

SBC MEDICAL GROUP HOLDINGS INCORPORATED
UNAUDITED CONSOLIDATED BALANCE SHEETS

	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 137,393,070	\$ 103,022,932
Accounts receivable	1,944,604	1,437,077
Accounts receivable – related parties	27,835,179	33,676,672
Inventories	1,985,883	3,090,923
Finance lease receivables, current – related parties	8,443,338	6,143,564
Customer loans receivable, current	16,125,086	8,484,753
Prepaid expenses and other current assets	8,372,668	10,050,005
Total current assets	202,099,828	165,905,926
Non-current assets:		
Property and equipment, net	13,194,414	13,582,017
Intangible assets, net	16,218,233	19,739,276
Long-term investments	4,905,115	849,434
Goodwill, net	3,545,391	3,590,791
Finance lease receivables, non-current – related parties	4,629,047	3,420,489
Operating lease right-of-use assets	5,251,418	5,919,937
Deferred tax assets	624,564	-
Customer loans receivable, non-current	6,590,301	6,444,025
Long-term prepayments	4,308,810	4,099,763
Long-term investments in MCs – related parties	19,561,069	19,811,555

Other assets	15,550,402	15,442,058
Total non-current assets	94,378,764	92,899,345
Total assets	\$ 296,478,592	\$ 258,805,271

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 14,873,829	\$ 26,531,944
Current portion of long-term loans	136,683	156,217
Notes payable, current – related parties	10,202,360	3,369,203
Advances from customers	565,495	2,074,457
Advances from customers – related parties	18,994,015	23,058,175
Income tax payable	8,000,808	8,782,930
Operating lease liabilities, current	4,060,844	3,885,812
Accrued liabilities and other current liabilities	12,054,047	21,009,009
Due to related party	3,532,453	3,583,523
Total current liabilities	72,420,534	92,451,270

Non-current liabilities:

Long-term loans	686,470	1,062,722
Notes payable, non-current – related parties	11,659,022	11,948,219
Deferred tax liabilities	3,515,825	6,013,565
Operating lease liabilities, non-current	1,528,972	2,444,316
Other liabilities	1,147,345	1,074,930
Total non-current liabilities	18,537,634	22,543,752
Total liabilities	90,958,168	114,995,022

Stockholders' equity:

Preferred stock (\$0.0001 par value, 20,000,000 shares authorized; no shares issued and outstanding as of September 30, 2024 and December 31, 2023) ⁽¹⁾	-	-
Common stock (\$0.0001 par value, 400,000,000 shares authorized, 103,020,816 and 94,192,433 shares issued and outstanding as of September 30, 2024 and December 31, 2023) ⁽¹⁾	10,302	9,419
Additional paid-in capital ⁽¹⁾	60,825,115	36,879,281
Treasury stock receivable (270,000 shares of common stock) - related party	(2,700,000)	-
Retained earnings	182,923,786	142,848,732
Accumulated other comprehensive loss	(36,078,149)	(37,578,255)
Total SBC Medical Group Holdings Incorporated's stockholders' equity	204,981,054	142,159,177
Non-controlling interests	539,370	1,651,072
Total stockholders' equity	205,520,424	143,810,249
Total liabilities and stockholders' equity	\$ 296,478,592	\$ 258,805,271

⁽¹⁾Retrospectively restated for effect of recapitalization on equity due to reverse acquisition effective September 17, 2024.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues, net – related parties	\$ 51,209,243	\$ 45,119,709	\$ 152,718,488	\$ 125,336,653
Revenues, net	1,875,640	2,158,976	8,276,517	5,856,076
Total revenues, net	53,084,883	47,278,685	160,995,005	131,192,729
Cost of revenues	9,845,793	13,780,309	38,816,865	37,256,066

Gross profit	43,239,090	33,498,376	122,178,140	93,936,663
Operating expenses:				
Selling, general and administrative expenses	16,597,032	13,446,618	43,784,637	46,885,138
Stock-based compensation	12,807,455	-	12,807,455	-
Misappropriation loss	-	28,516	-	380,766
Total operating expenses	29,404,487	13,475,134	56,592,092	47,265,904
Income from operations	13,834,603	20,023,242	65,586,048	46,670,759
Other income (expenses):				
Interest income	7,950	10,234	37,283	86,345
Interest expense	(5,466)	(3,978)	(15,898)	(37,380)
Other income	65,922	1,138,869	721,894	3,875,723
Other expenses	(795,158)	(98,314)	(2,746,450)	(581,239)
Gain on disposal of subsidiary	-	-	3,813,609	-
Total other income (expenses)	(726,752)	1,046,811	1,810,438	3,343,449
Income before income taxes	13,107,851	21,070,053	67,396,486	50,014,208
Income tax expense	10,273,384	13,012,262	27,254,478	25,683,244
Net income	2,834,467	8,057,791	40,142,008	24,330,964
Less: net income (loss) attributable to non-controlling interests	1,573	(298,623)	66,954	(696,812)

