# SBC Medical Group Holdings Incorporated

## Third Quarter Fiscal Year 2026 Earnings Presentation

Minutes of the Earnings Call

**Date:** Friday, November 13, 2026
**Time:** 8:30 a.m. Eastern Time / 10:30 p.m. Japan Standard Time
**Format:** Live webcast, conducted in English

**Speakers:**
Yuya Yoshida — Director, Executive Vice President, Chief Financial Officer and Chief Operating Officer
Stephen Rodgers — Head of Global Planning and Strategy
Hikaru Fukui — Head of IR and CHRO, SBC Medical Group Co., Ltd. (Moderator)

## Disclaimer

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In particular, references to future clinic openings, including those of investee companies, margin improvement, Longevity-related revenue contributions, and financing needs reflect current expectations or aspirations rather than firm commitments. Actual outcomes may vary depending on business conditions, execution, and other factors.

**Non-GAAP Financial Measures**

The Company uses non-GAAP measures, such as Adjusted EBITDA, Adjusted EBITDA margin, Interest-bearing Liabilities, Net Interest-bearing Liabilities, and Adjusted D/E, in evaluating its operating results and for financial and operational decision-making purposes. The Company believes that the non-GAAP financial measures help identify underlying trends in its business, provide useful information about the Company's results of operations, enhance the overall understanding of the Company's past performance and future prospects, and allow for greater visibility with respect to key metrics used by the Company's management in its financial and operational decision-making. The non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. The presentations of these measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Because not all companies use identical calculations, the presentations of these measures may not be comparable to other similarly titled measures of other companies and can differ significantly from company to company. For reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures, please refer to the Company's earnings release and presentation materials dated November 13, 2026.

## 1. Opening Remarks

**[Hikaru Fukui]** Thank you very much for joining the SBC Medical Group Holdings third quarter fiscal year 2026 earnings call today.

**[Hikaru Fukui]** Today's call will be conducted by Yuya Yoshida, our Chief Financial Officer, Chief Operating Officer and AI Evangelist; Stephen Rodgers, our Head of Global Planning and Strategy; and myself, Hikaru Fukui, Head of Investor Relations, serving as moderator.

**[Hikaru Fukui]** Today's presentation materials are available on our IR website, and these minutes will also be posted once they are ready. Please note that today's remarks include forward-looking statements. These are not guarantees of future performance, and actual results may differ due to a variety of factors. For details, please refer to our filings with the SEC. We will also refer to certain non-GAAP measures; reconciliations to GAAP are provided in today's disclosure materials.

**[Hikaru Fukui]** Let me outline today's program. First, you will view an AI-narrated presentation of approximately ten minutes. The content has, of course, been reviewed in advance. We will then move to the question-and-answer session, after which Mr. Yoshida will deliver closing remarks. To submit a question, please click the "Q&A" icon at the bottom of your screen, enter your question, and send it.

**[Hikaru Fukui]** We will now begin the presentation.

## 2. Earnings Presentation (AI-Narrated)

*The following section reproduces the narration of the AI-presented section of the meeting. Slide references correspond to the "3Q 2026 Investor Presentation" posted on the Company's IR website.*

Thank you for taking the time to join our conference call today. I will now walk you through our results for the third quarter of fiscal 2026, an update on our business strategy, and our capital and IR strategy.

If I had to sum up this quarter in a single sentence, it is the quarter in which SBC's growth clearly reaccelerated. Revenue rose 35% year-over-year, income from operations grew 66%, and our Adjusted EBITDA margin reached 47%. Growth and profitability are improving in tandem — exactly the operating leverage we have been building toward, and a clear demonstration of the strength of our highly profitable MSO model.

