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09.12.2021 - Research Comment: EasyMotionSkin Tec AG

Company: EasyMotionSkin Tec AG ^{*5a;6a;11}

ISIN: LI1147158318

Analysts: Matthias Greiffenberger, Marcel Schaffer

Current price: 14.90 € (MUC, 09.12.2021; 12:09 Uhr)

Target price (Validity of the target price): CHF 21.00 / € 19.28 (31.12.2022)

Rating: BUY

Date (time) of completion: 09.12.2021 (10:45 am)

Date (time) of first distribution: 09.12.2021 (3:00 pm)

*Catalog of possible conflicts of interest on page 4

Successful listing of EasyMotionSkin Tec AG on the m:access of the Munich Stock Exchange

On 09.12.2021 EasyMotionSkin Tec AG was successfully listed on the m:access of the Munich Stock Exchange. The initial share price is 14.50 €. According to the management, no extensive capital market transactions are planned in the near future.

The EasyMotionSkin Group consists of EasyMotionSkin Tec AG (EMS Tec AG) and its wholly owned subsidiaries EasyMotionSkin Tec GmbH (EMS Tec GmbH) and EMS GmbH. The Group primarily produces and distributes EMS training systems consisting of a suit, a PowerBox and an app solution. EMS stands for electro-muscle stimulation, which involves controlling and stimulating the muscles by means of electrical impulses. With an EMS system, good results can be achieved in the area of fitness and general health with comparatively little training effort. There are already competitors in the market with EMS studio chains or their own systems, but the EMS Group has a patented solution that should be a clear competitive advantage: The dry electrode and wireless training. With other EMS systems, the electrodes must be moistened prior to the workout in order to make contact with the body. The EasyMotionSkin product can be used without prior moistening. This is on the one hand more hygienic and, on the other hand, more comfortable for the user. The suit is a high-tech knitted product that withstands high stresses and requires a knitting time of over six hours per suit in production. In addition, an innovative woven-in and flexible cable harness has been woven in to avoid the use of external cables.

According to the management, over 5,000 EMS systems have already been sold in the last three years and the product has been steadily improved. Now the company is to move into the growth phase and an extensive distribution network is to be established in the DACH region.

The parent company EasyMotionSkin Tec AG was previously also used as an investment vehicle by the owner (Christian Jäger, 97.7%) and thus business areas outside the EasyMotionSkin Group were included in the company. This legacy business was spun off at the beginning of 2021. Therefore, comparability of the history with the forecast is only possible to a limited extent. No consolidated group balance sheet has been prepared to date either. The most informative period is the first half of 2021 with the pure EasyMotionSkin business, here EMS Tec AG generated revenues of CHF 1.36 million, EMS Tec GmbH € 3.00 million and EMS GmbH € 0.80 million. It is also important to note the supply chain in which EMS GmbH has the products manufactured, resells them to

EMS Tec AG and the latter in turn resells them to EMS Tec GmbH. Respectively, net income of CHF 0.16 million (EMS Tec AG), € 0.24 million (EMS Tec GmbH) and € -0.07 million (EMS GmbH) was generated.

For the forecast we rely on a consolidated view and expect very dynamic sales development. We based our sales forecast on the dynamic development of the current market leader Body Street, which has reached 29,000 members within four years. Our forecast is somewhat more conservative. The current fiscal year 2021 is still impacted by the Covid-19 pandemic, so while demand has increased, there have been supply shortages. As a result, we expect revenues of CHF 4.25 million in 2021, followed by CHF 14.20 million in 2022 and CHF 28.21 million in 2023, respectively. Strong growth is expected to be achieved through broad network distribution, an optimized online presence and studio partnerships. The company is also focusing on a modern app solution that will enable users to compete with others as well as be part of a community. In particular, the margin is to be increased via economies of scale in purchasing and we forecast a net result of CHF -1.17 million in 2021, CHF 1.02 million in 2022 and CHF 2.88 million in 2023.

Based on our DCF model, we have determined a fair value per share of CHF 21.00 (€ 19.28) and assign a BUY rating.

The link to the GBC IPO Study can be found here:

<https://www.gbc-ag.de/veroeffentlichungen/research-report-ipo-easymotionskin-tec-ag/>

ANNEX

I.

Research under MiFID II

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II.

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The respective recommendations/classifications/ ratings are associated with the following expectations:

BUY

The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is $\geq + 10\%$.

HOLD	The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is > - 10% and < + 10%.
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