

European Wax Center

Expect continued resilience in this less-discretionary service offering

Reiterate Rating: BUY | PO: 19.00 USD | Price: 15.14 USD

Core customer remains resilient

We reiterate our Buy rating as EWCZ's less discretionary service offering, recurring revenue model, and strong unit growth make it a compelling stock. EWCZ reported 4Q revenue of \$56.3mn (+5% y/y) and comps of 1.3%, slightly ahead of the January preannouncement. The core customer base continued to prove resilient, maintaining consistent visit frequency and spend during the quarter. Mgmt introduced F24 guidance for revenue of \$225-232mn, comps 2-5%, and adj EBITDA \$75-80mn, in line with our estimates. Comps will be lowest in 1Q and ramp through the year as various growth initiatives take hold, and we see a path for comp acceleration beyond F24. We are lowering our F24 adj EBITDA est by 1% to \$81.7mn.

HSD unit growth in F24 and beyond

The company plans to open 75-80 new centers in F24, implying HSD y/y growth, in line with the long-term algo but below recent years. The pipeline is over 370 deep (over 90% from existing franchisees), giving mgmt confidence in delivering HSD annual unit growth in the years to come. Focus now is on markets that have had less activity over the last few years, and mgmt is launching an improved data-driven pre-opening playbook based on insights from the top performing centers, which should drive a faster ramp.

Growth initiatives in place

Driving Wax Pass adoption is a key priority as it provides a recurring and reliable revenue stream. To attract and retain new guests, the company tested a new 3+1 Wax Pass promo for new guests only as it is less of a commitment than the typical 6+1 or 9+2 Wax Pass offerings. The trial was successful and mgmt plans to roll this out network-wide in the Spring. Brow tinting tests have been successful and mgmt plans to roll out the service across the network; this should support margins as estheticians are able to add on this service within the same fifteen minute window for an eyebrow wax.

Laser trial expanding in F24

Laser services launched in 6 NY centers during 4Q and expanded to more NY centers during 1Q. Results are encouraging, with sales from both new and existing guests, and the pilot will expand to other states during the year; the company will incur \$4mn in investment related to the laser trial in F24.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	1.13	0.35	0.38	0.50	0.60
GAAP EPS	0.21	0.19	0.31	0.42	0.52
EPS Change (YoY)	156.8%	-69.0%	8.6%	31.6%	20.0%
Consensus EPS (Bloomberg)			0.45	0.60	0.80
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	13.4x	43.3x	39.8x	30.3x	25.2x
GAAP P/E	72.1x	79.7x	48.8x	36.0x	29.1x
EV / EBITDA*	20.2x	19.1x	17.7x	16.3x	14.9x
Free Cash Flow Yield*	4.6%	5.7%	5.0%	5.7%	6.4%

* For full definitions of *IQmethod*SM measures, see page 5.

06 March 2024

Equity

Key Changes

(US\$)	Previous	Current
2024E Rev (m)	223.6	228.2
2025E Rev (m)	241.4	245.4
2026E Rev (m)	NA	263.4
2024E EPS	0.42	0.38
2025E EPS	0.52	0.50
2026E EPS	NA	0.60

Lorraine Hutchinson, CFA

Research Analyst

BofAS

+1 646 855 0951

lorraine.hutchinson@bofa.com

Melanie Nuñez

Research Analyst

BofAS

+1 646 855 2279

melanie.nunez@bofa.com

Stock Data

Price	15.14 USD
Price Objective	19.00 USD
Date Established	9-Nov-2023
Investment Opinion	C-1-9
52-Week Range	11.97 USD - 20.70 USD
Mkrt Val (mn) / Shares Out (mn)	961 USD / 63.5
Free Float	60.8%
Average Daily Value (mn)	6.52 USD
BofA Ticker / Exchange	EW CZ / NAS
Bloomberg / Reuters	EW CZ US / EW CZ.OQ
ROE (2024E)	17.3%
Net Dbt to Eqty (Dec-2023A)	286.3%
ESGMeter TM	NLA

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

HSD: high single digit

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Refer to important disclosures on page 6 to 8. Analyst Certification on page 4. Price Objective Basis/Risk on page 4.