**Slide 5 — 3Q 2026 Clinic Highlights**

Let me begin with the clinic highlights, which demonstrate the underlying strength of our business. For the first nine months of the year, same-clinic revenue reached $836 million, up 7% year-over-year, continuing its steady growth. What is particularly encouraging is that our growth is being driven by both more customers and higher spend per visit, rising together. Over the trailing twelve months, we recorded 7.06 million customer visits, up 9% year-over-year, from 2.26 million unique customers, up 10%. At the same time, average spend per visit increased 4% to $290. Our clinic network also expanded by 36 locations year-over-year, reaching 293 locations. In short, our existing clinics are growing stronger while our network continues to expand — a powerful combination for sustainable growth.

**Slide 7 — 3Q 2026 Financial Performance Highlights**

Next, our financial highlights. Third-quarter revenue was $59 million, up 35% year-over-year. Income from operations was $26 million, up 66%. Adjusted EBITDA was $28 million, also up 66%, and our Adjusted EBITDA margin reached 47%, an improvement of 9 percentage points year-over-year. Basic EPS was $0.15, up 25%. Profit grew far faster than revenue, and our operating margin expanded from 37% to 45% year-over-year. This is the operating leverage built into our MSO model: we grow not simply by adding clinics, but by raising productivity and fees per clinic at the same time.

**Slide 8 — Change and Contributing Factors**

In the third quarter, we delivered strong revenue and profit growth, reflecting the continued strength of our MSO business model. Revenue increased by $15.2 million year-over-year, driven by three main factors. First, management services revenue rose 73% year-over-year, reflecting the service-fee revisions we announced in August alongside our second-quarter results, together with lower promotional costs in our points business.

Second, rental revenue grew on the back of medical equipment installed at newly opened clinics. Third, the newly consolidated Waqoo segment contributed $5.6 million in revenue. On the profit side, net income attributable to SBC Medical increased 22% year-over-year, supported by strong growth in our core business, despite higher taxes and other offsetting factors.

**Slide 10 — Business Strategies Update: Longevity Roadmap**

Now to our business strategy update. Our long-term vision is unchanged: to become the name that comes to mind when people think of Longevity — living young and vigorous lives for as long as possible. What is new this quarter is that we are putting a concrete roadmap behind that vision, with initiatives planned in stages through 2028. Longevity requires a complete cycle — diagnosis, personalized treatment, intervention, and verification of results. One of the hardest parts of building that cycle is establishing the medical infrastructure to actually deliver treatment: licensed clinics, staffed by doctors and nurses, at scale. SBC already has that infrastructure. Our medical network spans 293 locations, covering both appearance-based and function-based care, including AGA, dentistry, orthopedics, ophthalmology, fertility treatment, and regenerative medicine. Starting in November 2026, we will begin developing our own blood-biomarker testing program, with the aim of eventually expanding it across our clinic network. Over time, we believe this initiative has the potential to generate recurring revenue while building a valuable foundation of longitudinal health data. In 2027, we aim to establish a Longevity Center, together with an online coaching and tracking platform. Looking further ahead to 2027 and 2028, we plan to develop AI-generated, doctor-verified treatment protocols and to explore opportunities to expand our Longevity services into the United States through OrangeTwist, as well as into Southeast Asia.

**Slide 11 — DNA Methylation Testing (Biological Age)**

By combining the medical infrastructure we already have with new diagnostic capabilities and AI, we aim to build a differentiated and difficult-to-replicate position in the Longevity market. As part of Step 1, diagnostics, we have begun in-house development of a DNA methylation test to estimate biological age, drawing on the research and technology base that our Waqoo group has built in regenerative medicine. Unlike our underlying DNA sequence, DNA methylation can change with lifestyle and environment, making it a promising way to track changes in biological age over time and potentially to assess the impact of interventions. Our development rests on three pillars: organ-by-organ mapping of biological age; research into non-invasive measurement methods that do not require a blood draw; and data specific to Japan, one of the most aged societies in the world. Our goal is simple but powerful — to make both biological age and the effect of treatment visible, and to turn that into data-driven, personalized care.

