



**Research study (Anno)**

**EasyMotionSkin Tec AG**

**EASY  
MOTION  
SKIN**

**Solid annual result 2022**

-

**Cooperations and new sales approaches contribute to the high growth momentum expected in the medium term**

**Target price: € 15.50  
(previously: CHF 20.00 / € 20.32)  
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".

## EasyMotionSkin Tec AG\*5a,11

Rating: BUY

Target price: € 15.50  
(previously: CHF 20.00 / € 20.32)

Current price: € 8.65  
(04/14/2013 17:35 Xetra)

### Master data:

ISIN: LI1147158318  
WKN: A3C7M8  
Stock exchange symbol: EFIT  
Number of shares<sup>3</sup>: 10.00  
Market cap<sup>3</sup>: 86.50  
EnterpriseValue<sup>3</sup>: 82.84  
<sup>3</sup> in million / in EUR million

Market segment:  
m:access

Accounting: PGR

Designated Sponsor:  
mwb fairtrade Wertpapierhandelsbank AG

Financial year: 31.12.

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\* Catalog of possible conflicts of interest on page 17

### Company profile

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

Focus: fitness system based on electromuscular stimulation

Employees: 19 Status: 12/31/2022

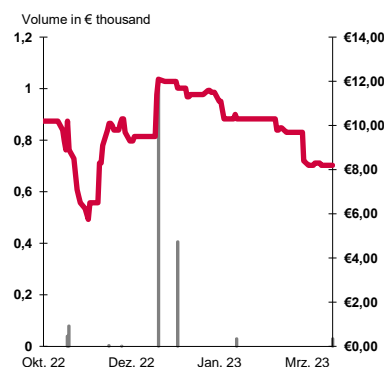
Foundation: 11.06.2014

Headquarters: Triesen, Liechtenstein

Board of Directors: Jürgen Baltes, Werner Murr, Christian Keck

EasyMotionSkin Tec AG and its subsidiary 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 EUR million \ FY-end	31.12.2022	31.12.2023e	31.12.2024e	31.12.2025e
Sales	9.89	10.02	22.11	28.00
EBITDA	0.77	1.12	3.61	5.02
EBIT	0.62	0.94	3.42	4.83
Net income	0.35	0.69	2.22	3.21

Key figures in EUR				
Earnings per share	0.03	0.07	0.22	0.32
Dividend per share	0.00	0.00	0.00	0.00

Key figures				
EV/sales	8.45	8.34	3.78	2.99
EV/EBITDA	108.26	74.53	23.17	16.64
EV/EBIT	134.47	88.78	24.43	17.30
KGV	248.59	126.24	38.90	26.95
KBV	13.27			

**Financial Calendar**  
November 15/16, 2023: MKK

**\*\*last research from GBC:**  
Date: Publication / Target price in EUR / Rating  
08/22/2022: RS / 20.00 CHF / 20.32 EUR / BUY  
09/24/2021: RS / 21.00 CHF / 19.28 EUR / BUY

\*\* Research studies listed above can be viewed at [www.gbc-ag.de](http://www.gbc-ag.de) or requested from GBC AG, Halderstr. 27, D86150 Augsburg, Germany.

