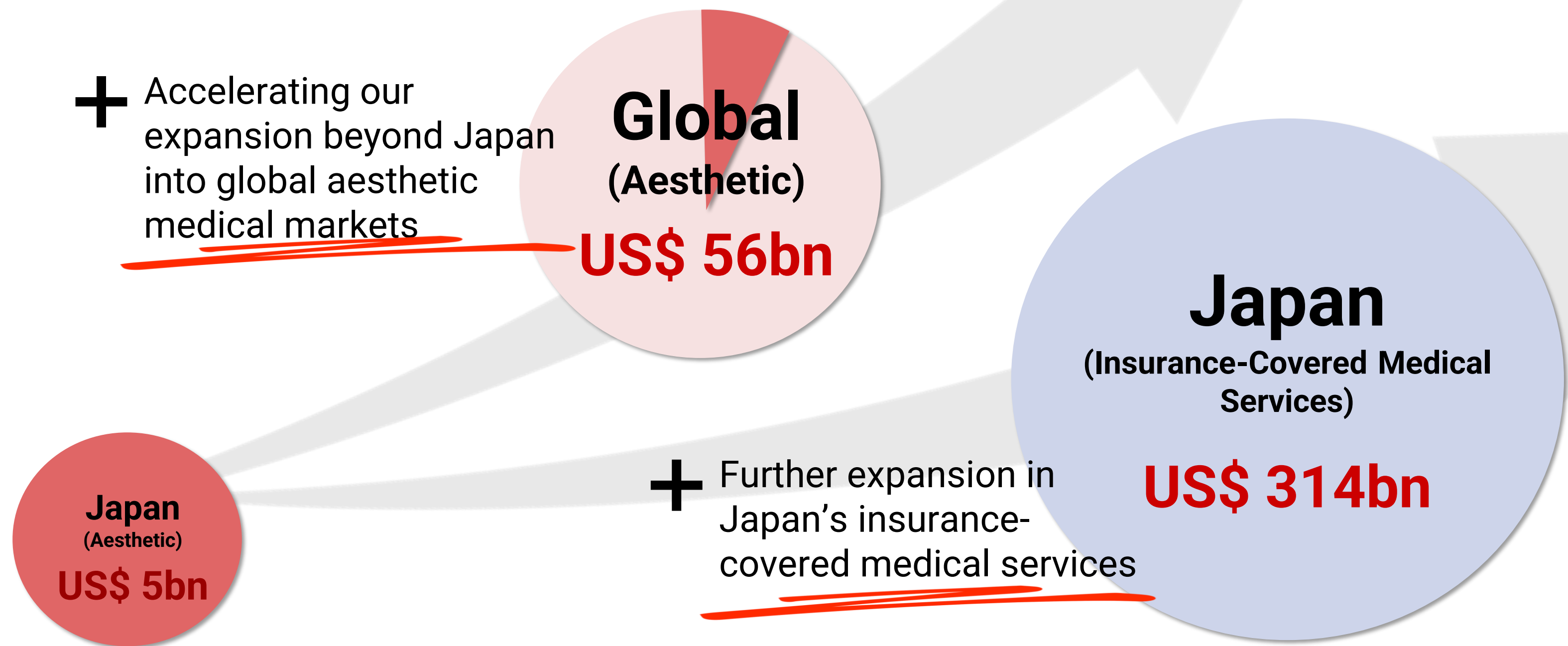
**Net Income attributable to the company (mn US\$, % of Margin)**



\* Retirement compensation expense, insurance fees

### 3 Bigger Markets Awaits SBC

- SBC has the potential to global aesthetic medical markets. Also has the potential to expand its franchise network and related fields including insurance-covered medical services in Japan