**Slide 12 — Local LLM Foundation and AI Features**

Next, our AI strategy. We are building our own local large language model (LLM) foundation that allows us to use patient data securely. Running our own local LLM does two things: it lets us develop proprietary features from SBC's unique clinical and customer data that a general-purpose AI cannot easily match, and it decouples our inference costs from cloud API pricing, improving the economics. On this foundation, we are developing six AI features spanning cost, risk, and revenue. On cost, these include voice-driven automatic charting, designed to draft a medical record in about one second and return time from doctors and nurses to patients, and AI shift scheduling aimed at optimizing staffing across our 293-location medical network. On risk, we are developing AI monitoring of our clinical systems and data access. On revenue, the features include a clinic promotion planner, a treatment-plan recommendation engine that draws on 26 years of case data to raise spend per visit, and personalized recommendations for each customer to increase lifetime value.

**Slide 13 — Capital and Business Alliance with Atomic Software (medicalforce)**

We have also entered into a capital and business alliance with Atomic Software, the provider of medicalforce, one of Japan's largest operating platforms for self-pay clinics, adopted by more than 800 clinics with a 99.2% retention rate. The system integrates reservations, electronic medical records, payments, customer management, and analytics in a way purpose-built for self-pay medicine, and it is currently used at one of our

clinics, Hada no Aozora Clinic. Together, we plan to create value in three steps: co-developing AI features, implementing them in our own systems, and extending them to new brands and new formats. Our goal is to build a more efficient and more standardized operating base that improves the profitability of existing clinics and shortens the ramp-up time for new openings, strengthening the earnings power of our scalable MSO platform as the business expands.

**Slide 14 — Global Recognition and Medical Tourism**

Our brand strength is also earning outside recognition. In Newsweek's World's Best Hospitals and Clinics for Medical Tourism 2027, Shonan Beauty Clinic was selected in two plastic-surgery categories, liposuction and breast augmentation, each among the top 75 facilities in the world. We believe this reflects the trust we have built in the medical community. In 2025, doctors from our group presented research at 28 medical conferences in Japan and abroad, with a total of 75 physician appearances. We also offer multilingual support to meet growing inbound demand. We intend to leverage this international recognition to raise our brand awareness overseas and further accelerate our growth.

**Slide 16 — Capital and IR Strategies**

Finally, our capital and IR strategy. Our basic policy is unchanged: to pursue EPS growth and a normalization of our valuation in parallel, and thereby to enhance shareholder value over the medium to long term. On liquidity and recognition, we are making steady progress. Average daily trading value in October was approximately $1.0 million, about 4.1 times the level in July. The number of beneficial shareholder accounts (positions) reached approximately 7,300 as of October 2026, about 1.6 times the level in July 2026. And so far this year, through October, we have held 183 one-on-one investor meetings and participated in 22 IR conferences. We recognize that SBC's recognition in the capital markets, particularly in the United States, still has room to grow, and we will continue this active engagement to encourage a more diverse investor base, deeper liquidity, and a share price that properly reflects our medium- to long-term corporate value.

**Summary — Highlights**

Let me close with why we are confident in SBC's trajectory. We combine three qualities that are not often found together in one company: high growth, high and rising margins, and a net-cash balance sheet that funds its own expansion. Our priorities are clear: to drive sustained EPS growth and to earn a valuation that properly reflects our medium- to long-term potential. Together, these will support lasting shareholder value creation. We hope you will look forward to what lies ahead for SBC.

That concludes my remarks. Thank you very much for your attention.

## 3. Question and Answer Session

**[Hikaru Fukui]** Thank you very much. We will now move to the question-and-answer session. To submit a question, please click the "Q&A" icon at the bottom of your screen, enter your question, and send it.

