

SBC Medical Group Holdings 3Q 2025 Earnings Call Script

Date and Time:

Eastern Time: November 17, 2025, 5:00 PM

Japan Time: November 18, 2025, 7:00 AM

Participants:

- **Yuya Yoshida:** Director, CFO and COO
- **Taiki Sakaguchi:** CHRO and CPO
- **Kazuki Ichimori:** CCDO
- **Stephen Rodgers:** Global Head of Planning and Strategy
- **Tsutomu Shimizu:** Head of Accounting Department
- **Hikaru Fukui:** Head of IR Department (Moderator)

1. Opening & IntroductionIntroduction

Hikaru Fukui: I am Hikaru Fukui, Head of the IR Department. Since it is now the scheduled time, I would like to begin today's session. Thank you very much for taking time out of your busy schedules to join the earnings briefing of SBC Medical Group Holdings. Today, we will be presenting our third-quarter financial results, business progress, and capital strategies. At the bottom of your screen, you will find a question box. If you have any questions, please enter them briefly and concisely. We will address them after the presentation. Now, I would like to hand the presentation over to our CFO, Mr. Yoshida. Mr. Yoshida, the floor is yours.

2. Presentation (CFO Yuya Yoshida)

Yuya Yoshida: Good afternoon. I am Yoshida, CFO of SBC Medical Group Holdings. Thank you very much for joining our conference call today despite your busy schedules. I will now walk you through our results for the third quarter of FY2025, the progress of our business, and our capital policy.

[P5: Franchise Clinics Key Figures]

Yuya Yoshida: Let me begin with the current status of our franchise clinics. The annual number of customers continues to increase steadily and has now expanded to approximately 6.5 million. Meanwhile, amid intensifying competition in the domestic market, the average revenue per customer visit temporarily declined, but a turnaround has already begun. I will provide more details on this on the next page.

[P6: 3Q2025 Franchise Clinics Performance Highlights]

Yuya Yoshida: The graph on the left shows the quarterly trend of average spend per customer. As you can see, thanks to initiatives such as pricing and promotion strategy optimization, and our multi-brand strategy in the dermatology segment, which has successfully captured higher-spending customer groups, the overall average revenue per customer visit is clearly showing signs of recovery. We intend to sustain this positive trend by accurately capturing customer needs and continuing to provide high-quality, high-satisfaction services.

[P8: Consolidated Income Statement (Quarterly)]

Yuya Yoshida: Next, our financial performance for the third quarter of FY2025. Sales had been declining through the second quarter due to business restructuring and revisions to franchise fees, but have since bottomed out, supported by an increase in point-related revenues. Additionally, the decline in listing-related costs, including share-based compensation expenses, contributed to a turnaround in both operating income and net income. From here, we aim to place the company firmly back on a sustainable growth trajectory.

[P10: New Business Development in Thailand]

Yuya Yoshida: Our first step in entry into Thailand is through a partnership with BLEZ ASIA. We have entered into a consulting agreement with BLEZ ASIA Co., Ltd., a company with more than 10 years of experience and a network of over 20 pharmacies and clinics, mainly in Thailand. By deepening our collaboration with BLEZ ASIA, we will accelerate our full-scale entry into Thailand's rapidly growing aesthetic medical market.

[P11: Tender Offer (TOB) for Waqoo, Inc.]

Yuya Yoshida: Recently, we announced the commencement of a tender offer to acquire a majority stake in Waqoo, which engages in R&D for regenerative medicine and skincare products, with the goal of making it a subsidiary. By combining the strengths of both companies, we aim to enhance the speed and innovation of our R&D and expand new treatments and unique service offerings in clinical areas such as AGA and orthopedics. Through this initiative, we seek to strengthen the Group's overall competitiveness and achieve sustainable growth for both companies.

[P13: Robust Balance Sheet Positioned for Growth]

Yuya Yoshida: Next, our financial foundation. We maintain a sound and robust financial base with sufficient cash and deposits. To further accelerate growth, building strong relationships with financial institutions is essential. Recently, we utilized bank financing for working capital purposes. Our ample liquidity will continue to be actively deployed for strategic investments, including both organic growth and M&A, in Japan and overseas.

[P14: Current Challenges of SBC's Shares]

Yuya Yoshida: Finally, regarding our capital policy: We recognize that the liquidity of our shares is still low, making it difficult for many institutional investors to trade. To address this, we will work on improving supply and demand and pursue measures such as new share issuance and partial sales of shares held by the founder. This will help create a more investment-friendly environment for a broader range of investors. That concludes my presentation. Thank you very much for your attention.

3. Q&A Session

Q: Thank you very much, Mr. Yoshida. We will now move on to the Q&A session. Here is the first question. "Why did the Cost of Revenues increase during 3Q 2025, and when do you expect the impact of the franchise fee revision to be fully absorbed?"

Yuya Yoshida (CFO): The main reasons for the increase in the cost of revenues are the increase in medical equipment leases and the consolidation effect of AHH, which we acquired in Singapore. Regarding performance, we believe it bottomed out in the third quarter, and we expect this trend to continue through the rest of the fiscal year. While there are some uncertainties, we are not seeing any major negative factors so far. Therefore, we intend to maintain this positive momentum seen in the third quarter for the foreseeable future.

Q: Thank you. The next question is: "There were various balance sheet changes during the quarter, which likely impacted cash levels during 3Q 2025. Could you elaborate on these changes?"