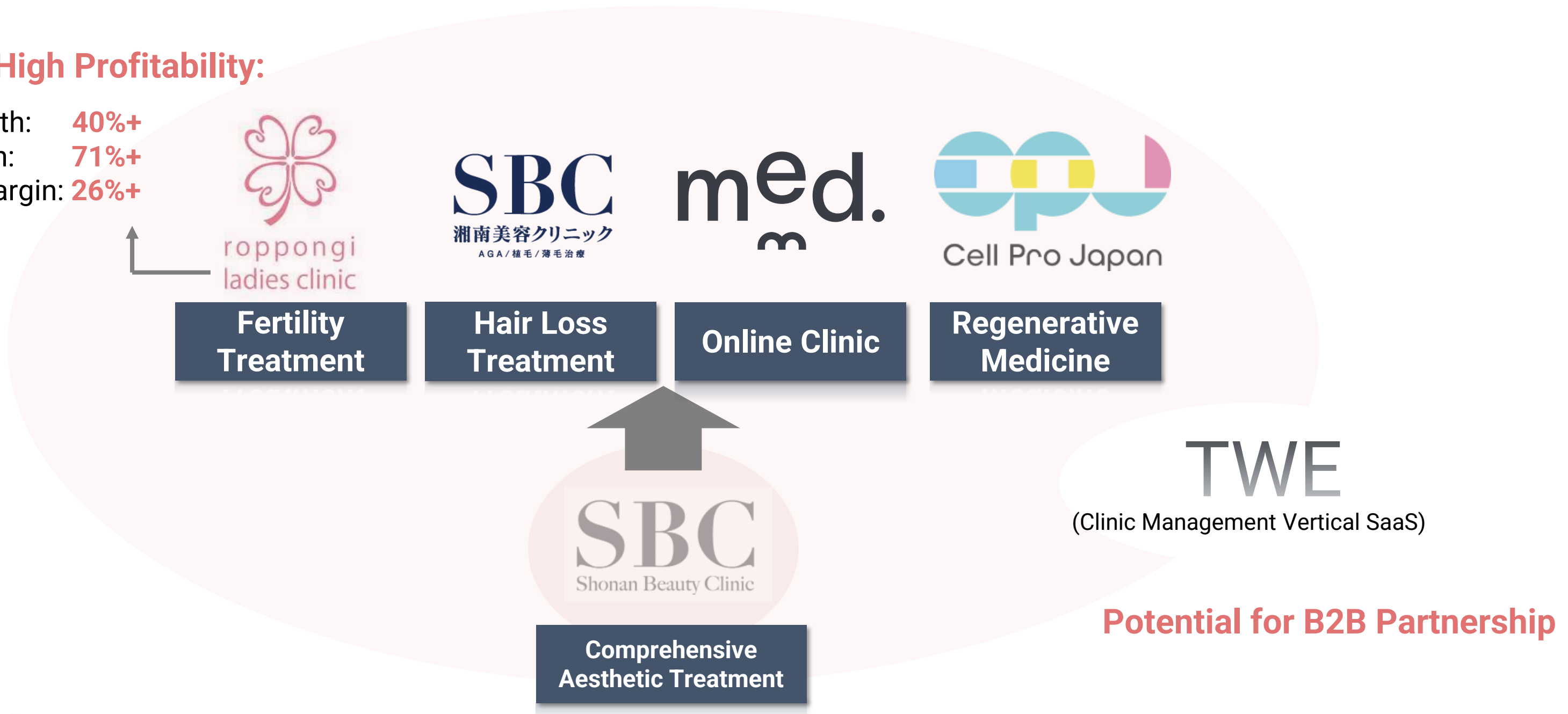
Source: Fortune Business Insight, Yano Research Institute Ltd., WHO Global Health Expenditure Database, Ministry of Health, Labor and Welfare of Japan

# 3 Expansion into Adjacent Fields and B2B Partnerships

- SBC aims to leverage its expertise, expanding into adjacent fields such as fertility treatment, hair loss treatment, and online clinic services
- SBC integrated back-office platform is a market leader, with significant potential for B2B partnerships