*Questions submitted by participants were read aloud by the moderator, Hikaru Fukui. Questions have been edited for clarity and brevity without changing their substantive intent. The wording of a question does not necessarily reflect the Company's views or assumptions. Answers were provided by Mr. Yoshida, Mr. Rodgers or Mr. Fukui as indicated.*

**Q1. [Hikaru Fukui] Congratulations on a strong quarter. Are your revenue growth and margin expansion sustainable going forward? In addition, what future growth in revenue and margins do you expect from your new AI initiatives?**

**A. [Hikaru Fukui]** The third quarter was one in which SBC's growth clearly reaccelerated. Total revenue rose 35% year-over-year to $59 million, income from operations grew 66% year-over-year, and our Adjusted EBITDA margin improved 9 percentage points year-over-year to 47%. We believe that profit growth well ahead of revenue growth is clear evidence that the operating leverage we built through our 2025 structural reforms is now taking hold. Revenue growth was supported by multiple factors: the revision of certain service-fee structures announced in August, higher rental revenue associated with newly opened clinics, and the newly

consolidated Waqoo segment. Within this, the third quarter was a period in which rental revenue was particularly strong. The underlying clinic business is robust. On a nine-month basis, same-clinic revenue grew 7%, with both the number of visits and average spend per visit rising together. Our existing clinics are becoming even stronger while our network continues to expand, and this combination drives sustained growth. Because our growth is supported by multiple engines, it may fluctuate in the short term, but we are confident that it will continue over the medium to long term. In addition, we expect our AI initiatives to improve our profitability to a certain extent going forward. We are currently driving a number of AI initiatives, and we expect to see results from them in the near future.

**Q2. [Hikaru Fukui] Could you please describe your future plans in the United States, including OrangeTwist, as well as your expansion efforts in ASEAN?**

**[Hikaru Fukui]** Mr. Rodgers, could you please take this question?

**A. [Stephen Rodgers]** Yes, absolutely. Thank you, Hikaru. This is Stephen Rodgers, Head of Global Planning and Strategy, leading our expansion efforts in the United States and in Southeast Asia. We are very excited about the opportunities ahead. In the United States, we continue to expand along two main axes. The first is the medical spa business through OrangeTwist, in which we hold a minority stake; this will be our primary driver of expansion in the med spa space. OrangeTwist intends to continue growing its network and expanding its clinics, and we are working with them to support that expansion and to continue building out the business. We are very encouraged by the opportunity and by all the work they are doing. The second is how we can best leverage the many unique brands we have in Japan and our differentiated offerings, which we believe complement OrangeTwist, and build something together here in the United States. In that context, we are also exploring with OrangeTwist the possibility of opening SBC-branded clinics in the United States over the next six to twelve months.

**Q3. [Hikaru Fukui] Your clinics are showing very strong underlying performance, with same-clinic revenue up 7%, visits up 9%, and average spend per visit up 4%. Could you discuss what is driving this performance and how sustainable these trends are?**

**[Hikaru Fukui]** Mr. Yoshida, could you please take this question?

**A. [Yuya Yoshida]** Certainly. This growth was supported by multiple factors. First, over the past couple of years we have successfully implemented a strategic pricing approach, and as a result we have established a very strong competitive position. This has allowed us to raise the prices of some of our treatments. Second, we have introduced state-of-the-art medical equipment and treatments so that we can attract more customers who are highly knowledgeable about aesthetic medicine. For example, we have expanded our network of NEO Skin Clinic locations, which offer a wide variety of laser equipment. Through these efforts, we have successfully increased average spend per visit.

**Q4. [Hikaru Fukui] With your clinic network expanding to 293 locations and patient visits up 9%, what strengths are you seeing in same-clinic visits and spending? And how should we think about clinic expansion in 2027 across aesthetic and non-aesthetic services?**

**A. [Yuya Yoshida]** I will take this question. As we have explained, the competitive environment is now favorable to us, as a result of two consecutive years of restructuring and strategic pricing. Looking ahead to next year, we aim to continue expanding our aesthetic medical clinic network at broadly the same pace as this year. On top of that, we plan to expand our network of non-aesthetic, or general, medical clinics, including dentistry, orthopedics and ophthalmology. That is organic growth, and in addition we are also exploring M&A opportunities in both aesthetic and general medicine. We therefore expect our clinic network to continue growing next year.

