

SBC MEDICAL GROUP HOLDINGS INCORPORATED
CONSOLIDATED BALANCE SHEETS

	As of December 31,	
	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 125,044,092	\$ 103,022,932
Accounts receivable	1,413,433	1,437,077
Accounts receivable – related parties	28,846,680	33,676,672
Inventories	1,494,891	3,090,923
Finance lease receivables, current – related parties	5,992,585	6,143,564
Customer loans receivable, current	10,382,537	8,484,753
Prepaid expenses and other current assets	11,276,802	10,050,005
Total current assets	184,451,020	165,905,926
Non-current assets:		
Property and equipment, net	8,771,902	13,582,017
Intangible assets, net	1,590,052	19,739,276
Long-term investments, net	3,049,972	849,434
Goodwill, net	4,613,784	3,590,791
Finance lease receivables, non-current – related parties	8,397,582	3,420,489
Operating lease right-of-use assets	5,267,056	5,919,937
Deferred tax assets	9,798,071	—
Customer loans receivable, non-current	5,023,551	6,444,025
Long-term prepayments	1,745,801	4,099,763
Long-term investments in MCs – related parties	17,820,910	19,811,555
Other assets	15,553,453	15,442,058
Total non-current assets	81,632,134	92,899,345
Total assets	\$ 266,083,154	\$ 258,805,271

	As of December 31,	
	2024	2023
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 13,875,179	\$ 26,531,944
Accounts payable – related party	659,044	—
Current portion of long-term loans	96,824	156,217
Notes payable, current – related parties	26,255	3,369,203
Advances from customers	820,898	2,074,457
Advances from customers – related parties	11,739,533	23,058,175
Income tax payable	18,705,851	8,782,930
Operating lease liabilities, current	4,341,522	3,885,812
Accrued liabilities and other current liabilities	8,103,194	21,009,009
Due to related party	2,823,590	3,583,523
Total current liabilities	61,191,890	92,451,270
Non-current liabilities:		
Long-term loans	6,502,682	1,062,722
Notes payable, non-current – related parties	5,334	11,948,219
Deferred tax liabilities	926,023	6,013,565
Operating lease liabilities, non-current	1,241,526	2,444,316
Other liabilities	1,193,541	1,074,930
Total non-current liabilities	9,869,106	22,543,752
Total liabilities	71,060,996	114,995,022
Stockholders' equity:		
Preferred stock (\$0.0001 par value, 20,000,000 shares authorized, no shares issued and outstanding as of December 31, 2024 and 2023)**	—	—
Common stock (\$0.0001 par value, 400,000,000 shares authorized, 103,020,816 and 94,192,433 shares issued, 102,750,816 and 94,192,433 shares outstanding as of December 31, 2024 and 2023, respectively)**	10,302	9,419
Additional paid-in capital**	62,513,923	36,879,281
Treasury stock (at cost, 270,000 and nil shares of common stock as of December 31, 2024 and 2023, respectively)	(2,700,000)	—
Retained earnings	189,463,007	142,848,732
Accumulated other comprehensive loss	(54,178,075)	(37,578,255)
Total SBC Medical Group Holdings Incorporated stockholders' equity	195,109,157	142,159,177
Non-controlling interests	(86,999)	1,651,072
Total stockholders' equity	195,022,158	143,810,249
Total liabilities and stockholders' equity	\$ 266,083,154	\$ 258,805,271

** Retrospectively restated for effect of reverse recapitalization on September 17, 2024.

The accompanying notes are an integral part of these consolidated financial statements.

