



Research report (Anno)

EasyMotionSkin Tec AG



**Numerous cooperations should
offer further growth opportunities**

-

Continued high growth momentum expected

Target price: 20.00 CHF / 20.32 €

(previously: CHF 21.00 / € 19.28)

Rating: BUY

IMPORTANT NOTICE:

Please note the disclaimer/risk notice

as well as the disclosure of potential conflicts of interest pursuant to Section 85 WpHG and Art. 20 MAR from page 16

Note in accordance with MiFID II regulation for research "Minor Non-Monetary Contribution": The present research meets the requirements for classification as "Minor Non-Monetary Contribution". For further information, please refer to the disclosure under "I. Research under MiFID II".

Date and time of completion of the study: 30.08.2022 (12:30 a.m.) German version: 22.08.2022 (09:00 a.m.)

Date and time of the first dissemination of the study: 30.08.2022 (10:25 a.m.) German version: 22.08.2022 (12:00)

Validity of the target price: until max. 31.12.2023

EasyMotionSkin Tec AG*5a,11

Rating: BUY

Target price: CHF 20.00 / € 20.32 (previously: CHF 21.00 / € 19.28)

Current price: € 15.10
(07.06.22 08:10 Frankfurt)

Currency: CHF

Data:

ISIN: LI1147158318

WKN: A3C7M8

Stock exchange symbol: EFIT

Number of shares³: 10.00

Market cap³: 151.00

EnterpriseValue³: 147.11

³ in million / in EUR million

Market segment:
m:access

Accounting: PGR

Designated Sponsor:
mwb fairtrade Wertpapierhandelsbank AG

Financial year: 31.12.

Analysts:

Matthias Greiffenberger
greiffenberger@gbc-ag.de

Marcel Schaffer
schaffer@gbc-ag.de

Company profile

Industry: Training Systems, Fitness, Health, Lifestyle and Technology

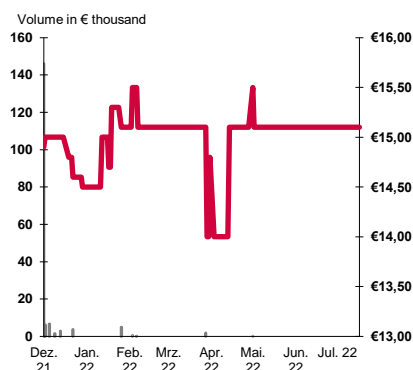
Focus: fitness system based on electromuscular stimulation

Employees: 15 Status: 12/31/2022

Foundation: 11.06.2014

Headquarters: Triesen, Liechtenstein

Board of Directors: Jürgen Baltes, Michael Spitznagel, Werner Murr



EasyMotionSkin Tec AG and its subsidiaries, EMS GmbH (Leipzig, Germany) and EasyMotionSkin Tec GmbH (Seefeld, Austria), (together the EasyMotionSkin Group) are active in the market for training and fitness equipment using electromuscular stimulation (EMS for short). The EasyMotionSkin Group has a wireless solution for EMS training devices using dry electrodes (EasyMotionSkin system). The dry electrode is a patented solution that cannot be used by competitors in this form.

The companies of the EasyMotionSkin Group are active in the areas of design and development as well as in the production and distribution of these EMS systems, thus contributing a large part of the value chain. German astronaut Matthias Maurer has already used the EasyMotionSkin system to train on the ISS - an experiment conducted by the Berlin Charité and the German Space Agency DLR.

P&L in € million \ FY-end	31.12.2021*	31.12.2022e	31.12.2023e	31.12.2024e
Sales	2.52	10.10	24.70	32.00
EBITDA	-0.35	0.25	4.49	6.02
EBIT	-0.35	-0.25	3.99	5.51
Net income	-0.40	-0.46	2.66	3.74

Key figures in €				
Earnings per share	-0.04	-0.05	0.27	0.37
Dividend per share	0.00	0.00	0.00	0.00

Key figures				
EV/Sales	58.41	14.57	5.96	4.60
EV/EBITDA	-420.24	588.43	32.75	24.45
EV/EBIT	-420.24	-588.43	36.90	26.72
KGV	-381.00	-328.26	56.67	40.37
KBV	26.65			

*in CHF, only related to EasyMotionSkin Tec AG; From 2022e related to the EMS Group

Financial Calendar

3rd quarter 2022: General Meeting of EasyMotionSkin Tec AG

**last research from GBC:

Date: Publication / Target price in EUR / Rating
09/24/2021: RS / 21.00 CHF / 19.28 EUR / BUY

** Research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg, Germany.

* Catalog of possible conflicts of interest on page 17

EXECUTIVE SUMMARY

- EasyMotionSkin Tec AG was able to establish numerous cooperations and partnerships and we expect significant operational improvements for the following years. In the past fiscal year 2021, the company, similar to the entire fitness market, was affected by the challenges of the COVID-19 pandemic as well as supply bottlenecks from Asia. According to management, external sales across all companies amounted to approximately € 4.7 million.
- The company has not yet published consolidated financial statements. Consolidated financial statements are planned for the first time for the fiscal year 2023. As there are internal settlements between the companies EasyMotionSkin Tec AG, EasyMotionSkin Tec GmbH and EMS GmbH, the sales and results cannot be totaled. At EasyMotionSkin Tec AG, net sales fell by 38.8% to CHF 2.52 million (previous year: CHF 4.11 million), although a large proportion of this is attributable to non-EMS business units in the previous year. In contrast, the sales of EasyMotionSkin Tec GmbH increased by 9.3% to € 4.37 million (previous year: € 4 million). At €1.76 million (previous year: €1.79 million), sales at EMS GmbH remained at the previous year's level.
- EasyMotionSkin Tec AG's EBITDA decreased to CHF -0.35 million (PY: CHF 2.25 million) due to significantly lower sales. Because of their conversion of shareholder loans, a net result of CHF 4.28 million had been achieved in the previous year; in the past financial year 2021, the net result amounted to CHF -0.4 million. At EasyMotionSkin Tec GmbH, EBITDA fell to € -0.35 million (previous year: € 0.05 million) and the net result to € -0.53 million (previous year: € 0.04 million). At EMS GmbH, EBITDA increased by 112% to € 0.44 million (previous year: € 0.21 million), despite sales remaining at the previous year's level. A net result of € 0.19 million (previous year: € -0.10 million) was achieved through interest discounts.
- We expect significant sales increases in the coming years. We expect sales to increase to € 10.1 million (2022), € 24.7 million (2023) and € 32 million (2024). Important growth impulses are expected to come from the new managing director of EasyMotionSkin Tec GmbH (Michael Spitznagel). In addition, a cooperation agreement could be concluded with an internationally active automobile manufacturer to test research and installation in cars. Further use of the suits in ESA space missions could also be used, which should further strengthen the brand. In addition, ACISO plans to open numerous "YOUR HEALTH CLUBS" in Europe; here, a supply and marketing cooperation was concluded with EasyMotionSkin. Furthermore, cooperations have been concluded in the beauty and medical sectors. Thus, numerous growth fields have been opened, which should pay off over the next few years.
- On the earnings side, we expect EBITDA of CHF 0.25 million for the current fiscal year 2022, followed by CHF 4.49 million for 2023 and CHF 6.02 million for 2024. Due to scaling effects, there should be successive margin improvements. In total, we expect a net result of CHF -0.46 million for the current fiscal year, followed by CHF 2.66 million in 2023 and CHF 3.74 million in 2024.
- **Due to the slightly reduced forecasts and the increased risk-free interest rate, we have adjusted our price target to CHF 20.00 / € 20.32 (previously: CHF 21.00 / € 19.28) and confirm our Buy rating.**