## EXECUTIVE SUMMARY

- EasyMotionSkin Tec AG has published pro forma annual financial statements for the listed parent company EasyMotionSkin Tec AG and the subsidiary EasyMotionSkin Tec GmbH. There are no comparative figures for the previous year, as EMS GmbH was no longer included due to a purchase reversal. According to the management, external sales of around € 4.7 million were generated in the 2021 financial year. Thus, in the past fiscal year 2022, sales revenues increased by 110.4% to € 9.89 million, of which the largest part of the sales came from the B2C sector. A TV documentary about the "Power Suit" for astronaut training on the ISS also contributed significantly to an increase in awareness.
- The company and also the entire industry were hit by cost increases. The cost increases were primarily caused by inflation and supply chain disruptions during the COVID-19 pandemic. In particular, the shortage of chips led to production bottlenecks and cost increases. The company also continued to invest heavily in marketing to strengthen its brand. Nevertheless, a positive EBITDA of € 0.77 million was achieved and a net result of € 0.35 million.
- The company plans to expand its traditional sales strategy to include a rental and subscription model. The transition to a subscription model may lead to a temporary decrease in revenue, but may result in sustainable revenue growth in the long term. We expect overall revenue shifts of one year and forecast revenues of € 10.02 million for 2023, € 22.11 million for 2024, and € 28.0 million for 2025. EasyMotionSkin also plans to address the occupational health management market. We see a lot of potential here, as effective health management can offer many benefits for employees. In addition, a new study has shown that EMS training for back pain can be an effective measure as part of occupational health management.
- We expect EBITDA to be € 1.16 million in 2023 and to increase to € 5.07 million by 2025 due to scaling effects. However, the high marketing expenses will impact earnings. We forecast net income of € 0.73 million in 2023, € 2.26 million in 2024, and € 3.25 million in 2025.
- **We have changed our valuation model and forecasts to EUR (previously: CHF), as the pro forma consolidation was carried out in EUR. Based on the DCF model, we adjust our price target to € 15.50 (previously: CHF 20.00 / € 20.32). The reason for the reduced price target is the increased risk-free interest rate and the adjusted forecast. Against the backdrop of the upside potential, we assign a Buy rating.**

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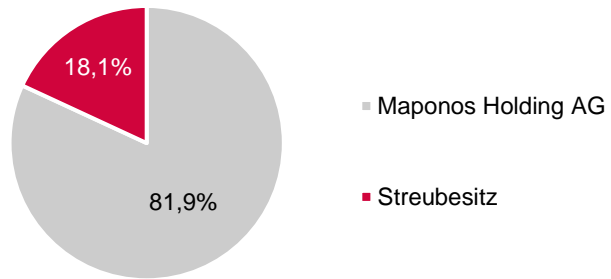
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## COMPANY

### Shareholder structure

Shareholders	Share
Maonos Holding AG	81.9%
Free float	18.1%

Sources: EasyMotionSkin; GBC AG



### Business activity of the EasyMotionSkin

EasyMotionSkin Tec AG and its subsidiary EasyMotionSkin Tec GmbH from Seefeld in Austria (together the EasyMotionSkin Group) are active in the market for training and fitness equipment using electromuscular stimulation (EMS). 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 also includes private and professional app solutions, studio concepts, sales concepts and fitness as well as lifestyle products.**

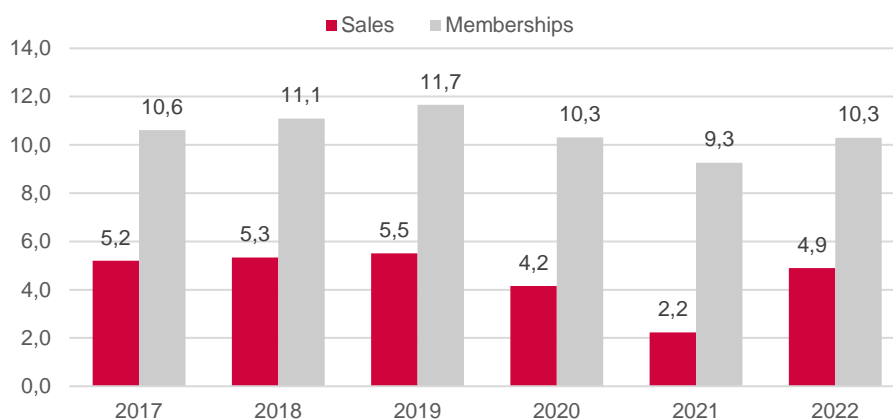


Source: EasyMotionSkin Tec AG

## MARKET AND MARKET ENVIRONMENT

In 2022, the German fitness and health industry generated total net sales of € 4.9 billion, representing a year-on-year sales growth of 122.7%. This growth is mainly due to the fact that, in 2021, operations were closed for around six months and therefore no sales were generated. In 2022, with the exception of the state of Saxony, no closures were ordered related to COVID-19, so revenue was generated throughout the year. In addition, the number of members increased, which was reflected in higher average revenue per member in 2022.