SBC MEDICAL GROUP HOLDINGS INCORPORATED
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	For the Years Ended	
	December 31,	December 31,
	2024	2023
Revenues, net – related parties	\$ 195,173,889	\$ 182,738,049
Revenues, net	10,241,653	10,804,374
Total revenues, net	205,415,542	193,542,423
Cost of revenues (including cost of revenues from a related party of \$8,472,202 and \$2,842,588 for the years ended December 31, 2024 and 2023, respectively)	49,365,035	56,238,385
Gross profit	156,050,507	137,304,038
Operating expenses:		
Selling, general and administrative expenses	57,665,140	66,234,942
Stock-based compensation	13,022,692	—
Impairment loss on intangible asset	15,058,965	—
Misappropriation loss	—	409,030
Total operating expenses	85,746,797	66,643,972
Income from operations	70,303,710	70,660,066
Other income (expenses):		
Interest income	19,943	86,748
Interest expense	(28,300)	(45,292)
Other income (including other income from related parties of \$2,673,077 and nil for the years ended December 31, 2024 and 2023, respectively)	4,810,008	3,623,332
Other expenses	(5,463,153)	(745,519)
Gain on disposal of subsidiary	3,813,609	—
Total other income	3,152,107	2,919,269
Income before income taxes	73,455,817	73,579,335
Income tax expense	26,765,925	35,018,729
Net income	46,689,892	38,560,606
Less: net income (loss) attributable to non-controlling interests	75,617	(809,430)
Net income attributable to SBC Medical Group Holdings Incorporated	\$ 46,614,275	\$ 39,370,036
Other comprehensive loss:		
Foreign currency translation adjustment	\$ (16,557,607)	\$ (12,855,686)
Reclassification of unrealized gain on available-for-sale debt security to net income when realized, net of tax effect of nil and \$3,869 for the years ended December 31, 2024 and 2023, respectively	—	(8,760)
Total comprehensive income	30,132,285	25,696,160
Less: comprehensive income (loss) attributable to non-controlling interests	117,830	(948,896)
Comprehensive income attributable to SBC Medical Group Holdings Incorporated	\$ 30,014,455	\$ 26,645,056
Net income per share attributable to SBC Medical Group Holdings Incorporated**		
Basic and diluted	\$ 0.48	\$ 0.42
Weighted average shares outstanding**		
Basic and diluted	96,561,041	94,192,433