TABLE OF CONTENTS

Executive Summary	2
Company	4
Shareholder structure	4
Business activity of EasyMotionSkin.....	4
Market and market environment	5
Corporate Development.....	7
Key figures at a glance	7
Business Development 2021	8
Sales development.....	8
Earnings development.....	8
Balance sheet and financial situation as of Dec. 31, 2021	10
SWOT analysis	11
Forecast and Valuation	12
Sales forecast.....	12
Earnings forecast	13
Evaluation	14
Model assumptions	14
Determination of the cost of capital	14
Valuation result.....	14
DCF model.....	15
Appendix	16

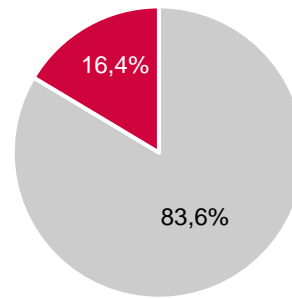
COMPANY

Shareholder structure

Shareholders	Share
Maponos Holding AG	83,6%
Free float	16,4%

Sources: EasyMotionSkin; GBC AG

- Maponos Holding AG
- Free float



Business activity of EasyMotionSkin

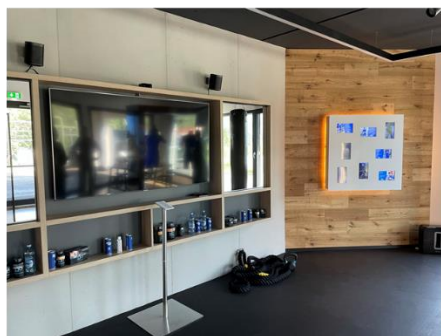
EasyMotionSkin Tec AG and its subsidiaries, EMS GmbH (Leipzig, Germany) and EasyMotionSkin Tec GmbH (Seefeld, Austria), (together the EasyMotionSkin Group) are active in the market for training and fitness equipment using electromuscular stimulation (EMS for short). The EasyMotionSkin group has a wireless solution for EMS training devices using dry electrodes (EasyMotionSkin system). The dry electrode is a patented solution that cannot be used by competitors in this form. In addition to EMS systems, the nutrition market is also to be addressed via lifestyle products.

The companies of the EasyMotionSkin Group are active in the areas of design and development as well as in the production and distribution of these EMS systems, thus contributing a large part of the value chain.

In addition to EMS systems, the EasyMotionSkin product range includes private and professional app solutions, studio concepts, sales concepts and fitness as well as lifestyle products.



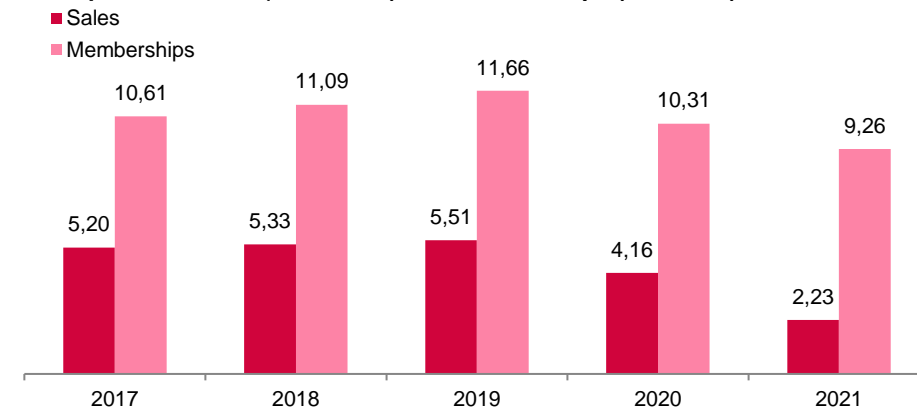
Source: GBC AG



MARKET AND MARKET ENVIRONMENT

Until the COVID-19-related closures that began in March 2020, the German fitness industry showed continued positive performance.

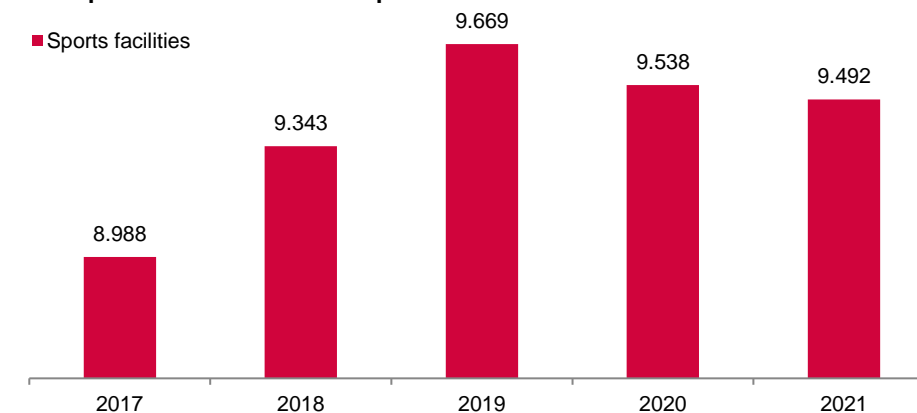
Development of sales (in € billion) and memberships (in million) since 2017



Sources: DSSV, DHfPG, Deloitte analysis

Between 2017 and 2019, average annual sales growth of 2.9% was achieved. During the same period, the number of installations and memberships grew by an average of 3.7% and 4.8%, respectively.

