

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

M. Marin
312-265-9211
mmarin@zacks.com

scr.zacks.com

101 N. Wacker Drive, Chicago, IL 60606

SBC Medical Group Holdings (SBC-NASDAQ)

SBC: 3Q25 Highlights - Strategies Aimed at Expanding Services & Footprint, Boosting Customer Average Revenue

SBC has launched multiple organic strategies to support growth & protect market share and also has completed strategic M&A to complement these measures. The company cites measures to customize services across multiple brands, segment the market and garner more market share overall as factors contributing to a 5% y/y increase in avg revenue per customer in 3Q25.

OUTLOOK

SBC plans to expand domestically and internationally and recently expanded into Thailand and Singapore. The company acquired AHH, a leading provider in Singapore, in November 2024. Last week SBC entered into a Consulting Agreement with BLEZ ASIA, which operates 20+ pharmacies and clinics in Thailand to help facilitate its entry into the Thai aesthetic medicine market. SBC intends to deliver management support to a new clinic in Bangkok focusing primarily on dermatological treatments.

Current Price (11/20/25) \$3.11
Valuation \$6.50

SUMMARY DATA

52-Week High \$7.99
52-Week Low \$2.62
One-Year Return (%) -51
Beta 1.27
Average Daily Volume (sh) 51,501

Shares Outstanding (mil) 104
Market Capitalization (\$mil) \$322
Short Interest Ratio (days) N/A
Institutional Ownership (%) 61
Insider Ownership (%) 64

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates

Sales (%) N/A
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS 13.6

P/E using 2025 Estimate 8.2

P/E using 2026 Estimate N/A

Risk Level N/A,
Type of Stock Small-Growth

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022					174 A
2023	43 A	41 A			194 A
2024	55 A	53 A	53 A	44 A	205 A
2025	47 A	43 A	43 A	49 E	183 E

EPS / Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022					0.79 A
2023	0.06 A	0.11 A	0.09 A	0.15 A	0.42 A
2024	0.20 A	0.20 A	0.03 A	0.06 A	0.48 A
2025	0.21 A	0.02 A	0.12 A	0.15 E	0.49 E

Quarters might not sum due to rounding & share counts

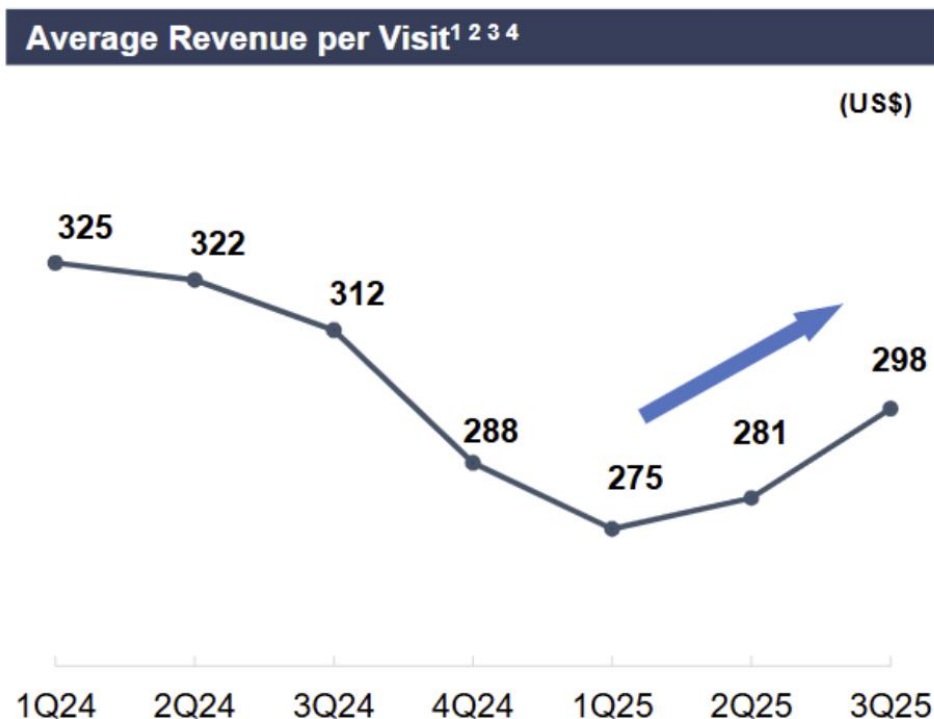
Disclosures on page 9 '23/24 PF

HIGHER AVERAGE REVENUE PER CUSTOMER

Strategies Aimed at Expanding Services & Footprint, Boosting Customer Average Revenue