**Q5. [Hikaru Fukui] Regarding Longevity, over what time frame do you expect it to begin contributing to revenue?**

**A. [Yuya Yoshida]** Based on our current roadmap, we expect Longevity to begin making a meaningful revenue contribution around 2028. This is partly because the Longevity trend in Japan is still emerging and has not yet reached the level seen in the United States. Longevity is the area we position as our largest growth opportunity over the medium to long term, and we have laid out a concrete roadmap through 2028. As you know, Longevity is built on testing, personalized recommendations, and intervention. As we have announced, we will be moving forward with our biomarker testing and DNA methylation testing initiatives over the coming months. Our greatest strength is that we already have an extensive clinic network in the intervention layer. That is the most difficult part for competitors to replicate, and we believe our clinic network is a decisive strength that others cannot easily copy.

**Q6. [Hikaru Fukui] Regarding margins, could you share your outlook for the Adjusted EBITDA margin going forward?**

**A. [Yuya Yoshida]** As we reported, our Adjusted EBITDA margin improved 9 percentage points year-over-year to 47% in the third quarter, and we believe we can raise this already high level of profitability further over the medium to long term. From our point of view, there are two drivers. The first is the expansion of service fees driven by higher clinic productivity. For example, through the capital and business alliance with NeuroBrain Dynamics (NBD), a Taipei-based AI company, which we announced today, we are building our own local LLM foundation that enables the secure use of patient data, and we are implementing AI features across cost, risk, and revenue, as explained in the presentation, including voice-driven automatic charting and AI shift scheduling. Because this is decoupled from cloud API pricing, it is also highly cost-efficient. The second driver is network expansion as an MSO. As the number of locations grows, the scale benefits of our platform increase and the efficiency of the entire organization improves. With the expansion of service fees resulting from AI-driven service improvements and the expansion of our network advancing in parallel, we believe there are further opportunities to improve our margin over the medium to long term.

**Q7. [Hikaru Fukui] Your cash balance is now approximately $200 million. Could you discuss your capital allocation priorities? Do you plan to utilize your share repurchase authorization?**

**A. [Yuya Yoshida]** First, growth in areas such as Longevity and AI utilization is very important for further expanding our clinic network. Accordingly, we will prioritize the use of our cash for M&A and the opening of new clinics. Second, improving liquidity is a very important theme for us, and one we continue to address on an ongoing basis. For these reasons, we are not considering an additional share repurchase at this time. Liquidity itself has improved significantly recently. As explained in the presentation, our average daily trading value in October was approximately $1.0 million, about 4.1 times the July level, and the number of our shareholders has also increased significantly. Given these trends, rather than repurchasing shares, we expect our free float and liquidity to continue expanding steadily going forward.

**Q8. [Hikaru Fukui] Regarding the business environment in Japan, have you seen some newer competitors exit the market?**

**A. [Yuya Yoshida]** Yes, we understand that quite a few clinics have exited the market amid intense competition in Japan. Separately, as we have explained, we have adopted a strategic pricing approach, and some competitors may have found it difficult to match our competitive price levels.

**Q9. [Hikaru Fukui] Also regarding your business in Japan, what is the current status of the brand initiatives announced last quarter — the renaming to SBC Skin Clinic, THE LASER, SBC MEN'S FLASH, and the new JUN CLINIC opening? How have customers responded so far?**

**A. [Yuya Yoshida]** Overall, the performance of these new clinics looks very promising, and they are generating good revenue because they allow us to capture customers' diversified needs. The rebranding from Shonan Aesthetic Dermatology to SBC Skin Clinic is also working well, enabling us to attract customers who

seek light, non-surgical treatments on a more frequent basis. Our multi-brand strategy is working very well in this regard as well.