Development of the number of sports facilities



Sources: DSSV, DHfPG, Deloitte analysis

The COVID-19 pandemic led to significant declines in all key figures relating to members, clubs and sales. In 2021, sales decreased by 46.4% to € 2.23 billion (PY: € 4.16 billion). There was a decline of 1.05 million in memberships to 9.26 million (PY: 10.31 million), corresponding to a negative development of -10.2%. The number of memberships is therefore on a par with 2014/2015. The number of sports facilities decreased by -0.5% to 9,492 in 2021 (PY: 9,538).

In 2021, fitness providers in Germany had to curtail their operations for a total of five-and-a-half months to varying degrees. This puts Germany above the European average, with all closures taking place in the first half of 2021.

Microsegment

The micro segment is small studios such as CrossFit providers or EMS studios. The micro segment had strong facility growth averaging 9.6% (2016-2019) in the years leading up to the pandemic. In 2021, for the first time, a facility decline had to be recorded for the second

consecutive year. The micro segment has 50 fewer installations than the previous year, which is also reflected in the 18% decline in memberships numbering approximately 100,000.

EMS segment

The EMS segment was able to keep membership stable at 180,000 in 2021 and even show slight investment growth of +13 (+0.9%). In addition to EasyMotionSkin, well-known providers include, for example, Bodystreet, Körperformen, fitbox, EMS-Lounge and terrasports. Due to a customer-to-trainer ratio of 2:1 or even 1:1, EMS providers were not affected by officially ordered closures to the same extent as operators of larger facilities, even in 2021.

Market outlook

According to ResearchAndMarkets, the market for gyms, health and fitness clubs in Germany is expected to grow from USD 5.79 billion to USD 7.12 billion. It is also expected by Data Bridge Market Research that the market for fitness equipment in Germany will grow at an average rate of 6.8% from 2020 to 2027. The rising prevalence of obesity and chronic diseases due to unhealthy lifestyles is a key factor expected to drive the market growth.

CORPORATE DEVELOPMENT

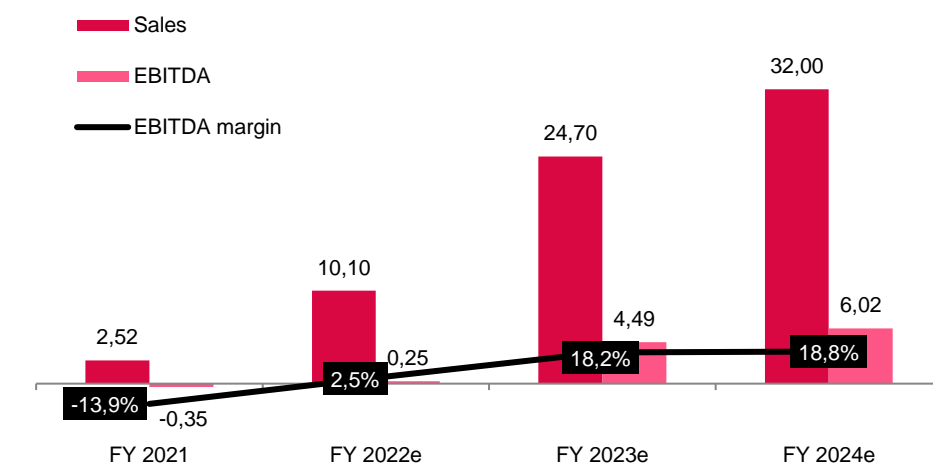
Key figures at a glance

	FY 2021	FY 2022e	FY 2023e	FY 2024e
Sales	2.52	10.10	24.70	32.00
Cost of materials	-2.05	-7.50	-16.15	-20.93
Personnel expenses	-0.09	-1.00	-2.15	-1.76
Other operating income	0.02	0.00	0.00	0.00
Other operating expenses	-0.75	-1.35	-1.90	-3.30
EBITDA	-0.35	0.25	4.49	6.02
Depreciation	0.00	-0.50	-0.51	-0.51
EBIT	-0.35	-0.25	3.99	5.51
Value adjustments on securities	0.14	0.00	0.00	0.00
Interest and similar expenses	-0.18	-0.20	-0.18	-0.16
Interest and similar income	0.00	0.00	0.00	0.00
Financial expenses	0.00	0.00	0.00	0.00
Financial income	0.00	0.00	0.00	0.00
EBT	-0.39	-0.45	3.81	5.34
Income taxes	0.00	-0.01	-1.14	-1.60
Other taxes	0.00	0.00	0.00	0.00
Net result	-0.40	-0.46	2.66	3.74

Sales	2.52	10.10	24.70	32.00
EBITDA	-0.35	0.25	4.49	6.02
<i>EBITDA margin</i>	-13.9%	2.5%	18.2%	18.8%
EBIT	-0.35	-0.25	3.99	5.51
<i>EBIT margin</i>	-13.9%	-2.5%	16.1%	17.2%
Net result	-0.40	-0.46	2.66	3.74
<i>Net margin</i>	-15.7%	-4.6%	10.8%	11.7%

Source: GBC AG

Development of sales, EBITDA (in CHF million) and EBITDA margin (in %)



Source: GBC AG

Business Development 2021

Income statement (in CHF million)	FY 2019	FY 2020	FY 2021
Sales	1.90	4.11	2.52
EBITDA	-0.07	2.25	-0.35
EBITDA margin	-3.8%	54.8%	-13.9%
EBIT	-0.07	2.25	-0.35
EBIT margin	-3.8%	54.8%	-13.9%
Net income	1.93	2.03	-0.05
EPS in CHF	0.19	0.20	0.00