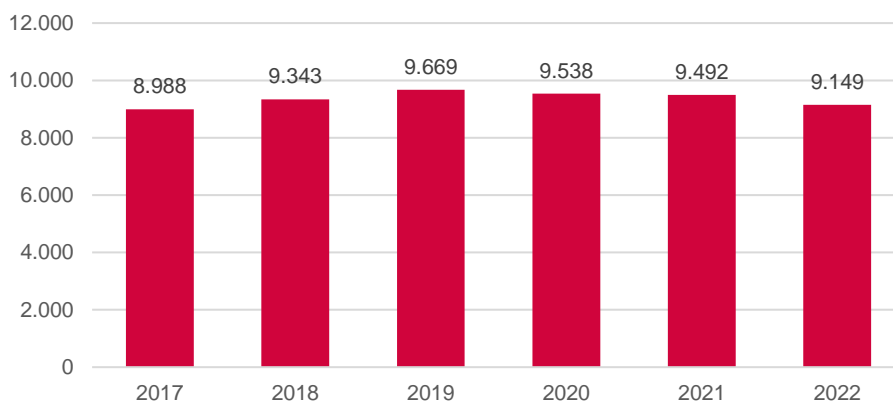
### Sales development (in € billion) and development of memberships



Source: DSSV

As of December 31, 2022, fitness and health facilities in Germany had a total of 10.3 million members. This figure is the same as December 2020, but lower than the pre-crisis level in 2019. Compared to the previous year, there was an increase of 1.0 million members in 2022, a growth rate of 10.8 percent. Individual institutions account for 3.9 million members, while small institutions have 0.4 million members. Chains remain the most popular facility type with 6.0 million members. There is an increase of 0.1 million members (+2.6%) among single facilities. Chains show the strongest growth with an increase of 1.0 million members (+20.0%). In contrast to the other two facility types, small facilities saw a decline of 0.1 million members in 2022 (-20.0%).

### Development of the number of installations



Source: DSSV

In 2022, there were a total of 9,149 commercially-operated fitness and health facilities in Germany, of which 4,374 are individual facilities. This is slightly less than half of the total number of facilities. Of the total, 2,301 are chain facilities and 2,474 are micro studios with

a total area of up to 200 square meters. Services such as circuit training, EMS training, personal training and functional training are offered in this segment.

According to the annual inventory of the German Olympic Sports Confederation (DOSB), fitness training will remain the most popular form of training in Germany in 2022, regardless of age and organizational structure, surpassing traditional club sports. Soccer remains in second place with 7.2 million members, followed by gymnastics in third place with 4.6 million members.

According to the latest market research results, two thirds (66.6%) of entrepreneurs are optimistic that their economic situation will improve over the next twelve months. This is an increase on the previous year, when only 62.8% had such a positive expectation. The survey also found that chain and micro businesses are more optimistic than individual studios: 77.1% and 77.5% respectively expect the economy to improve, while only 54.6% of individual studios share this view. Only 7.5% of operators expect their economic situation to worsen in the coming year, while individual studios are the most pessimistic at 11.5%. Chains and micro studios are below the industry average, at 2.9% and 5.0% respectively.