SBC Medical Group Holdings (SBC-NASDAQ), which provides end-to-end solutions enabling aesthetics clinics to launch, expand and/or operate their businesses, reported 3Q25 results last week. Revenue of \$43.4 million declined from \$53.1 million in 3Q24. On the lower revenue, 3Q25 gross profit was \$30.6 million compared to \$43.2 million for the same period in 2024. However, with OpEx decreasing to \$14.7 million from \$29.4 million as last year the company incurred certain non-recurring expenses, SBC reported net income attributable to SBC Medical Group Holdings of \$12.8 million or \$0.12 per share, compared to \$2.8 million and \$0.03, respectively, in 3Q24.

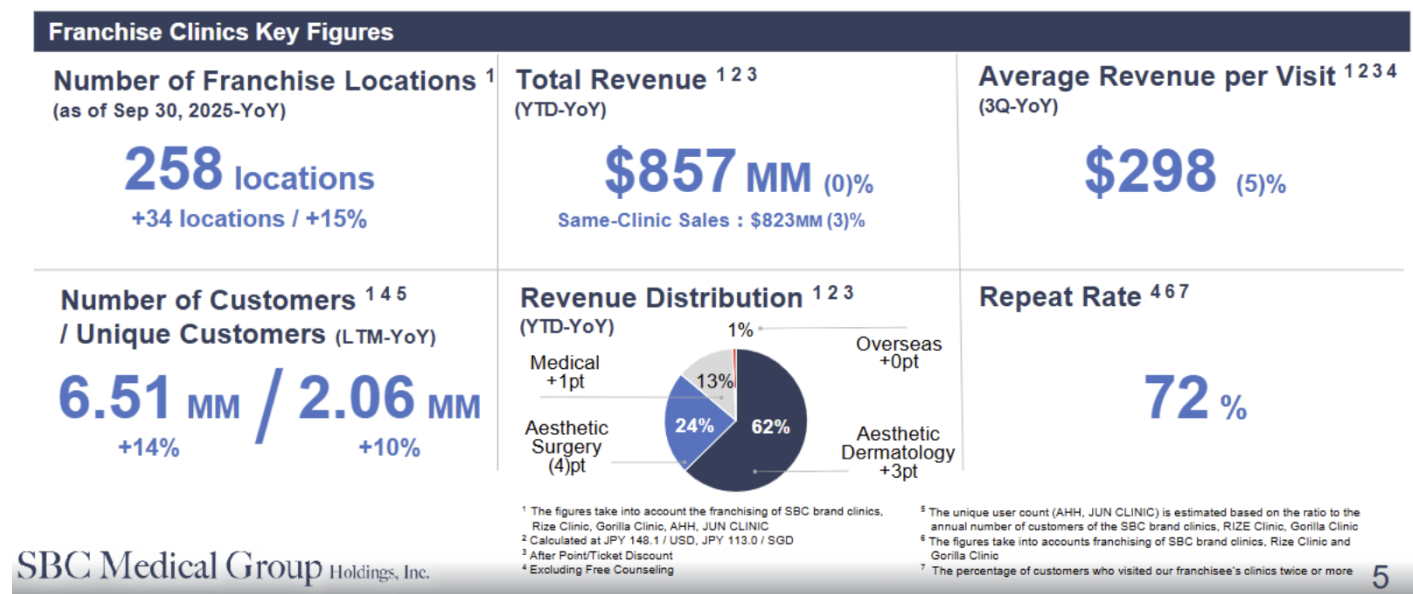
Management has previously remarked on ongoing headwinds that SBC is working to overcome so the lower year-over-year revenue was expected. SBC has launched multiple organic strategies to counter intensifying competition in Japan's aesthetic medicine market and also completing strategic M&A to complement these measures. SBC launched a multi-brand strategy to address the increasingly diverse needs of its growing customer base, for example, to customize services across multiple brands, segment the market and garner more market share overall. Average revenue per customer increased 5% in 3Q25, fueled by pricing adjustments (see below) and adding higher revenue generating customers through its multi-brand strategy.