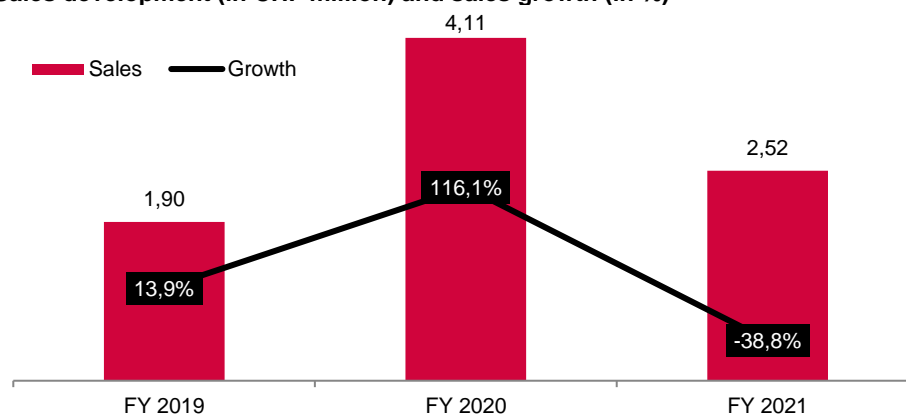
Sources: EasyMotionSkin Tec AG, GBC AG

Sales development

The company has not yet published consolidated group sales and has published the separate financial statements of EasyMotionSkin Tec AG (listed parent company), EasyMotionSkin Tec GmbH (operating subsidiary in Austria) and EMS GmbH (German subsidiary for production) separately.

According to management, total external sales amounted to around €4.7 million. At EasyMotionSkin Tec AG, net sales fell by 38.8% to CHF 2.52 million (previous year: CHF 4.11 million), although a large proportion of this is attributable to non-EMS business units in the previous year. In contrast, the sales of EasyMotionSkin Tec GmbH increased by 9.3% to € 4.37 million (previous year: € 4 million). At € 1.76 million (previous year: € 1.79 million), sales at EMS GmbH remained at the previous year's level. As there are numerous internal settlements between the companies, a pure aggregation of sales does not reflect external sales.

Sales development (in CHF million) and sales growth (in %)



Sources: EasyMotionSkin Tec AG, GBC AG

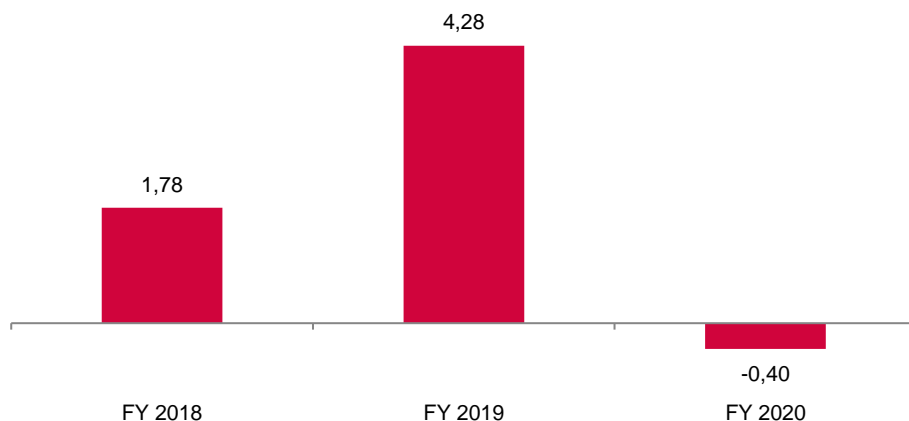
Like the entire fitness industry, EasyMotionSkin Tec AG was negatively impacted by the COVID-19 pandemic and lockdowns. The closure of numerous sports facilities and events reduced demand.

Earnings development

Despite **EasyMotionSkin Tec AG's** lower sales, the cost of materials increased by 17.3% to CHF 2.05 million (PY: CHF 1.75 million). The reason for this is the increase in external sales for EMS suits. As a large proportion of sales in the previous year was not attributable to the EMS business, the decline in sales ran counter to the cost of materials. Personnel expenses increased to CHF 0.09 million (previous year: CHF 0.00 million). Other operating

expenses also increased by 550% to CHF 0.75 million (previous year: CHF 0.12 million). Overall, EBITDA thus amounted to CHF -0.35 million (PY: CHF 2.25 million). In the previous year, an extraordinary financial income in the amount of CHF 7.92 million and a write-down on financial assets in the amount of CHF 5.46 million had been reported due to conversions of shareholder loans. In total, a net result of CHF 4.28 million had thus been achieved in the previous year. Due to the missing financial income and the declining EBITDA, the net result in the past fiscal year 2021 was CHF -0.40 million.

Development of net income (in CHF million) and net margin (in %)



Sources: EasyMotionSkin Tec AG, GBC AG

EBITDA at **EasyMotionSkin Tec GmbH** fell to € -0.35 million (previous year: € 0.05 million) due to a significant increase in personnel expenses to € 0.37 million (previous year: € 0.01 million). Depreciation and amortization also increased to € 0.13 million (previous year: € 0.01 million), reducing the net result to € -0.53 million (previous year: € 0.04 million).

Despite sales at the previous year's level, EBITDA at **EMS GmbH** increased by 112% to € 0.44 million (previous year: € 0.21 million). The background to this development is a significant increase in other operating income of € 0.64 million (previous year: € 0.13 million), caused by interest discounts. Overall, the net result also improved to € 0.19 million (previous year: € -0.1 million).

Balance sheet and financial situation as of Dec. 31, 2021

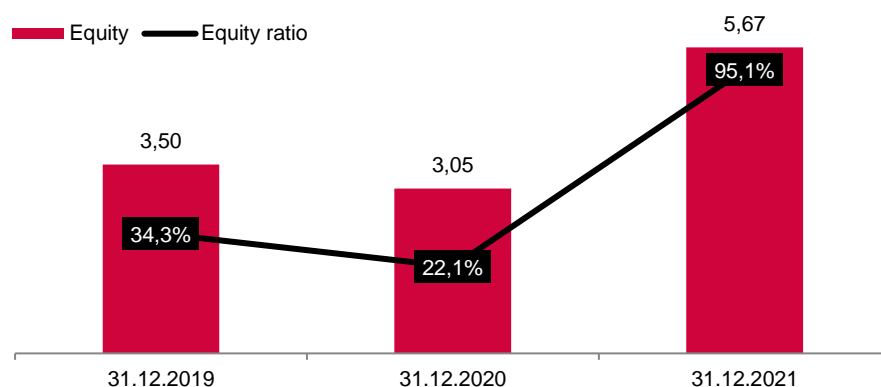
in CHF million	31.12.2019	31.12.2020	31.12.2021
Equity	3.50	3.05	5.67
EC ratio (in %)	34.3%	22.1%	95.1%
Operating fixed assets	0.00	0.00	0.36
Working capital	-0.10	2.07	0.43
Net financial assets	6.72	4.16	3.89

Sources: EasyMotionSkin Tec AG, GBC AG

The equity of **EasyMotionSkin Tec AG** increased significantly by 85.6% to CHF 5.67 million (PY: CHF 3.05 million) as of December 31, 2021. In the same course, the equity ratio increased from 22.1% (12/31/2020) to 95.1% (12/31/2021). The background to this development lies in the converted liabilities to shareholders.