**Strong Growth & High Profitability:**

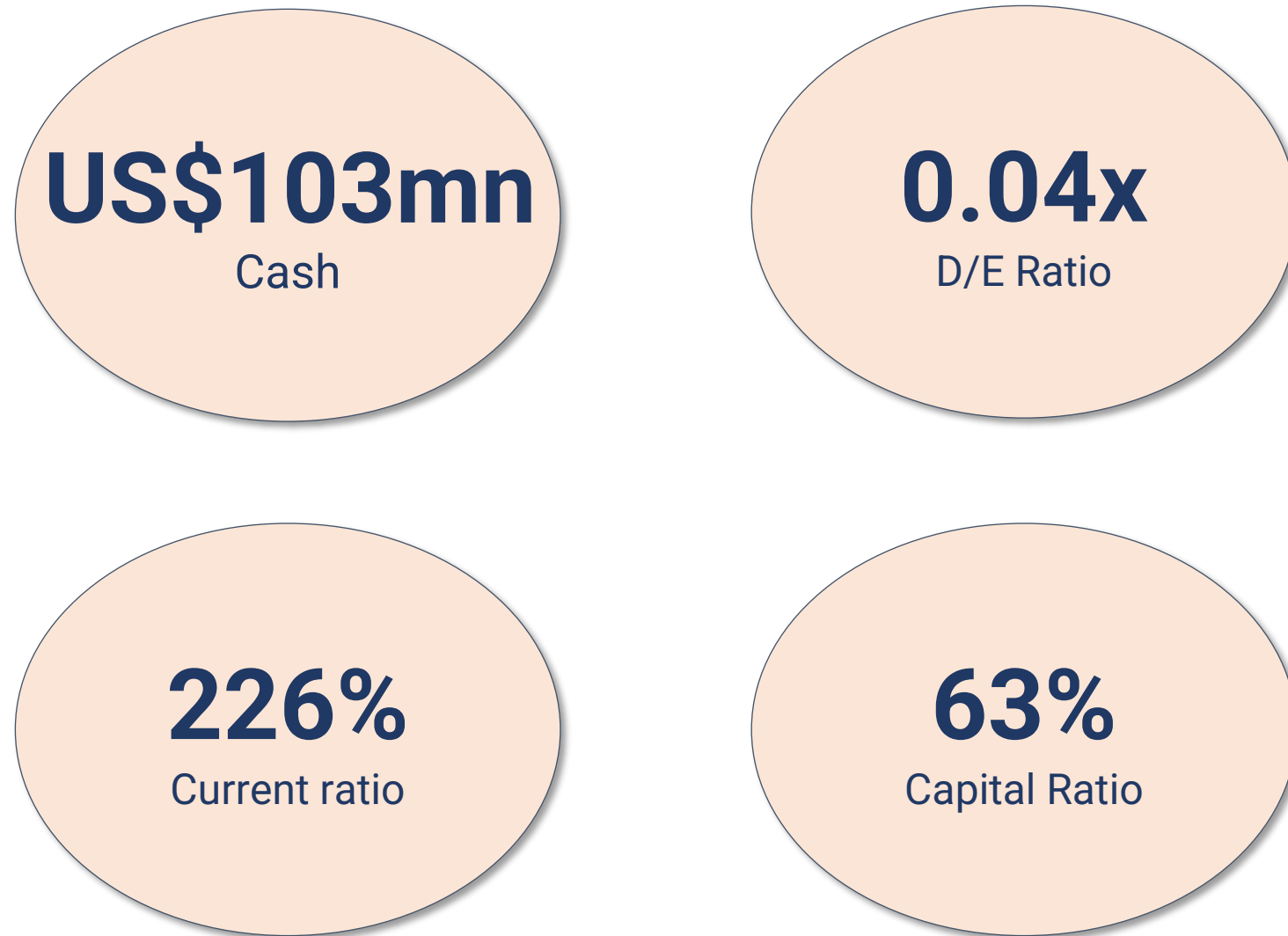
- Revenue YoY Growth: **40%+**
- Gross Profit Margin: **71%+**
- Operating Profit Margin: **26%+** (FY2023)



# 4 Strong Balance Sheet with Ample Leverage Capacity for Growth

- SBC currently maintains potential debt financing capacity for potential growth investment opportunity

## Key Balance Sheet Figures (as of June 2024)



## Capital Management Policy

### Reserve adequate liquidity and robust capital base

- Maintain an adequate liquidity position to support stable execution of SBC's business operation
- Reserve robust capital base to maintain leverage capacity for potential growth investment opportunity

### Leverage management

- Managing leverage levels in accordance with business risk
- Debt financing is considered with business risks, interest rate risks, and capital market risks
- Currently, debt financing capacity is reserved for potential growth investment