12667864

Timestamp: 06 March 2024 02:39PM EST

iQprofileSM European Wax Center

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	7.0%	6.1%	6.1%	6.9%	7.2%
Return on Equity	30.3%	18.3%	17.3%	16.9%	15.7%
Operating Margin	23.9%	25.3%	26.4%	27.6%	28.7%
Free Cash Flow	44	55	48	55	61

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	0.6x	2.5x	2.0x	1.8x	1.6x
Asset Replacement Ratio	0x	0x	0x	0x	0x
Tax Rate	NM	22.7%	25.0%	20.0%	20.0%
Net Debt-to-Equity Ratio	258.5%	286.3%	173.2%	105.2%	60.0%
Interest Cover	2.3x	2.1x	2.1x	2.4x	2.7x

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	207	221	228	245	263
% Change	16.0%	6.6%	3.2%	7.5%	7.4%
Gross Profit	148	158	165	177	190
% Change	12.4%	6.9%	3.9%	7.7%	7.5%
EBITDA	72	76	82	89	97
% Change	11.7%	6.1%	7.5%	8.9%	9.1%
Net Interest & Other Income	(22)	(27)	(28)	(28)	(28)
Net Income (Adjusted)	71	23	24	32	38
% Change	155.7%	-68.5%	6.6%	31.7%	20.3%

Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	71	23	24	32	38
Depreciation & Amortization	20	20	20	20	20
Change in Working Capital	(7)	1	3	2	2
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(41)	11	1	1	1
Capital Expenditure	0	(1)	0	0	0
Free Cash Flow	44	55	48	55	61
% Change	8.1%	24.3%	-12.3%	14.5%	11.1%
Share / Issue Repurchase	0	0	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	202	(4)	0	0	0

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	44	53	107	162	224
Trade Receivables	7	9	9	10	12
Other Current Assets	35	34	25	23	21
Property, Plant & Equipment	3	2	2	1	0
Other Non-Current Assets	627	638	638	638	638
Total Assets	716	736	781	834	895
Short-Term Debt	10	15	15	15	15
Other Current Liabilities	23	23	23	25	26
Long-Term Debt	371	372	372	372	372
Other Non-Current Liabilities	182	209	209	210	210
Total Liabilities	586	619	619	621	623
Total Equity	130	117	161	213	272
Total Equity & Liabilities	716	736	781	834	895

* For full definitions of iQmethodSM measures, see page 5.

Company Sector

Retailing-Specialty

Company Description

European Wax Center is a franchisor of out-of home (OOH) wax-based hair removal centers. We view EWC as an industry disrupter in the OOH hair removal category with a focus on professionalization and high-quality waxing experiences. EWC's expert line-up of services and products are more effective, timely, cleaner, and less painful than at-home solutions and often less expensive, more effective, and less of a safety risk than other OOH services.

Investment Rationale

Our rating on European Wax Center (EWCZ) is Buy. Its large, underpenetrated total addressable market, high customer loyalty, and predictable revenue stream make this model compelling. Strong franchisee profitability and returns increase our confidence that EWC can grow its network of centers and its high margins and asset-light model translate to strong FCF.

Stock Data

Average Daily Volume 430,349

Quarterly Earnings Estimates

	2023	2024
Q1	0.05A	0.06E
Q2	0.11A	0.12E
Q3	0.10A	0.10E
Q4	0.09A	0.10E

**Exhibit 1: EWCZ Income Statement**

EWCZ reported 4Q revenue of \$56.3mn (+5% y/y) and comps of 1.3%.

