

SBC MEDICAL GROUP HOLDINGS INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended 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	(22,402,301)
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	(172,411)	(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,	
	2024	2023
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	(119,017)	(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
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$	—	\$	2,305,199
Remeasurement 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.