**Q10. [Hikaru Fukui] This question is for Mr. Rodgers. What progress has been made on the U.S. strategy since last quarter — specifically, the timing of a larger stake in OrangeTwist, plans for the first SBC-branded U.S. locations, and any U.S. acquisitions now in your pipeline?**

**A. [Stephen Rodgers]** Thank you for the question. We are continuing to work with OrangeTwist on additional clinic expansion. OrangeTwist is looking to open at least one more clinic this quarter, with the aspiration of adding approximately eight to ten new clinics over the next three to four months. We hope to support those efforts. We are working through that process now. We are also conducting extensive on-the-ground market research into which SBC brand initiatives could be a compelling offering here in the United States, and we are laying out a plan for how we can build that over the next six to twelve months. So you will see a joint approach: continuing to partner with OrangeTwist and fuel their growth, while also collaborating to build SBC clinics. We are continuing to look for other partners as well. Our approach has been to find excellent management teams and platforms that we can support, deepen our understanding of the U.S. market, and then consider larger investments as appropriate once we are more confident in our position. Overall, I feel very positive about the progress we have made so far, and about the next six to twelve months. Thank you.

**Q11. [Hikaru Fukui] Regarding governance, the vacancies for independent directors have yet to be filled. How is the selection process progressing?**

**A. [Yuya Yoshida]** I will answer this question. In our meetings with investors, we have received many inquiries about our governance, and strengthening governance is one of our most important management priorities. We have discussed this point thoroughly internally. Under our current structure, our Chief Executive Officer holds approximately 80% of our shares, and, as I mentioned, we have received many questions on this point. Appointing independent directors to the Board is therefore an extremely important matter. Investors want external Board members who bring a wide range of knowledge and expertise, who are independent and who help safeguard the interests of all shareholders, including minority shareholders. We are now advancing the selection process concretely, and we will work to report the composition of the new Board to you at the earliest possible time. We are seeking candidates with strong expertise and diversity who can contribute to Board discussions and represent the interests of shareholders. Through these efforts, we will build a governance structure that meets the expectations of the global capital markets.

**[Hikaru Fukui]** Thank you very much. As we have reached the end of our scheduled time, this concludes our question-and-answer session. Before we close, I would like to ask Mr. Yoshida to share a few closing remarks. Mr. Yoshida, over to you.

## 4. Closing Remarks

**[Yuya Yoshida]** Thank you, everyone, for joining our conference call despite your busy schedules. You have seen the numbers, so let me reiterate three important points.

First, operating leverage. Revenue grew 35%, income from operations grew 66%, and our Adjusted EBITDA margin reached 47%. Profit grew roughly twice as fast as revenue. That is not simply a good quarter — it is our business model at work. Our clinic network grows without a corresponding increase in our headcount, and that difference is reflected in our margin. We believe this provides room for further margin improvement over the medium to long term.

Second, Longevity is our next leg of growth. Anyone can purchase a diagnostic test, but almost no one has 293 licensed clinics with physicians and nurses who can act on the results. That is why Longevity, together with AI technology and our U.S. expansion, is so important for us. We aim to open our Longevity Center next year, and we expect a meaningful revenue contribution from 2028.

Third, capital. With ample net cash and strong operating cash flow, we believe we can support meaningful organic growth without relying on additional equity financing. On the three topics you have asked us about most — liquidity, our ownership structure, and governance — we are offering evidence, not just promises. Average daily trading value is up about four times since July, the number of beneficial shareholder accounts has increased about 1.6 times, and the appointment of independent directors is concretely underway. Liquidity has improved significantly in just three months, and we are just getting started.

Thank you for your continued support. We look forward to sharing our growth and margin improvement with you going forward. Thank you very much.

**[Hikaru Fukui]** Thank you again for joining the SBC Medical Group Holdings third quarter fiscal year 2026 earnings call. We sincerely appreciate your continued support. This concludes today's call. Thank you very much.

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## *End of Minutes*

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