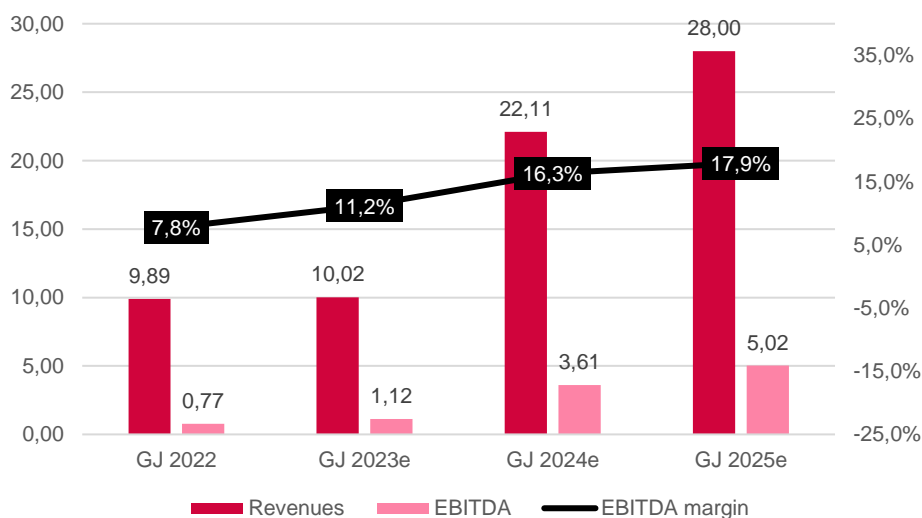
## CORPORATE DEVELOPMENT

### Key figures at a glance

in EUR million	FY 2022	FY 2023e	FY 2024e	FY 2025e
<b>Revenues</b>	<b>9.89</b>	<b>10.02</b>	<b>22.11</b>	<b>28.00</b>
Changes in inventories	0.24	0.00	0.00	0.00
Cost of materials	-5.92	-4.99	-14.00	-17.80
Personnel expenses	-1.21	-1.45	-1.67	-1.92
Other operating income	0.15	0.00	0.00	0.00
Other operating expenses	-2.39	-2.46	-2.83	-3.26
<b>EBITDA</b>	<b>0.77</b>	<b>1.12</b>	<b>3.61</b>	<b>5.02</b>
Depreciation	-0.15	-0.18	-0.19	-0.19
<b>EBIT</b>	<b>0.62</b>	<b>0.94</b>	<b>3.42</b>	<b>4.83</b>
Financial expenses	-0.25	-0.25	-0.25	-0.25
Financial income	0.00	0.00	0.00	0.00
<b>EBT</b>	<b>0.38</b>	<b>0.70</b>	<b>3.18</b>	<b>4.59</b>
Income taxes	-0.03	-0.01	-0.95	-1.38
other taxes	0.00	0.00	0.00	0.00
<b>Net result</b>	<b>0.35</b>	<b>0.69</b>	<b>2.22</b>	<b>3.21</b>
Revenues	9.89	10.02	22.11	28.00
EBITDA	0.77	1.12	3.61	5.02
<i>EBITDA margin</i>	<i>7.8%</i>	<i>11.2%</i>	<i>16.3%</i>	<i>17.9%</i>
EBIT	0.62	0.94	3.42	4.83
<i>EBIT margin</i>	<i>6.3%</i>	<i>9.4%</i>	<i>15.5%</i>	<i>17.3%</i>
Net result	0.35	0.69	2.22	3.21
<i>Net margin</i>	<i>3.5%</i>	<i>6.8%</i>	<i>10.1%</i>	<i>11.5%</i>

Source: GBC AG

### Development of revenue, EBITDA (in € million) and EBITDA margin (in %)



Source: GBC AG



## Business Development 20 22

Income statement (in € million)	FY 2022
Revenues	9.89
EBITDA	0.77
EBITDA margin	7.8%
EBIT	0.62
EBIT margin	6.3%
Net income	0.35
EPS in €	0.03

Sources: EasyMotionSkin Tec AG, GBC AG

### Sales development

EasyMotinSkin Tec AG has published pro forma financial statements for the companies EasyMotionSkin Tec AG (listed parent company) and EasyMotionSkin Tec GmbH (operating subsidiary in Austria) for the first time for the past fiscal year 2022 (in EUR). No comparative figures for the previous year have been published. The previously published EMS GmbH (German subsidiary for production) was no longer included due to a purchase reversal. EMS GmbH is responsible for the coordination of suppliers and is contractually bound to EasyMotionSkin Tec AG. However, EMS GmbH is not consolidated.

Sales revenues increased significantly and amounted to € 9.89 million. According to management, the previous year's external revenue was around € 4.7 million, which represents a significant increase in revenue of 110.4%. According to the company, the larger share of the revenue was generated from B2C revenues, as the B2B sector was even more affected by the corona pandemic. In addition, during the pandemic, the demand for sports that could be performed at home or outdoors increased, which strengthened the demand in the B2C sector. Furthermore, the numerous collaborations have significantly increased the awareness of EasyMotionSkin. The extensive TV documentary about the "Power Suit" for training astronauts on board the ISS is also likely to have boosted demand and awareness.