EasyMotionSkin Tec AG serves largely as an umbrella company and therefore has no significant operating assets. The operating non-current assets of CHF 0.36 million relate to investments as financial assets. Due to the significant reduction of trade receivables to CHF 0.21 million (Dec. 31, 2020: CHF 2.55 million) and partly also of trade payables, working capital decreased to CHF 0.43 million (Dec. 31, 2020: CHF 2.07 million). EasyMotionSkin Tec AG has no significant interest-bearing liabilities: therefore, their net cash is CHF 3.89 million (12/31/2020: CHF 4.16 million).

Development of equity (in CHF million) and equity ratio in (in %)



Sources: EasyMotionSkin Tec AG, GBC AG

EasyMotionSkin Tec GmbH has negative equity of € -0.25 million (Dec. 31, 2020: € 0.13 million) due to the increased accumulated deficit. Since EasyMotionSkin Tec AG as the parent company is responsible for financing, there are liabilities to affiliated companies in the amount of € 1.24 million (Dec. 31, 2020: € 0.14 million). The assets side is dominated by intangible assets for the development of the new software offerings in the amount of € 0.72 million (Dec. 31, 2020: € 0.00 million) and merchandise in the amount of € 0.68 million (Dec. 31, 2020: € 0.47 million).

At **EMS GmbH**, equity remained at € 0 but the uncovered deficit decreased to € 1.85 million (Dec. 31, 2020: € 2.04 million).

SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Exclusive rights of use of the patented dry electrode • Wireless solution should be much more attractive for customers • International sales efforts position the company broadly for rapid growth • Already very positive press coverage of the product as well as prominent brand ambassadors • Highly experienced management • Innovation Board to leverage future product potentials 	<ul style="list-style-type: none"> • Concentrated supplier base can lead to supply bottlenecks • The company is still in the growth phase and faces the usual corresponding challenges • Key person risk from management and owner • Currency risk between CHF and EUR • Very low trading liquidity due to the issue of 0.1% of shares or no significant free float • No consolidated financial statements available yet (planned from FY 2023)
Opportunities	Risks
<ul style="list-style-type: none"> • The EMS market is growing dynamically, EasyMotionSkin should be able to profit from this. • Competitors and/or other EMS studios could switch to the EasyMotionSkin solution, which would trigger a significant growth spurt • Approval as a medical device can open up further markets • International expansion planned • Innovation Board could further extend competitive advantage • Lack of sports during COVID-19 could lead to post-pandemic sports hype • Numerous new cooperations (e.g. with an internationally active automotive group or the German Hockey Federation) could make the EasyMotionSkin brand very noticeable and strengthen it 	<ul style="list-style-type: none"> • Ongoing CoVID-19 measures may continue to severely restrict sales in the studio segment as well as lead to further supply bottlenecks • Hardware or software failures could result in personal injury, which carries a high reputational risk. • New product solutions from competitors could reduce EasyMotionSkin's current technology lead • International expansion (e.g. China) could lead to unauthorized copies of EasyMotionSkin technology • High dependency on IT availability. A prolonged failure of the apps could have negative consequences

FORECAST AND VALUATION

Income statement (in CHF million)	FY 2021*	FY 2022e	FY 2023e	FY 2024e
Sales	2.52	10.10	24.70	32.00
EBITDA	-0.35	0.25	4.49	6.02
EBITDA margin	-13.9%	2.5%	18.2%	18.8%
EBIT	-0.35	-0.25	3.99	5.51
EBIT margin	-13.9%	-2.5%	16.1%	17.2%
Net income	-0.40	-0.46	2.66	3.74
EPS in CHF	-0.04	-0.05	0.27	0.37

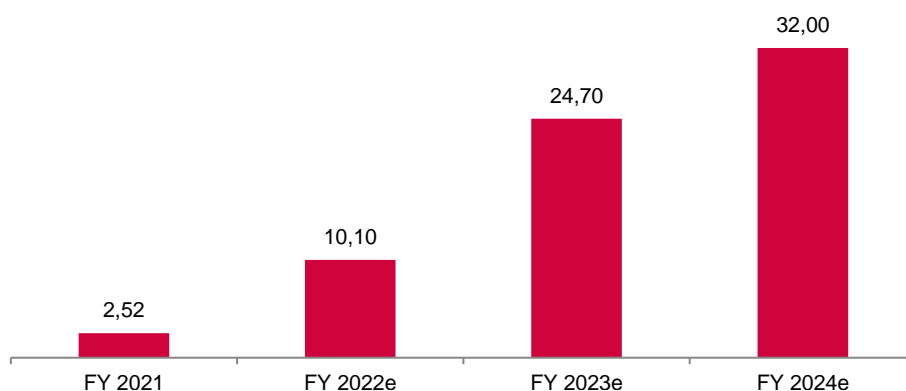
Sources: GBC AG, *unconsolidated EasyMotionSkin Tec AG

The forecasts relate to the EasyMotionSkin Group, consisting of EasyMotionSkin Tec AG, EasyMotionSkin Tec GmbH and EMS GmbH. The company plans to publish consolidated financial statements for the first time in fiscal year 2023.

Sales forecast

The company was still affected by the COVID-19 pandemic and supply bottlenecks in the past fiscal year 2021. We assume that significant operational improvements are already possible in the current year and expect sales of CHF 10.1 million for fiscal year 2022. For the years 2023 and 2024, we forecast sales of CHF 24.7 million and CHF 32 million, respectively. We thus largely confirm our forecasts of April 28, 2022.

Sales forecast of the EasyMotionSkin Group (in CHF million)



Source: GBC AG

In our opinion, the company should grow in numerous different markets. For example, numerous cooperations have also been concluded by the EasyMotionSkin Group, which can be extremely promising in terms of technology, but also in terms of sales.