Source: [Company presentation](#)

The company adjusted pricing upward for certain services characterized by high demand and maintains some discounting on certain services in order to remain competitive. A growing number of men increasingly are interested in aesthetic procedures, particularly for hair replenishment. The company also revised the franchise fee structure to make it easier financially for franchisees to join its network and, as they ramp services and customer bases, pay fees based a tiered fee system that aligns with the scale.

The company is also offering a broader range of franchisee services, which SBC expects will strengthen its position and market share within the aesthetic and specialized medical care areas. Clinics in the SBC franchise network have expanded their offerings to encompass a broad range of specialized medical services, including plastic surgery and infertility treatment.



Source: [Company presentation](#)

Strong balance sheet

SBC has a solid cash balance and minimum debt. The company ended 3Q25 with cash and equivalents of \$127.4 million, compared to \$125 million at year-end 2024. This is expected to give SBC the flexibility to pursue strategic growth opportunities. The company intends to allocate available capital to organic and strategic M&A investments in Japan and internationally. SBC's strategy is to focus on expanding its clinic network, enhancing its technology capabilities, developing new services and pursuing strategic partnership or acquisitions to complement and enhance organic growth prospects.

STRATEGIC INITIATIVES TO DRIVE GROWTH

SBC has launched multiple organic strategies to counter the headwinds it has encountered, including intensifying competition in Japan's aesthetic medicine market as new competitors have entered the market. Among the many initiatives, the company has launched a multi-brand strategy to address the increasingly diverse needs of its growing customer base. By customizing services across multiple brands, the company expects to segment the market and garner more market share overall.

- Revised pricing
- New services
- International expansion
 - Singapore
 - Thailand
- Multiple brands
- New products
- Strategic M&A

International strategy – entering new markets in Asia, expansion to other regions expected

SBC has recently expanded into the markets in Thai and Singapore. The company acquired AHH, a leading provider in Singapore that operates approximately 20 aesthetic and medical locations, in November 2024. This acquisition marks a key milestone in the company's expansion strategy, serving as a critical hub for the company's operations across Asia.

Last week SBC entered into a Consulting Agreement with BLEZ ASIA, which operates 20+ pharmacies and clinics in Thailand to help facilitate its entry into the growing Thai aesthetic medicine market. SBC intends to deliver management support to a new clinic in Bangkok focusing primarily on dermatological treatments that is expected to open by year-end. SBC has cited industry research forecasting that the Thai aesthetic medicine market is projected to reach US\$1.118 billion by 2033 from an estimated roughly US\$372.24 million in 2024.

Earlier this year, the company appointed Dr. Ewen Chee to head its expansion strategy in Asia to help the company advance its global expansion strategy. Dr. Chee's role will be to support physician recruitment and training across the Asia-Pacific region and facilitate SBC's global strategy. SBC also recently appointed Dr. Steven R. Cohen as Medical Strategy Advisor. Based in California, he has more than 30 years of clinical experience, has published many scientific papers and textbooks and also is a Clinical Professor at the University of California, San Diego. SBC intends to expand further in existing and potentially additional markets.

The company conducts its M&A strategy maintaining a disciplined financial process. SBC also expects to be strategic in its market selection process as it expands both domestically and internationally, with the intention to launch new clinics in both new and existing markets to reinforce its market position. In general, SBC's goal is to leverage the expertise it has developed through more than 20 years of operating history in order to expand geographically and into adjacent areas within certain fields.

By 2027, the company expects to operate a significantly larger global footprint offering diversified medical services, with an emphasis on aesthetic medicine. The company believes that AHH can accelerate its global expansion strategy and increase its footprint in Asia, a strategy that is in the early stages. In the U.S., SBC is exploring growing a MedSpa presence on the west coast and expanding further within the market through strategic M&A.

New brand, "Hada no Aozora Clinic"

SBC launched new brand, "Hada no Aozora Clinic" in Tokyo. Hada no Aozora clinics will use a hybrid dermatology model integrating insurance-covered general dermatology and private-pay aesthetic treatments. Non-surgical procedures increased from about 1.62 million in 2017 to 3.06 million in 2024 and the share of total aesthetic treatments they attained increased from 83% to 88% over the same period, according to the Japanese Society of Aesthetic Plastic Surgery. The company believes this reflects a growing preference for non-invasive techniques.