** Retrospectively restated for effect of reverse recapitalization on September 17, 2024.

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SBC MEDICAL GROUP HOLDINGS INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended	
	December 31,	December 31,
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 46,689,892	\$ 38,560,606
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	3,799,377	12,246,942
Non-cash lease expense	3,870,198	3,297,824
Provision for (reversal of) credit losses	(402,196)	370,754
Stock-based compensation	13,022,692	—
Impairment loss on property and equipment	—	204,026
Impairment loss on intangible asset	15,058,965	—
Impairment loss on long-term investment	529,596	—
Realized gain on short-term investments	—	(223,164)
Fair value change of long-term investments	2,617,435	—
Gain on disposal of subsidiary	(3,813,609)	—
Loss (gain) on disposal of property and equipment and intangible assets	511,947	(249,532)
Deferred income taxes	(14,417,087)	4,113,395
Changes in operating assets and liabilities:		
Accounts receivable	(733,219)	(596,069)
Accounts receivable – related parties	1,350,413	(2,402,301)
Inventories	1,124,805	(1,825,942)
Finance lease receivables – related parties	(5,991,486)	16,575,319
Customer loans receivable	18,477,327	413,867
Prepaid expenses and other current assets	(2,268,209)	4,102,808
Long-term prepayments	1,910,274	(3,539,280)
Other assets	(1,692,642)	(1,328,682)
Accounts payable	(9,588,067)	12,201,755
Accounts payable – related party	682,320	—
Notes payable – related parties	(34,756,754)	(23,816)
Advances from customers	(1,476,240)	461,043
Advances from customers – related parties	(9,144,031)	(4,264,184)
Income tax payable	11,228,429	13,359,434
Operating lease liabilities	(3,950,587)	(3,158,619)
Accrued liabilities and other current liabilities	(12,096,825)	4,452,022
Accrued retirement compensation expense – related party	—	(22,082,643)
Other liabilities	40,215	4,759
NET CASH PROVIDED BY OPERATING ACTIVITIES	20,582,933	50,670,322
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,564,643)	(8,543,351)
Purchase of intangible assets	—	(1,683,030)
Purchase of convertible note	(1,700,000)	(1,000,000)
Prepayments for property and equipment	(843,740)	(981,567)
Advances to related parties	(622,804)	(2,283,020)
Payments made on behalf of a related party	(5,572,564)	—
Purchase of short-term investments	—	(2,106,720)
Purchase of long-term investments	(331,496)	—
Long-term investments in MCs – related parties	—	(26,780)
Cash received (paid) for acquisition of subsidiaries, net of cash acquired	(4,236,009)	722,551
Long-term loans to others	(172,414)	(926,020)
Repayments from related parties	6,597,564	1,912,266
Repayments from others	176,109	581,274
Proceeds from sales of short-term investments	—	4,127,261
Proceeds from surrender of life insurance policies	—	3,954,760
Disposal of subsidiaries, net of cash disposed of	(832,416)	—
Proceeds from disposal of property and equipment	—	8,046,007
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(10,102,410)	1,793,631
As of December 31,		
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from a long-term loan	6,603,253	—
Borrowings from related parties	5,481,787	12,310,106
Proceeds from reverse recapitalization, net of transaction costs	11,707,417	—
Proceeds from issuance of common stock	—	10
Proceeds from exercise of stock warrants	31,374	—
Repayments of long-term loans	(11,017)	(8,730,942)
Repayments to related parties	(739,414)	(7,707,007)
Deemed contribution in connection with disposal of property and equipment	—	9,620,453
Deemed contribution in connection with reorganization	—	642,748
NET CASH PROVIDED BY FINANCING ACTIVITIES	22,965,400	6,135,368
Effect of changes in foreign currency exchange rate	(11,424,763)	(7,314,383)
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,021,160	51,284,938
CASH AND CASH EQUIVALENTS AS OF THE BEGINNING OF THE YEAR	103,022,932	51,737,994
CASH AND CASH EQUIVALENTS AS OF THE END OF THE YEAR	\$ 125,044,092	\$ 103,022,932
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest expense	\$ 28,300	\$ 45,292
Net cash paid for income taxes	\$ 30,239,002	\$ 17,842,407
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment transferred from long-term prepayments	\$ 597,602	\$ 7,681,830
An intangible asset transferred from long-term prepayments	\$ —	\$ 17,666,115
Deemed contribution in connection with disposal of subsidiaries	\$ 1,473,571	\$ —
Settlement of loan payable to a related party in connection with disposal of property and equipment	\$ —	\$ 4,163,604
Releasing lease right-of-use assets obtained in exchange for operating lease liabilities	\$ —	\$ 2,305,199
Operating lease of operating lease liabilities and right-of-use assets due to lease modifications	\$ 2,908,554	\$ 2,110,079
Issuance of common stock from conversion of convertible note	\$ 2,700,000	\$ —
Settlement of loan payable to a related party in connection with issuance of common stock	\$ —	\$ 795
Non-cash purchase consideration for an asset acquisition	\$ —	\$ 705,528
Issuance of promissory notes to related parties in connection with loan services provided	\$ 20,524,499	\$ 15,396,709

The accompanying notes are an integral part of these consolidated financial statements.

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

SBC MEDICAL GROUP HOLDINGS INCORPORATED
Reconciliations of GAAP and Non-GAAP Results

	For the Three Months Ended December 31,		For the Years ended December 31,	
	2024	2023	2024	2023
Income from operations	\$ 4,717,662	\$ 23,989,307	\$ 70,303,710	70,660,066
Depreciation and amortization expense	931,596	2,558,302	3,799,377	12,246,942
Impairment loss	15,058,965	—	15,058,965	—
EBITDA	20,708,223	26,547,609	89,162,052	82,907,008
EBITDA margin	47%	43%	43%	43%