### Earnings development

The company, like the entire industry, has been confronted with cost increases. These are related in particular to the inflation prevailing last year, which led to a general increase in prices. On the other hand, there were disruptions in the supply chains. These are related to the COVID-19 pandemic and other global ones, which has led, for example, to shortages of raw materials, which has increased costs for companies that rely on these inputs. In particular, chips, which were also built into the suits, were affected by limited availability and cost increases.

This led to significantly increased prices in the chip market. The management of EasyMotionSkin also paid surcharges for faster deliveries. This resulted in a high cost of materials ratio of 59.8% or a cost of materials of € 5.92 million

Furthermore, the still-young company spends numerous funds on marketing in order to strengthen the brand. Despite the cost increases described above, some of which include special effects from 2022, EBITDA amounted to € 0.77 million and net income to € 0.35 million.

## Balance sheet and financial situation as of Dec. 31, 2022

in € million	31.12.2022
Equity	6.52
EC ratio (in %)	77.4%
Operating fixed assets	1.89
Working capital	3.38
Net financial assets	-2.89

Sources: EasyMotionSkin Tec AG, GBC AG

In the balance sheet analysis, it should be noted that the auditing firm Grant Thornton AG only issued a qualified audit opinion for EasyMotionSkin Tec AG. Among other things, this was due to the fact that the auditing firm was not provided with sufficient suitable audit evidence to test the recoverability of investments, loans and receivables.

The published consolidated balance sheet does not show any comparative figures with the previous year. The equity of the company amounts to € 6.52 million, which corresponds to an equity ratio of 77.4% (with total assets of € 8.42 million). A high proportion of equity comes from the shareholder loan conversion in 2021. The company has accumulated losses of € 0.61 million, these could be used in the future to reduce the tax burden. The EasyMotionSkin Group is fully equity-financed and has no interest-bearing debt.

Fixed assets are largely composed of intangible assets of € 1.85 million and financial assets of € 1.04 million. The financial assets largely relate to the investment in EasyMotionSkin Tec GmbH and the intangible assets to software developed in-house.

Extensive inventories amounting to € 2.39 million were built up under current assets. This is still attributable to the supply difficulties arising from the corona pandemic. Larger inventories were built up as a precautionary measure.

EasyMotionSkin Tec AG has net financial assets of € 2.89 million, which puts it in a solid position. The company continues to be solidly positioned with a good equity ratio and cash and cash equivalents of € 1.85 million.

## SWOT analysis

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

## FORECAST AND EVALUATION

Income statement (in € million)	FY 2022	FY 2023e	FY 2024e	FY 2025e
Revenues	9.89	10.02	22.11	28.00
EBITDA	0.77	1.16	3.65	5.07
EBITDA margin	7.8%	11.5%	16.5%	18.1%
EBIT	0.62	0.98	3.46	4.88
EBIT margin	6.3%	9.7%	15.7%	17.4%
Net income	0.35	0.73	2.26	3.25
EPS in €	0.03	0.07	0.23	0.32

Sources: GBC AG,

The forecasts relate to the EasyMotionSkin Group, consisting of EasyMotionSkin Tec AG and EasyMotionSkin Tec GmbH. The company plans to publish consolidated financial statements for the first time in fiscal year 2023. We have changed our forecasts from CHF to EUR. The reason for this is that the last pro forma consolidation was also in euros. In this way, there is better comparability, as we can now report all figures in the same currency. In addition, the current exchange rate between the Swiss franc (CHF) and the euro (EUR) is roughly par (CHF/EUR 1:1.01951 as of April 20, 2023, 14:39 UTC).