Net income attributable to SBC Medical Group Holdings Incorporated	\$ 2,832,894	\$ 8,356,414	\$ 40,075,054	\$ 25,027,776
Other comprehensive income (loss):				
Foreign currency translation adjustment	20,783,646	(974,249)	1,543,245	(19,825,222)
Reclassification of unrealized gain on available-for-sale debt security to net income when realized, net of tax effect of nil and \$(97,856) for the three months ended September 30, 2024 and 2023, respectively; nil and \$(97,856) for the nine months ended September 30, 2024 and 2023, respectively	-	(205,383)	-	(8,760)
Total comprehensive income	23,618,113	6,878,159	41,685,253	4,496,982
Less: comprehensive income (loss) attributable to non-controlling interests	180,093	(387,948)	110,093	(1,129,475)
Comprehensive income attributable to SBC Medical Group Holdings Incorporated	\$ 23,438,020	\$ 7,266,107	\$ 41,575,160	\$ 5,626,457
Net income per share attributable to SBC Medical Group Holdings Incorporated ⁽¹⁾				
Basic and diluted	\$ 0.03	\$ 0.09	\$ 0.42	\$ 0.27

Weighted average shares outstanding ⁽¹⁾				
Basic and diluted	<u>95,095,144.00</u>	<u>94,192,433.00</u>	<u>94,495,533.00</u>	<u>94,192,433.00</u>

⁽¹⁾Retrospectively restated for effect of recapitalization on equity due to reverse acquisition effective September 17, 2024.

SBC MEDICAL GROUP HOLDINGS INCORPORATED
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended September 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 40,142,008	\$ 24,330,964
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	2,867,781	9,688,640
Non-cash lease expense	2,908,990	2,424,220
Provision for (reversal of) credit losses	(127,196)	282,934
Stock-based compensation	12,807,455	-
Impairment loss on property and equipment	-	204,026
Realized gain on short-term investments	-	(223,164)
Fair value change of long-term investments	1,682,282	-
Gain on disposal of subsidiary	(3,813,609)	-
Loss (gain) on disposal of property and equipment and intangible assets	185,284	(249,532)
Deferred income taxes	(2,154,837)	(1,379,922)
Changes in operating assets and liabilities:		
Accounts receivable	(804,000)	(924,061)
Accounts receivable - related parties	4,971,911	(19,979,099)
Inventories	763,075	(4,038,874)
Finance lease receivables - related parties	(3,430,267)	17,241,740
Customer loans receivable	12,860,220	-

Prepaid expenses and other current assets	902,230	8,173,153
Long-term prepayments	432,380	(1,991,626)
Other assets	(348,178)	(1,884,352)
Accounts payable	(10,511,619)	6,712,977
Notes payable - related parties	(14,030,092)	-
Advances from customers	(1,401,437)	(681,973)
Advances from customers - related parties	(3,565,778)	(7,430,332)
Income tax payable	(549,446)	16,518,062
Operating lease liabilities	(2,971,946)	(2,335,113)
Accrued liabilities and other current liabilities	(9,010,270)	298,743
Accrued retirement compensation expense - related party	-	(22,082,643)
Other liabilities	81,290	79,215
NET CASH PROVIDED BY OPERATING ACTIVITIES	27,886,231	22,753,983

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(1,974,285)	(2,299,045)
Purchase of intangible assets	-	(1,683,030)
Purchase of convertible note	(1,700,000)	(1,000,000)
Prepayments for property and equipment	(843,740)	(417,353)
Advances to related parties	(617,804)	(1,017,292)
Payments made on behalf of a related party	(5,245,990)	-
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 from acquisition of subsidiary, net of cash received	-	722,551
Long-term loans to others	(80,793)	(421,429)
Repayments from related parties	5,990,990	734,358
Repayments from others	62,927	47,356
Proceeds from sales of short-term investments	-	4,125,813

Proceeds from surrender of life insurance policies	-	3,954,760
Disposal of subsidiary, net of cash disposed of	(815,819)	-
Proceeds from disposal of property and equipment	1,971	8,046,007
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(5,554,039)	8,659,196
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from related parties	-	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	(89,448)	(8,691,462)
Repayments to related parties	(65,305)	(7,619,266)
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	11,584,038	6,262,589
Effect of changes in foreign currency exchange rate	453,908	(11,982,793)
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,370,138	25,692,975
CASH AND CASH EQUIVALENTS AS OF THE BEGINNING OF THE PERIOD	103,022,932	51,737,994
CASH AND CASH EQUIVALENTS AS OF THE END OF THE PERIOD	\$ 137,393,070	\$ 77,430,969
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest expense	\$ 15,898	\$ 37,380
Cash paid for income taxes	\$ 31,332,123	\$ 12,608,072
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment transferred from long-term prepayments	\$ 164,781	\$ 7,681,830

An intangible asset transferred from long-term prepayments	\$	-	\$ 17,666,115
Settlement of loan payable to a related party in connection with disposal of property and equipment	\$	-	\$ 4,163,604
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$	-	\$ 1,029,518
Remeasurement of operating lease liabilities and right-of-use assets due to lease modifications	\$	2,408,752	\$ 2,110,079
Issuance of promissory notes to related parties in connection with loan services provided	\$	20,398,301	\$ -
Issuance of common stock to a related party from conversion of convertible note	\$	2,700,000	\$ -
Issuance of common stock as incentive shares	\$	34	\$ -
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

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

	For the Three Months Ended September, 30		For the Nine Months Ended September, 30	
	2024	2023	2024	2023
Income from operations	13,834,603	20,023,242	65,586,048	46,670,759
Depreciation and amortization expense	1,018,359	3,287,809	2,867,781	9,688,640
EBITDA	14,852,962	23,311,051	68,453,829	56,359,399
<i>EBITDA Margin</i>	28%	49%	42%	43%