Important growth impulses can come from Michael Spitznagel, the new managing director of EasyMotionSkin Tec GmbH. In addition to many years of sales experience, Michael Spitznagel also brings connections to automobile manufacturers. This could already be used to conclude a development partnership with an internationally active automobile manufacturer. The partnership could mean a technological innovation for the EasyMotionSkin Group and generate sales synergies for EasyMotionSkin and the car manufacturer. Once again, this demonstrates that EasyMotionSkin has a technological edge over its competitors. For example, as reported in 2021, the EasyMotionSkin training suit was used in the ESA space mission to train against muscle atrophy and bone loss on the International Space Station.

Also driven forward by Michael Spitznagel is the cooperation with ACISO. This is a marketing and supply cooperation. We assume that EasyMotionSkin could prevail over competitors due to its technological advantage. As a cooperation partner, the "DEIN GESUNDEHEITS-CLUBS" are to be equipped with EMS training systems. A total of around 70 such clubs are to be set up in Europe. In addition to the hardware components, the software and the studio app for customers as well as studio management are to be supplied. Furthermore, EasyMotionSkin will take over the training of the employees. Together with ACISO, marketing activities will also be carried out.

In addition, EasyMotionSkin has entered into a partnership with the German Hockey Federation. The collaboration is initially for one year and has the goal of a long-term cooperation. The German Hockey Federation is trying to optimize training performance and achieve the best possible regeneration with the EMS training system. For example, 10 national players each from the men's and women's national teams will be equipped with the EasyMotionSkin HomeEdition and two performance centers will each be equipped with a StudioEdition as well as an additional ten EMS suits. In our opinion, this cooperation with the German Hockey Federation should once again significantly strengthen the brand awareness of EasyMotionSkin.

Another promising partnership is with the management consultancy ENALISS in the cosmetics sector. The concept "BeautyCare by EasyMotionSkin" was specially developed for the beauty sector and is to be sold to cosmetic studios. Here, EasyMotionSkin has specially developed a pair of trousers that is supposed to have additional health and beauty-promoting effects, such as skin and muscle tightening, purification and anti-cellulite, activation of the cell and oxygen metabolism and the lymphatic system. Cosmetic studios can profit from this in the long term, as services can be sold simultaneously. Customers can wear the EMS pants and receive other treatments at the same time. Cosmetic studios, beauty salons and SPA operators can choose between basic and premium equipment and receive textiles, power boxes, user licenses and pre-configured tablets for easy use and implementation in their daily business. The solution will be billed via a pay-per-use model. Partner studios can also sell the EasyMotionSkin HomeEdition.

Management sees the area of medical care as a further growth topic. Scientific studies have already been carried out here with promising results. However, the studies have not yet been published, but a timely address of the medical market seems foreseeable.

Earnings forecast

With increasing sales, we expect a significant improvement in earnings. We forecast EBITDA of CHF 0.25 million for the current fiscal year 2022, followed by CHF 4.49 million for 2023 and CHF 6.02 million for 2024, corresponding to an EBITDA margin improvement from 2.5% (2022) to 18.2% (2023) and 18.8% (2024). We assume successive margin improvements due to scaling effects. In total, we expect a net result of CHF -0.46 million for the current fiscal year, followed by CHF 2.66 million in 2023 and CHF 3.74 million in 2024.

Evaluation

Model assumptions

EasyMotionSkin Tec AG was valued by us using a three-stage DCF model. Starting with the concrete estimates for the years 2022 - 2024 in phase 1, the forecast is made from 2025 to 2029 in the second phase by applying value drivers. We expect strong annual sales growth of 46.9% (previously: 49.9%). We have assumed a target EBITDA margin of 17.0%. We have taken the tax rate into account at 30.0% in phase 2. In the third phase, a residual value is also determined after the end of the forecast horizon using the perpetual annuity. In the terminal value, we assume a growth rate of 2.0%.

Determination of the cost of capital

The weighted average cost of capital (WACC) of EasyMotionSkin is calculated from the cost of equity and the cost of debt. To determine the cost of equity, the fair market premium, the company-specific beta and the risk-free interest rate must be determined.

The risk-free interest rate is derived from current yield curves for risk-free bonds in accordance with the recommendations of the Fachausschuss für Unternehmensbewertungen und Betriebswirtschaft (FAUB) of the IDW. This is based on the zero bond interest rates published by the Deutsche Bundesbank using the Svensson method. **The currently used value of the risk-free interest rate is 0.8% (previously: 0.25%).**

We use the historical market premium of 5.5% as a reasonable expectation of a market premium. This is supported by historical analyses of stock market returns. The market premium reflects the percentage by which the stock market is expected to yield better than low-risk government bonds.

According to the GBC estimation method, a beta of 1.81 is currently determined.

Using the assumptions made, we calculate a cost of equity of 10.8% (previously: 10.2%) (beta multiplied by risk premium plus risk-free interest rate). As we assume a sustainable weighting of 100% for the cost of equity, the weighted average cost of capital (WACC) is 10.8% (previously: 10.2%).

Valuation result

Within the framework of our DCF valuation model, we have determined a target price of CHF 20.00 or € 20.32 (exchange rates 1.0140794 CHF/EUR: July 14, 2022, 16:19 UTC) (Previous target price: CHF 21.00 or € 19.28 (exchange rates 0.91814 CHF/EUR: August 26, 2021, 14:40 UTC)).

The reduction in the price target is due to the increase in the risk-free interest rate and the slightly reduced forecast in the context of the COVID-19 pandemic.