### Sales forecast

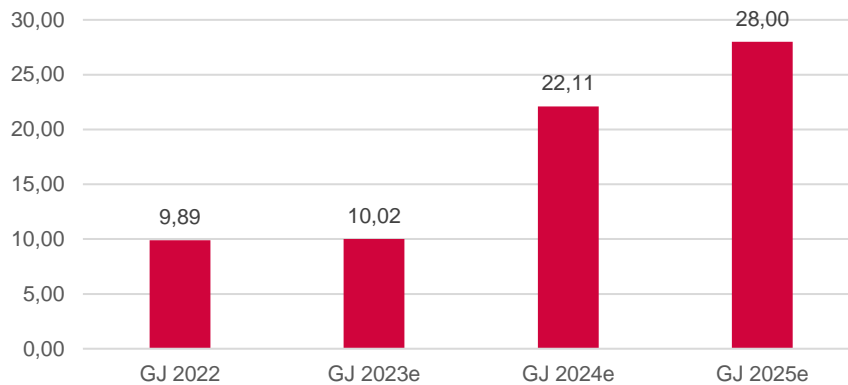
The company has already communicated that the sales approach will be expanded to include a rental or subscription model. When a company switches from a traditional sales model to a subscription-based model, this may initially lead to a decline in short-term revenue growth. Part of the reason is the change in revenue recognition. Instead of recognizing all revenue upfront, revenue is recognized over the subscription period. This can lead to a temporary decrease in revenue, even if the total amount of revenue over time is the same or even higher than in the traditional model.

Overall, the transition to a subscription-based model may require some short-term sacrifices in revenue and profitability. However, if successfully implemented, it may lead to more predictable and sustainable revenue growth in the long term. As a result, we expect most of the EasyMotionSkin guidance to shift backward by approximately one year. Our adjusted forecast assumes slightly reduced revenue in the medium-term forecast and we expect revenue in the current fiscal year 2023 to be almost similar to the revenue in the past fiscal year 2022. It should also be possible to address a broader customer base with the rental model, as EasyMotionSkin's products are premium products in the upper price segment. The rental model could reduce the price barrier to entry. Furthermore, in addition to fitness studios, physiotherapy and health care facilities, companies from the hotel, tourism, and beauty and cosmetics sectors can also benefit from the new subscription and rental models. This is particularly attractive for B2B customers, as it reduces the amount of capital tied up and allows new areas of business to be developed quickly. Therefore, we expect revenues of € 10.02 million in 2023, followed by € 22.11 million in 2024 and € 28.0 million in 2025, respectively (previously: FY 2022: CHF10.1 million; FY 2023: CHF 24.7 million; FY 2024: CHF 32.0 million).

In the course of adjusting its sales strategy, the company has also made a personnel change. Thus, EasyMotionSkin has hired a new board member and managing director for sales and marketing. Christian Keck, an experienced sales professional and entrepreneur with 30 years of international experience in marketing, sales and e-commerce, will support the company's expansion. The company EasyMotionSkin plans, in cooperation with BodyClub24, to establish a franchise system for EMS clubs. This will give interested parties the opportunity to establish themselves as independent franchise partners with their own EMS club. The cooperation with BodyClub24 will provide franchise partners with

a comprehensive range of training and support in the areas of marketing, finance and technology.

#### Sales forecast of the EasyMotionSkin Group (in € million)



Source: GBC AG

The company also plans to address the very attractive market for occupational health management (OHM). This is particularly interesting for companies, as an employer can spend up to 600 euros per employee and per year on BGM services tax-free. A company that offers BGM for its employees can, for example, achieve increased employee health and satisfaction, reduce absenteeism due to illnesses and injuries, achieve higher employee retention, create a better external image and save costs as absenteeism can be reduced. Back pain is one of the most common problems in the population. Therefore, the Sana Heart Center Cottbus conducted a study on the treatment of back pain with EMS ("EMS Training as an Effective Measure in Workplace Health Management (BGM)"). As part of the measure, the effect of EMS training on physical health was investigated. The development of muscle strength was measured by a rehabilitation facility and the quality of life before and after the training was recorded with a questionnaire. A clearly positive effect of EMS training was determined.