### Sustainable capital policy and shareholder returns

- Considering timely and flexible shareholder returns based on our corporate strategy and potential growth investment opportunities

## 4 Listing on NASDAQ Transform SBC into Global Company

### Expand SBC's brand recognition as a global brand

- Improve both SBC's corporate brand value and perceptions in aesthetic medical industry
- Expand SBC's brand value from Japan local one to Global one

### Access to the global capital market

- Gain access to global capital markets in both debt and equity
- Enable access to global investors to raise fund to invest in clinic acquisition, launching vertical SaaS to aesthetic clinics globally

### Enhance SBC's corporate governance

- Adopt US capital market standard on corporate governance , which is the strictest standard from a global perspective
- Ensure sustainable growth through strong corporate governance

# 5 Visionary Leadership and Experienced Management Team

## Board of Directors

Director (Chairman), CEO



**Dr. Yoshiyuki Aikawa**

SBCMGMH Inc.  
Director / CEO

SBCMGM Co., Ltd  
Director

Director, COO



**Yuya Yoshida**

External Directors



**Fumitoshi Fujiwara**

MEDIROM Healthcare  
Technologies Inc.  
Director, CFO



**Ken Edahiro**

BizReach, Inc.  
Executive Officer  
CSMO



**Mike Sayama  
Ph.D.**

**US**

**SBC Medical Group Holdings, Inc.**

100%

**Japan**

**SBC Medical Group Co., Ltd.**

Experienced Management Team in Japan

# Appendix

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# Financial Summary

## Income Statement

(mn US\$)	FY22	FY23	FY24	
			% YoY	H1 % YoY
Total revenue	174	193	111%	107
Royalty income	24	42	171%	29
Procurement services	54	53	98%	26
Management services	67	72	108%	32
Rental services	20	7	35%	7
Cost of Revenue	59	56	95%	28
Gross Profit	114	137	120%	78
Operating cost	94	66	70%	27
Income from operations	20	70	351%	51
Net income attributable to the Company	6	39	623%	37

## Balance Sheet

(mn US\$)	FYE22	FYE23	FYE24	
			vs. FYE22	H1 vs. FYE23
Total assets	225	258	+33	255
Total current asset	112	165	+53	169
Cash and cash equiv.	51	103	+52	103
Property and equipment, net	15	13	▲2	11
Intangible assets, net	7	19	+12	14
Long-term payments – related parties	21	19	▲2	17
<b>Total liabilities</b>	<b>117</b>	<b>114</b>	<b>▲3</b>	<b>94</b>
Current liabilities	101	92	▲9	75
<b>Shareholder's equity</b>	<b>105</b>	<b>142</b>	<b>+36</b>	<b>160</b>

# Our Philosophy

- Our purpose is to improve the well-being of people around the world with the latest medical innovations and achieve the ultimate win-win for all



**Dr. Yoshiyuki Aikawa**  
*Founder, Director (Chairman) & Chief Executive*



# Our Vision

- To achieve further growth in Japan and overseas, we will expand our clinic network
- By continuing to focus on the research and development of new medical technologies, medical devices, and cosmetics, we aim to increase our global presence with the listing on NASDAQ and establish ourselves as a leader in the healthcare industry

**2025**



Be the aesthetic medical group with the most customers in Japan

**2035**



Be the medical group with the most customers in Japan

**2050**

Be the medical group with the most customers in the world



# Directors

## Director (Chairman), CEO



**Yoshiyuki  
Aikawa**

SBCMGMH Inc.  
-Director (Chairman)  
-CEO

SBCMGM Co., Ltd  
-Director

- From 2014 to 2015, the president and a director of the Japanese Society of Aesthetic Plastic Surgery. From 2008, Harvard Medical School, PGA.
- A member of the Japanese Society of Aesthetic Plastic Surgery, Japan Laser Therapy Association, Japan Liposuction Society, Chemical Peeling Society, Japanese Society of Anesthesiologists, and Post Graduate Assembly of Anesthesiology at Harvard Medical School.
- Holds a medical license from Nihon University Medical School where he graduated in 1997.