DCF model

EasyMotionSkin - Discounted Cash Flow (DCF) Consideration

Value drivers of the DCF model after the estimate phase:

consistency - phase		final - phase	
Sales growth	46.9%	Perpetual sales growth	2.0%
EBITDA margin	17.0%	Perpetual EBITA margin	17.0%
AFA to operating fixed assets	5.0%	Effective tax rate in terminal value	30.0%
Working capital to sales	10.0%		

three-stage DCF - model:

Phase in CHF million	estimate			consistency					final Final value
	GJ 22e	GJ 23e	GJ 24e	GJ 25e	GJ 26e	GJ 27e	GJ 28e	FY 29e	
Sales (US)	10.10	24.70	32.00	47.01	69.05	101.44	149.02	218.91	
<i>US change</i>	301.0%	144.6%	29.6%	46.9%	46.9%	46.9%	46.9%	46.9%	2.0%
<i>US to operating fixed assets</i>	28.86	49.40	60.38	83.94	117.04	163.62	229.26	321.92	
EBITDA	0.25	4.49	6.02	7.99	11.74	17.25	25.33	37.21	
<i>EBITDA margin</i>	2.5%	18.2%	18.8%	17.0%	17.0%	17.0%	17.0%	17.0%	
EBITA	-0.25	3.99	5.51	7.96	11.71	17.22	25.30	37.18	
<i>EBITA margin</i>	-2.5%	16.1%	17.2%	16.9%	17.0%	17.0%	17.0%	17.0%	17.0%
Taxes on EBITA	-0.01	-1.20	-1.65	-2.39	-3.51	-5.16	-7.59	-11.15	
<i>to EBITA</i>	-2.2%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
EBI (NOPLAT)	-0.26	2.79	3.85	5.58	8.20	12.05	17.71	26.03	
Return on investment	-32.5%	205.2%	321.2%	419.2%	155.8%	160.8%	164.5%	167.4%	117.6%
Working capital (WC)	1.01	0.70	0.80	4.70	6.91	10.14	14.90	21.89	
<i>WC to turnover</i>	10.0%	2.8%	2.5%	10.0%	10.0%	10.0%	10.0%	10.0%	
<i>Investments in WC</i>	-0.58	0.31	-0.10	-3.90	-2.20	-3.24	-4.76	-6.99	
Operating assets (OAV)	0.35	0.50	0.53	0.56	0.59	0.62	0.65	0.68	
<i>AFA on OAV</i>	-0.50	-0.51	-0.51	-0.03	-0.03	-0.03	-0.03	-0.03	
<i>AFA to OAV</i>	142.9%	101.0%	96.2%	5.0%	5.0%	5.0%	5.0%	5.0%	
<i>Investments in OAV</i>	-0.49	-0.66	-0.54	-0.06	-0.06	-0.06	-0.06	-0.06	
Invested capital	1.36	1.20	1.33	5.26	7.50	10.76	15.55	22.57	
EBITDA	0.25	4.49	6.02	7.99	11.74	17.25	25.33	37.21	
Taxes on EBITA	-0.01	-1.20	-1.65	-2.39	-3.51	-5.16	-7.59	-11.15	
Total investments	-1.07	-0.35	-0.64	-3.96	-2.26	-3.30	-4.82	-7.05	
<i>Investments in OAV</i>	-0.49	-0.66	-0.54	-0.06	-0.06	-0.06	-0.06	-0.06	
<i>Investments in WC</i>	-0.58	0.31	-0.10	-3.90	-2.20	-3.24	-4.76	-6.99	
<i>Investments in goodwill</i>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free cash flows	-0.83	2.95	3.72	1.64	5.96	8.78	12.92	19.01	297.94

Value of operating business (reporting date)	178.14	194.36
<i>Present value of explicit FCFs</i>	32.44	32.98
<i>Present value of the continuing value</i>	145.71	161.38
Net debt	-2.86	-5.63
Value of equity	181.01	199.99
Minority interests in profits	0.00	0.00
Value of share capital	181.01	199.99
Shares outstanding in millions	10.00	10.00
Fair value of the share in CHF	18.10	20.00
Fair value of the share in EUR	18.38	20.31

Cost of Capital Determination:

<i>risk-free return</i>	0.8%
<i>Market risk premium</i>	5.5%
<i>Beta</i>	1.81
<i>Cost of equity</i>	10.8%
<i>Target weighting</i>	100.0%
<i>Cost of debt</i>	2.0%
<i>Target weighting</i>	0.0%
Tax shield	25.0%
WACC	10.8%

ROI	WACC				
	10.2%	10.5%	10.8%	11.1%	11.4%
117.1%	21.68	20.77	19.93	19.15	18.42
117.4%	21.72	20.81	19.96	19.18	18.45
117.6%	21.76	20.85	20.00	19.21	18.48
117.9%	21.80	20.88	20.03	19.25	18.51
118.1%	21.84	20.92	20.07	19.28	18.55

APPENDIX

I.

Research under MiFID II

1. there is an agreement between the research company GBC AG and the Issuer regarding the independent preparation and publication of this research report on the Issuer. GBC AG shall be remunerated for this by the Issuer.
2. the research report shall be made available simultaneously to all investment service providers interested therein.

II.

§1 Disclaimer/ Exclusion of liability

This document is for information purposes only. All data and information in this study has been obtained from sources that GBC believes to be reliable. Furthermore, the authors have taken the utmost care to ensure that the facts used and opinions expressed are reasonable and accurate. Nevertheless, no warranty or liability can be assumed for their accuracy - neither explicitly nor implicitly. Furthermore, all information may be incomplete or summarized. Neither GBC nor the individual authors accept any liability for damages arising from the use of this document or its contents or otherwise in this context.

Furthermore, we would like to point out that this document is neither an invitation to subscribe to nor to purchase any securities and should not be interpreted in this sense. Neither may it or any part of it serve as the basis for a binding contract of any kind whatsoever or be relied upon as a reliable source in this context. Any decision in connection with a prospective offer for sale of securities of the company or companies discussed in this publication should be made solely on the basis of information contained in prospectuses or offer letters issued in connection with such an offer.

GBC does not guarantee that the indicated yield or price targets will be achieved. Changes in the relevant assumptions on which this document is based may have a material impact on the target returns. Income from investments is subject to fluctuations. Investment decisions always require the advice of an investment advisor. Consequently, this document cannot assume an advisory function.

Distribution outside the Federal Republic of Germany:

This publication, if distributed in the UK, may only be made available to persons who are authorised or exempt under the Financial Services Act 1986 or persons covered by section 9(3) of the Financial Services Act 1986 (Investment Advertisement) (Exemptions) Order 1988 (as amended) and may not be communicated, directly or indirectly, to any other person or group of persons.

Neither this document nor a copy thereof may be brought, transferred or distributed in the United States of America or its territories or possessions. The distribution of this document in Canada, Japan or other jurisdictions may be restricted by law and persons into whose possession this publication comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the United States, Canadian or Japanese securities laws or the laws of any other jurisdiction.

By accepting this document, you accept any disclaimer and the above limitations.