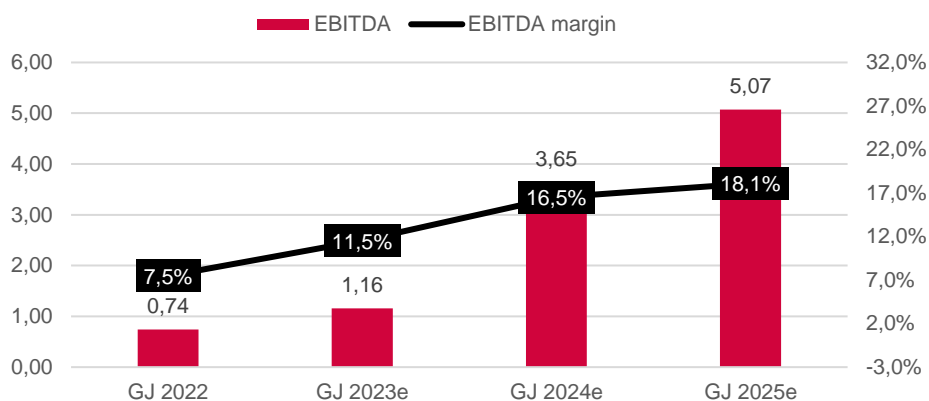
Last year, cooperation with ACISO started. We are confident that this year will see success through marketing and supply cooperation. EasyMotionSkin has gained a competitive advantage over competitors through its technological edge. As a cooperation partner, "YOUR HEALTH CLUB" will be equipped with EMS training systems and it is planned to establish about 25 such clubs in Europe. In addition to the hardware, the software and the studio app for customer and studio management will also be supplied. EasyMotionSkin will also provide staff training. Marketing activities will also be carried out together with ACISO.

Furthermore, there should be medium-to-long-term growth opportunities via the BodyClubs. Proton Health AG, the parent company of bodyclub 24 GmbH was acquired by EasyMotionSkin Tec GmbH. The existing shareholders of Proton Health AG will receive the purchase price in the form of existing shares of EasyMotionSkin Tec AG at the stock market price at that time. The total purchase price amounts to just under € 3 million. A sensible measure with sustainable synergies could be the integration of the BodyClub into EasyMotionSkin Tec AG. With its own franchise model within the company, EasyMotionSkin will continue to be a system supplier and will gain new sales potential through scaling effects as well as additional point-of-sale locations in the core market. The future name "EasyMotionSkin BodyClub" should benefit from the additional manpower, resources and infrastructure.

### Earnings forecast

We expect margins to increase as sales rise due to scaling effects. We assume that the cost of materials ratio will tend to remain at a high level, but that scaling will be achieved through disproportionately low increases in expenses in the area of personnel and other operating expenses. As a result, we forecast EBITDA of € 1.16 million in 2023, followed by € 3.65 million in 2024 and € 5.07 million in 2025. Nevertheless, we assume that the company will continue to actively pursue marketing activities to increase awareness as well as to develop new customer groups. However, these should not increase to the same extent as sales, so that an improvement in profitability can also be achieved from this.

#### EBITDA forecast (in € million)



Source: GBC AG

Overall, we expect net income of € 0.73 million in the current fiscal year 2023, followed by € 2.26 million in 2024 and € 3.25 million in 2025.

## Evaluation

### ***Model assumptions***

EasyMotionSkin Tec AG was valued by us using a three-stage DCF model. Starting with the concrete estimates for the years 2023 - 2025 in phase 1, the forecast is made from 2026 to 2030 in the second phase by applying value drivers. We expect strong annual sales growth of 38.5% (previously: 46.9%). We have assumed a target EBITDA margin of 25.0% (previously: 17.0%). We have included a tax rate of 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 2.0% (previously: 0.8%).**

We set 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 12.0% (previously: 10.8%) (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 12.0% (previously: 10.8%).

### ***Valuation result***

Within the framework of our DCF valuation model, we have determined a target price of €15.50 (previous target price: CHF20.00 or EUR20.32).

The reduction in the target price is due to the increase in the risk-free interest rate and the slightly lower forecast.