In addition, the company is diversifying to support a broader range of franchisee services. By diversifying to support a broader range of franchisee services, SBC expects to strengthen its position and market share within the aesthetic and specialized medical care areas. Clinics in the SBC franchise network have expanded their offerings to encompass a broad range of specialized medical services, including plastic surgery and infertility treatment. Other medical services that the company is focused on include orthopedics, ophthalmology, infertility, and health treatment, in addition to aesthetic medicine. SBC believes this will create a holistic offering that appeals to a broad range of patient needs.

SBC also plans to acquire related Waqoo to help accelerate Waqoo's R&D and integrate its technologies and expertise to enhance its offerings in clinical areas such as AGA and orthopedics, develop new treatments and services, and strengthen SBC's competitive position. The companies will also jointly develop and promote skincare products.

Medical tourism from China & other markets rising

Given the declining domestic population within the Japanese medical sector market, SBC is optimistic about its medical tourism strategy. SBC is enhancing its multilingual support to be responsive to visitors from China and other countries seeking treatment and also using social media as an outreach tool to accelerate customer acquisition efficiently. The company is also enhancing its presence on social media, particularly in China, which management noted has led to an increase in visits and revenue from foreign medical tourists. In addition, the company is strengthening its language support infrastructure by hiring more interpreters to provide positive experiences for international customers. The company expects efforts will not only diversify revenue sources, but also will position SBC as a prime destination for medical tourists seeking aesthetic and other services.

VALUATION

We believe that it is difficult to compare SBC shares to those of other publicly traded companies, as there does not seem to be a direct and comprehensive competitor, particularly given SBC's focus on the growing medical aesthetics space. Nevertheless, using other companies related to the medical aesthetics space or which provide solutions to the healthcare sector, there is a wide range of price-to-sales (P/S) multiples, ranging from as low as 0.45x to 1.0x or higher.

We use a P/S multiple at the mid end of the above noted range and apply a roughly 50% confidence factor is appropriate at this point given certain industry challenges. On this basis, on our 2025 topline forecast, we derive a near-term valuation of about \$6.50. If SBC can deliver on its growth initiatives, in success we would anticipate share price appreciation over time.

As the company adds new clinics either organically or through M&A as with MB career lounge and continues to broaden its offerings, the company expect it will translate into multiple expansion. The company also believes the company's goal to improve the trading liquidity of its shares could lead to multiple expansion, as well, particularly if the company implements a dividend for shareholders.

To enhance shareholders value, the company is considering implementing a share repurchase plan and/or paying dividends. The board approved a 5-million share repurchase program. Shares repurchased would be earmarked for employee stock based compensation in the future to better align employee incentives with initiatives to deliver long-term shareholder value and retain talent. The company recently filed a prospectus for a secondary share offering by certain existing security holders. Issuing new shares and / or having existing security holders and/or the founder reduce holdings in order could inject liquidity into the float.

Any delay or failure in successful execution of the strategy could represent a potential risk to the company's valuation and cause the share price to decline. The company believe the risk / reward ratio could be attractive for investors who have a higher than average risk tolerance and longer time horizon.

RECENT NEWS

- SBC entered the Thai market on November 14, 2025.
- SBC reported 3Q25 results on November 14, 2025.
- SBC announced the launch of new brand, “Hada no Aozora Clinic” on September 17, 2025.
- SBC appointed Dr. Ewen Chee President Lead Doctor for Asia Strategy on August 25, 2025.
- The company acquired MB career lounge, Co., Ltd. on July 17, 2025.
- SBC appointed Dr. Steven R. Cohen as Medical Strategy Advisor on July 14, 2025.
- SBC appointed a new Chief Marketing Officer on July 7, 2025.
- On June 27, 2025, SBC shares were added to the Russell 3000® Index.
- SBC reported 1Q25 results on May 15, 2025 and announced a share repurchase program.
- SBC announced a Bitcoin strategy on February 2, 2025, but has deferred further Bitcoin purchases.
- On January 1, 2025, SBC launched a translation app specialized in medical aesthetics.