## Director, COO



**Yuya  
Yoshida**

SBCMGMH Inc.  
-Director  
-COO

SBCMGM Co., Ltd  
-CFO

- From January 2016 to June 2023, worked in Corporate Development (Global Head and Director of Corporate Development in 2018) at Rakuten Group Co., Ltd.
- From January 2003 to 2016, worked in Sales & Trading, Securitization, M&A, ALM • Treasury at Mitsubishi UFJ Financial Group.
- Graduated with a Master of Law degree from Keio University in 2003 and graduated with a Master of Business Administration degree from UCLA Anderson Business School in 2014

# Independent Directors

## Chairman of Corporate Governance and Nominating Com., Compensation Com., Audit Com.



**Fumitoshi  
Fujiwara**

MEDIROM Healthcare  
Technologies Inc.  
-Director  
-CFO

- Has had a career in buyout investments, venture investments, real estate development, and IPOs in both Japan and the US. Starting at Shuwa Corporation (1989-1993) as a manager, he led M&A activities.
- At KOEI Co., Ltd. (1993-2000), was instrumental in their IPO and served as CFO
- Co-founded Spiral & Star Co., Ltd. (2000-2001).
- As CEO of AC Capital Co., Ltd. (2001-2009), he managed buyout funds.
- Currently, at Eaglestone Capital Management Inc. (2009-), leads significant real estate and distressed debt investments. Also played a key role in the NASDAQ listing of MEDIROM Healthcare Technologies Inc. and now supports Japanese companies in US listings through Linden Capital Partners LLC.
- Holds a law degree from Meiji Gakuin University.

## Member of Corporate Governance and Nominating Com., Compensation Com. and Audit Com.



**Ken  
Edahiro**

BizReach, Inc.  
-Executive Officer  
-CSMO

- After graduating from Hitotsubashi University, Faculty of Economics, he joined Dentsu Inc. in 2004.
- In 2012, joined gloops Inc. and served as General Manager of Marketing Division and CMO.
- In 2014, became Representative Director of King Japan Inc. and oversaw product development and marketing for puzzle game “Candy Crush” and others.
- In 2019, joined BizReach, Inc. and was appointed as CSO in February 2020.
- Appointed as an outside director of the Company in August 2024.

# Independent Directors

**Member of Corporate Governance and  
Nominating Com., Compensation Com. and Audit Com.**



**Mike  
Sayama, Ph.D.**

Pono  
-Independent Director

- Dr. Mike Sayama is an independent director of Pono. He currently serves as Abbot of Chozen-ji International Zen Temple in Hawaii.
- In his professional career, Dr. Sayama was the founding Executive Director of Community First from July 2016 to January 2021, responsible for operations, strategic planning, community relations, and fundraising. From 2013 to 2018, Dr. Sayama was Vice President at Pono Health, managing the East Hawaii Independent Physicians Association and developing a data integration platform. He was Vice President at Hawaii Medical Service Association from 1997 to 2013 in charge of managing health benefits and customer relations. He also held directorships at City Bank and Central Pacific Bank.
- Dr. Sayama holds a BA in Psychology from Yale and a PhD in Clinical Psychology from the University of Michigan. He is an author of books on psychotherapy and Zen Buddhism.

# Key Features of Japan's Medical Care Act

## Notable Points of Medical Care Act in Japan

The law aims to protect patients' interests and ensure safe, high-quality medical care by guiding patient choice, managing healthcare facilities, and promoting inter-facility coordination for national health maintenance

- ✓ **Only medical corporations can manage clinics** (and they can not be listed) (Article 39)
- ✓ **A medical corporation is not expected to be profit-oriented** (Article 7)
- ✓ **To establish a new medical corporation or open a hospital or clinic, approval from the governor of the prefecture is needed** (Article 7, 44)
- ✓ - **Profits cannot be diverted outside the corporation** (Article 54)

# Thank you

SBC Medical Group Holdings / [ir@sbc-holdings.com](mailto:ir@sbc-holdings.com)  
ICR, LLC / US Investor Contact / +1 (646) 277 1200 / [William.Zima@icrinc.com](mailto:William.Zima@icrinc.com)

**SBC Medical Group** Holdings, Inc.