## DCF model

### EasyMotionSkin - Discounted Cash Flow (DCF) Consideration

Value drivers of the DCF model after the estimate phase:

consistency - phase		final - phase	
Sales growth	38.5%	Perpetual sales growth	2.0%
EBITDA margin	25.0%	Perpetual EBITA margin	24.9%
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 EUR million	estimate			consistency					final Final value
	GJ 23e	GJ 24e	GJ 25e	GJ 26e	GJ 27e	GJ 28e	FY 29e	GJ 30e	
Sales (US)	10.02	22.11	28.00	38.78	53.71	74.39	103.03	142.69	
US Change	1.3%	120.6%	26.6%	38.5%	38.5%	38.5%	38.5%	38.5%	2.0%
US to operating fixed assets	5.14	10.80	13.48	18.40	25.13	34.32	46.89	64.06	
EBITDA	1.12	3.61	5.02	9.70	13.43	18.60	25.76	35.67	
EBITDA margin	11.2%	16.3%	17.9%	25.0%	25.0%	25.0%	25.0%	25.0%	
EBITA	0.94	3.42	4.83	9.59	13.32	18.49	25.65	35.56	
EBITA margin	9.4%	15.5%	17.3%	24.7%	24.8%	24.9%	24.9%	24.9%	24.9%
Taxes on EBITA	-0.01	-1.03	-1.45	-2.88	-4.00	-5.55	-7.69	-10.67	
to EBITA	1.4%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
EBI (NOPLAT)	0.93	2.40	3.38	6.71	9.33	12.94	17.95	24.89	
Return on investment	17.6%	44.1%	59.3%	113.4%	155.8%	172.4%	186.9%	199.2%	153.9%
Working capital (WC)	3.48	3.66	3.84	3.88	5.37	7.44	10.30	14.27	
WC to turnover	34.8%	16.5%	13.7%	10.0%	10.0%	10.0%	10.0%	10.0%	
Investments in WC	-0.10	-0.17	-0.18	-0.04	-1.49	-2.07	-2.86	-3.97	
Operating assets (OAV)	1.95	2.05	2.08	2.11	2.14	2.17	2.20	2.23	
AFA on OAV	-0.18	-0.19	-0.19	-0.10	-0.11	-0.11	-0.11	-0.11	
AFA to OAV	9.2%	9.1%	9.2%	5.0%	5.0%	5.0%	5.0%	5.0%	
Investments in OAV	-0.24	-0.28	-0.22	-0.13	-0.14	-0.14	-0.14	-0.14	
Invested capital	5.43	5.71	5.92	5.99	7.51	9.61	12.50	16.50	
EBITDA	1.12	3.61	5.02	9.70	13.43	18.60	25.76	35.67	
Taxes on EBITA	-0.01	-1.03	-1.45	-2.88	-4.00	-5.55	-7.69	-10.67	
Total investments	-0.34	-0.46	-0.40	-0.17	-1.63	-2.20	-3.00	-4.11	
Investments in OAV	-0.24	-0.28	-0.22	-0.13	-0.14	-0.14	-0.14	-0.14	
Investments in WC	-0.10	-0.17	-0.18	-0.04	-1.49	-2.07	-2.86	-3.97	
Investments in goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free cash flows	0.77	2.12	3.17	6.65	7.80	10.85	15.06	20.90	251.66

Value of operating business (reporting date)	151.55	167.55
Present value of explicit FCFs	37.42	39.77
Present value of the continuing value	114.13	127.78
Net debt	-3.41	-5.29
Value of equity	154.96	172.84
Minority interests in profits	0.00	0.00
Value of share capital	154.96	172.84
Shares outstanding in million	10.00	10.00
Fair value of the share in EUR	<b>15.50</b>	17.28

#### Cost of Capital Determination:

Risk-free return	2.0%
Market risk premium	5.5%
Beta	1.81
Cost of equity	12.0%
Target weighting	100.0%
Cost of debt	2.0%
Target weighting	0.0%
Tax shield	25.0%

WACC **12.0%**

Return on investment	WACC				
	11.4%	11.7%	12.0%	12.3%	12.6%
153.4%	16.65	16.03	15.46	14.92	14.42
153.7%	16.67	16.05	15.48	14.94	14.43
153.9%	16.69	16.07	<b>15.50</b>	14.96	14.45
154.2%	16.71	16.09	15.51	14.97	14.47
154.4%	16.73	16.11	15.53	14.99	14.49



## APPENDIX

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