You will also find the information on the disclaimer/exclusion of liability under www.gbc-ag.de

Legal information and publications in accordance with § 85 WpHG and FinAnV

The notes are also available on the Internet at the following address
<http://www.gbc-ag.de/de/Offenlegung>

§ 2 (I) Updating:

A concrete update of the present analysis(s) at a fixed date has not yet been scheduled. GBC AG reserves the right to update the analysis without prior notice.

§ 2 (II) Recommendation/ Ratings/ Classification:

Since 1 July 2006, GBC AG has used a 3-level absolute share rating system. Since 1.7.2007, the ratings have been based on a time horizon of at least 6 to a maximum of 18 months. Previously, the ratings were based on a time horizon of up to 12 months. When the analysis is published, the investment recommendations are determined by reference to the expected return in accordance with the ratings described below. Temporary price deviations outside of these ranges do not automatically lead to a change of rating, but do give rise to a revision of the original recommendation.

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%.
SELL	The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is <= - 10%.

Price targets of GBC AG are determined on the basis of the fair value per share, which is determined on the basis of generally accepted and widely used methods of fundamental analysis, such as the DCF method, peer group comparison and/or the sum-of-the-parts method. This is done by taking into account fundamental factors such as stock splits, capital reductions, capital increases, M&A activities, share buybacks, etc.

§ 2 (III) Historical recommendations:

GBC's historical recommendations on the present analysis(s) are available on the Internet at the following address
<http://www.gbc-ag.de/de/Offenlegung>

§ 2 (IV) Information base:

For the preparation of the present analysis(s), publicly available information about the issuer(s), (where available, the three most recently published annual and quarterly reports, ad-hoc announcements, press releases, securities prospectus, company presentations, etc.), which GBC believes to be reliable, has been used. In addition, discussions were held with the management of the company(ies) in question in order to have the facts relating to the business development explained in more detail.

§ Section 2 (V) 1. conflicts of interest pursuant to Section 85 of the German Securities Trading Act (WpHG) and Art. 20 of the German Securities Trading Act (MAR)

GBC AG and the responsible analyst hereby declare that the following potential conflicts of interest for which the company(ies) named in the analysis exist at the time of publication and therefore comply with the obligations of § 85 WpHG and Art. 20 MAR. An exact explanation of the possible conflicts of interest is provided in the catalogue of possible conflicts of interest under § 2 (V) 2.

The following potential conflict of interest exists with respect to the securities or financial instruments discussed in the analysis: (5a,11)

§ Section 2 (V) 2. catalogue of possible conflicts of interest:

- (1) GBC AG or a legal entity affiliated with it holds at the time of publication shares or other financial instruments in this analysed company or analysed financial instrument or financial product.
- (2) This company holds more than 3% of the shares in GBC AG or a legal entity affiliated with it.
- (3) GBC AG or a legal entity affiliated with it is market maker or designated sponsor in the financial instruments of this company.
- (4) GBC AG or a legal entity affiliated with it was, at the time of the public issue, in the previous 12 months of financial instruments of this company.
- (5) a) GBC AG or a legal entity affiliated with it has entered into an agreement in the preceding 12 months concerning the Preparation of research reports against payment with this company or issuer of the analysed financial instrument hit. Under this agreement, the issuer was given access to the draft financial analysis (without the valuation section) prior to publication.
- (5) b) An amendment to the draft financial analysis has been made on the basis of justified indications from the company or issuer
- (6) a) GBC AG or a legal entity affiliated with it has entered into an agreement in the preceding 12 months concerning the Preparation of research reports against payment with a third party on this company or financial instrument. In Under this agreement, the third party and/or company and/or issuer of the financial instrument of Draft of the analysis (without evaluation part) made available prior to publication.
- (6) b) An amendment to the draft financial analysis has been made on the basis of justified indications of the third party and/or issuer
7. The analyst responsible, the principal analyst, the deputy principal analyst and/or any other person involved in the preparation of the study Person holds shares or other financial instruments in this company at the time of publication.
- (8) The responsible analyst of this company is a member of the local management board or supervisory board.
- (9) The relevant analyst has, prior to the date of publication, acquired shares in the company he/she is analysing before public issue were received or acquired.
- (10) GBC AG or a legal entity affiliated with it has entered into an agreement within the preceding 12 months regarding the Provision of consulting services with the analyzed company closed.
- (11) GBC AG or a legal entity affiliated with it has significant financial interests in the analysed company, e.g. the acquisition and/or exercise of mandates with the analysed company or the acquisition and/or provision of of services for the analysed company (e.g. presentation at conferences, roundtables, road shows etc.)
- (12) At the time of the financial analysis, the analysed company is located in a country which is controlled by GBC AG or its affiliates.

legal entity, financial instrument or financial product (e.g. certificate, fund, etc.) that is managed or advised

§ 2 (V) 3. compliance:

GBC has internal regulatory arrangements in place to prevent or disclose potential conflicts of interest, if any. The current Compliance Officer, Karin Jaegg, Email: jaegg@gbc-ag.de, is responsible for compliance with the regulations.

§ 2 (VI) Responsible for the preparation:

The company responsible for the preparation of the present analysis(s) is GBC AG, based in Augsburg, which is registered as a research institute with the responsible supervisory authority (Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Marie-Curie-Str. 24-28, 60439 Frankfurt).

GBC AG is currently represented by its board members Manuel Hölzle (chairman) and Jörg Grunwald.

The analysts responsible for this analysis are

Matthias Greiffenberger, M.Sc., M.A., Financial Analyst

Marcel Schaffer, B.A., Financial Analyst

Other people involved in the study:

Manuel Hölzle, Dipl. Kaufmann, Chief Analyst

§ 3 Copyrights

This document is protected by copyright. It is provided for your information only and may not be reproduced or distributed to any other person. Any use of this document outside the limits of the copyright law generally requires the consent of the GBC or the respective company, if there has been a transfer of rights of use and publication.

GBC AG
Halderstrasse 27
D 86150 Augsburg
Phone: 0821/24 11 33-0
Fax: 0821/24 11 33-30
Internet: <http://www.gbc-ag.de>

Email: compliance@gbc-ag.de



GBC AG[®]
- RESEARCH & INVESTMENT ANALYSEN -

GBC AG
Halderstrasse 27
86150 Augsburg
Internet: <http://www.gbc-ag.de>
Fax: ++49 (0)821/241133-30
Tel.: ++49 (0)821/241133-0
Email: office@gbc-ag.de