Yuya Yoshida (CFO): Regarding the changes in the balance sheet: First, as mentioned in the presentation, we executed bank financing for working capital purposes. Second, in the previous quarter, we changed the payment terms for related parties. And third, there was a decrease in income tax payable because we paid our interim income tax at the end of August. These are the reasons for the changes in our balance sheet.

Q: Next is regarding BLEZ. "Could you explain the expected impact of the new partnership with BLEZ? Also, please provide your thoughts on the impact of the SBC brand on the Thai market."

Yuya Yoshida (CFO): We are pleased to announce this initiative in Thailand. Regarding the financial impact, it will not be significant in the near term because we are currently conducting a Proof of Concept (POC) to provide laser treatments at affordable prices not only to Japanese residents but also to Thai locals. However, after completing the POC, we believe we can expand the business into other Asian countries, such as Malaysia or Indonesia.

Q: Next question: "What is your expectation for organic growth going forward for both clinics and revenue?"

Yuya Yoshida (CFO): Again, we expect to maintain the recovery trend in performance seen in the third quarter because the revision of the fee structure has been basically completed. Although the financial restrictions are largely behind us, the full effect on SBC Medical Group Holdings' revenue and profit will lag slightly. Therefore, we expect more stable financial performance in the fourth quarter and into next year.

Q: Next is regarding Waqoo. "Could you describe the strategic rationale behind acquiring Waqoo? Also, please outline the integration roadmap."

Taiki Sakaguchi (CPO): This is Taiki Sakaguchi, CPO of SBC. Regarding Waqoo, while it is difficult to provide concrete numbers regarding the TOB at this moment, we believe synergies can be realized by strengthening the sales of Waqoo products at SBC clinics, jointly developing pharmaceutical and medical devices, and outsourcing cell culture and processing operations to Waqoo—operations currently outsourced to other companies—thereby completing these operations within our group. After completing the TOB, we will discuss the details with Waqoo's management and clarify the figures. This is what we are currently considering.

Yuya Yoshida (CFO): Basically, combining Waqoo's R&D function with SBC's clinic and franchise network is very important. That is the most significant point of this initiative.

Q: I believe the next question is for Mr. Rodgers. "Can you comment on the latest status of your US business development efforts?"

Stephen Rodgers: I am Stephen Rodgers, leading SBC's market entry into the US. Regarding our US strategy, while we have built something amazing in Japan over the last 25 years, becoming the number one aesthetic medical clinic, we must recognize that it is very difficult to simply copy and paste that into the US, where the market is very different. Currently, we are in a phase of really learning about what is happening in the US. We are looking for strong partners we can work with to leverage SBC's learnings and strengths from Japan in the US market. At the same time, we are looking at cool things happening in terms of different treatments and technologies being introduced in the US and overseas, which we could potentially bring back to Japan for a first-mover advantage. We are also looking at many different technologies. There are a lot of cool things happening. So right now, I would say we are really looking for companies with whom we can develop strong partnerships. Initially, we are hesitant to just copy and paste and start building our own clinics, but that could happen in the future. Once we start to feel more comfortable, I think we will see a lot more growth and expansion in the US.

Q: The next question is likely for Mr. Ichimori. "Can you discuss your expectations for M&A going forward?"

Kazuki Ichimori (CCDO): Regarding the future, our M&A strategy is divided into domestic (Japan) and global strategies. For the domestic M&A strategy, we will continue to pursue acquisitions in the medical—specifically the clinic—field, as we have done so far. We may also pursue opportunities not only in the aesthetic medical industry but also in the broader medical and clinical industries. From a global perspective, we plan to enter the med-spa industry, which we are familiar with. However, we believe we need to study this industry a bit more from a global standpoint. Therefore, especially in the US market, we may prefer to invest rather than execute full acquisitions. That is a brief overview of our M&A strategy going forward.

Q: Returning to financial matters. "You mentioned 'more stable financial performance' in Q4 and 2026. Does this mean a return to revenue growth? If so, could you provide any expectation for how much growth?"

Yuya Yoshida (CFO): The simple answer is yes. Unfortunately, at this moment, we cannot give you concrete numbers for revenue and profit growth. We have heard from our investors that they need financial guidance. This is something we are actively considering. We are thinking about providing some financial guidance in the near future.

Q: Moving to capital matters. "Regarding the current liquidity situation, how do you plan to improve it?"

Yuya Yoshida (CFO): Basically, we want to increase the free float. As mentioned in the presentation, we are considering new share issuance or the sale of shares held by the CEO and founder. On top of that, we are considering share buybacks, as we have done this year. Given the weak share price, we have to admit that the current share price is too low. We are considering a number of measures to address the share price.

Q: What are your thoughts on dividends going forward?

Yuya Yoshida (CFO): Dividends remain one of our options. We see dividends as an effective way to attract new investors, especially retail investors. On the other hand, we believe there are still multiple growth opportunities. We see very good M&A pipelines, not only domestically but also globally. Therefore, our priority is to allocate capital towards those strategic initiatives.

Q: "Do you have any plans to disclose financial or performance guidance going forward?"

Yuya Yoshida (CFO): As I just mentioned, we are considering it.

Q: I would like to wrap up this session. Mr. Yoshida, do you have any closing message for the investors?

Yuya Yoshida (CFO): Once again, thank you for joining this conference call. We are committed to providing sufficient information to our investors. We hope our positive trend will continue in the near future. Thank you very much.

4. Closing

Hikaru Fukui: Thank you very much. We would like to conclude today's earnings briefing. Thank you very much for joining.