RISKS

SBC faces the following risks, among others.

- SBC Medical is a controlled company and the interests of its majority shareholder might differ from those of public shareholders.
- In addition, the competitive nature of the aesthetic medical industry and the need to continuously upgrade technology present risks, as well.
- Industry headwinds could persist beyond longer than management anticipates.
- New initiatives could take longer than expected to gain traction or might not gain traction at all.
- Growth might be constrained temporarily by limitations of its internal infrastructure.
- Moreover, the company faces potential foreign exchange (FX) risk. Its businesses in Japan are conducted in Japanese yen.
- The potential issuance of equity or warrants exercise by existing security holders could be dilutive.

FINANCIAL MODEL

SBC Medical Group Holdings

SBC Medical Group Holdings (US\$)

	1Q24	2Q24A	3Q24A	4Q24A	2024A	1Q25A	2Q25A	3Q25A	4Q25E	2025E
Total revenue	54,808,042	53,102,080	53,084,883	44,420,537	205,415,542	47,328,701	43,358,847	43,353,235	48,684,909	182,725,692
Cost of revenues	15,288,667	13,682,405	9,845,793	10,548,170	49,365,035	9,595,617	13,348,270	12,741,748	10,223,831	45,909,466
Gross profit	39,519,375	39,419,675	43,239,090	33,872,367	156,050,507	37,733,084	30,010,577	30,611,487	38,461,078	136,816,226
Operating expenses:										
S,G&A	15,058,490	12,129,115	16,597,032	13,880,503	57,665,140	13,531,010	15,456,385	14,730,247	14,216,645	57,934,287
Other	-	-	12,807,455	15,274,202	28,081,657	-	-	-	-	-
Misappropriation loss	-	-	-	-	-	-	-	-	-	-
Total operating expenses	15,058,490	12,129,115	29,404,487	29,154,705	85,746,797	13,531,010	15,456,385	14,730,247	14,216,645	57,934,287
Operating income	24,460,885	27,290,560	13,834,603	4,717,662	70,303,710	24,202,074	14,554,192	15,881,240	24,244,432	78,881,938
Interest income	17,689	11,644	7,950		19,943	55,333	22,882	120,384		
Interest expense	(3,008)	(7,424)	(5,466)		(28,300)	(6,207)	(49,651)	(48,635)		
Other income	349,681	306,291	65,922		4,810,008	151,328	33,771	2,526,035		
Other expenses	(1,436,656)	(514,636)	(795,158)		(5,463,153)	(1,697,259)	(1,132,465)	(6,564)		
Gains	3,813,609	-	-	-	3,813,609	8,746,138	111,632	34,404	-	-
Total other inc (exp)	2,741,315	(204,125)	(726,752)	1,341,669	3,152,107	7,249,333	(1,013,831)	2,625,624	162,537	9,023,663
Pretax income	27,202,200	27,086,435	13,107,851	6,059,331	73,455,817	31,451,407	13,540,361	18,506,864	24,406,970	87,905,602
Taxes	8,451,984	8,529,110	10,273,384	(488,553)	26,765,925	9,959,457	11,100,509	5,673,538	8,054,300	34,787,804
Net income	18,750,216	18,557,325	2,834,467	6,547,884	46,689,892	21,491,950	2,439,852	12,833,326	16,352,670	53,117,798
Non-controlling interest	(7,536)	72,917	1,573	8,663	75,617	(10,496)	(18,388)	(8,690)	(7,359)	(44,933)
Net to SBC	18,757,752	18,484,408	2,832,894	6,539,221	46,614,275	21,502,446	2,458,240	12,842,016	16,360,028	53,162,730
EPS	\$2.36	\$2.33	\$0.03							
EPS PF	\$0.20	\$0.20	\$0.03	\$0.06	\$0.48	\$0.21	\$0.02	\$0.12	\$0.15	\$0.49
Avg shares out (mn, 1Q, 2Q '23 not PF)	94,192,433	94,192,433	95,095,144	102,764,154	96,561,041	103,276,637	103,507,249	102,642,634	103,611,211	103,259,433

Source: Company reports, Zacks estimates

HISTORICAL STOCK PRICE



Source: Yahoo Finance

DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, M. Marin, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR 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.

Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.

SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover.

SCR 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.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.