EWCZ	1Q 23	2Q 23	3Q 23	4Q 23	FY 2023	1Q 24E	2Q 24E	3Q 24E	4Q 24E	FY 2024E	1Q 25E	2Q 25E	3Q 25E	4Q 25E	FY 2025E	1Q 26E	2Q 26E	3Q 26E	4Q 26E	FY 2026E
Income Statement (\$ in thousands)	Mar	Jun	Sep	Dec		Mar	Jun	Sep	Dec		Mar	Jun	Sep	Dec		Mar	Jun	Sep	Dec	
Services	205,85	235,78	222,41																	
Retail	0	3	7	225,150	889,200	212,004	247,188	238,649	237,940	935,781	229,011	265,314	256,441	255,825	1,006,591	247,216	285,407	275,030	273,751	1,081,404
	12,591	18,406	18,289	16,559	65,845	14,824	17,284	16,687	16,637	65,431	16,013	18,551	17,931	17,888	70,382	17,286	19,956	19,230	19,141	75,613
Total System-Wide Sales	218,44	254,18	240,70	241,70	955,04	226,82	264,47	255,33	254,57	1,001,21	245,02	283,86	274,37	273,71	1,076,97	264,50	305,36	294,26	292,89	1,157,01
	1	9	6	9	5	8	1	6	7	2	4	6	2	3	3	1	3	0	2	7
Product Sales	27,842	33,725	31,890	31,812	125,269	29,041	33,882	32,505	32,086	127,513	31,370	36,366	34,928	34,498	137,162	33,864	39,120	37,460	36,915	147,359
Royalty Fees	12,351	14,147	13,345	13,509	53,352	12,267	14,674	14,406	14,601	55,948	13,255	15,754	15,484	15,703	60,196	14,312	16,951	16,610	16,807	64,680
Marketing Fees	6,902	7,915	7,551	7,626	29,994	6,870	8,258	8,211	8,187	31,525	7,440	8,885	8,844	8,823	33,991	8,050	9,579	9,505	9,461	36,595
Other Revenue	2,797	3,303	2,931	3,378	12,409	3,094	3,619	3,304	3,174	13,191	3,300	3,859	3,503	3,347	14,008	3,483	4,070	3,693	3,520	14,766
					221,02															
Total Revenue	49,892	59,090	55,717	56,325	4	51,272	60,432	58,426	58,048	228,177	55,365	64,864	62,758	62,370	245,357	59,709	69,720	67,268	66,703	263,401
COGS	14,457	16,900	15,721	15,559	62,637	15,050	16,945	15,992	15,661	63,647	16,195	18,115	17,114	16,769	68,192	17,415	19,408	18,279	17,870	72,973
					158,38															
Gross Profit	35,435	42,190	39,996	40,766	7	36,221	43,488	42,434	42,387	164,530	39,170	46,749	45,645	45,601	177,165	42,295	50,312	48,988	48,833	190,428
Selling, General, & Administrative	11,332	12,308	12,640	12,217	48,497	11,389	12,285	13,108	12,446	49,228	12,021	12,862	13,767	13,060	51,711	12,666	13,476	14,420	13,634	54,196
Advertising	7,809	8,684	8,099	9,277	33,869	8,025	8,881	8,493	9,561	34,960	8,666	9,533	9,123	10,273	37,593	9,346	10,246	9,778	10,986	40,356
Depreciation & amortization	5,063	5,045	5,040	5,022	20,170	5,063	5,045	5,040	5,022	20,170	5,063	5,045	5,040	5,022	20,170	5,063	5,045	5,040	5,022	20,170
Loss on Disposal of Assets, Contracts, & Property	0	0	0	7	7	0	0	0	7	7	0	0	0	8	8	0	0	0	8	8
Impairment of Internally Developed Software	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gain on Sale of Centers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	24,204	26,037	25,779	26,523	102,543	24,477	26,212	26,641	27,035	104,365	25,750	27,440	27,929	28,363	109,482	27,075	28,768	29,238	29,651	114,731
					-					-					-					-
Operating (Loss) Income	11,231	16,153	14,217	14,243	55,844	11,744	17,276	15,793	15,351	60,164	13,420	19,310	17,715	17,238	67,683	15,220	21,544	19,751	19,182	75,697
Interest Expense	6,862	6,762	6,471	6,591	26,686	7,031	7,031	7,031	7,031	28,125	7,031	7,031	7,031	7,031	28,125	7,031	7,031	7,031	7,031	28,125
Other expense (income)	0	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-tax Income	4,369	9,391	7,746	7,652	29,158	4,713	10,245	8,762	8,320	32,039	6,389	12,279	10,684	10,207	39,558	8,189	14,513	12,720	12,151	47,572
Taxes	963	2,331	1,678	1,652	6,624	1,178	2,561	2,190	2,080	8,010	1,278	2,456	2,137	2,041	7,912	1,638	2,903	2,544	2,430	9,514
Tax rate	22%	25%	22%	22%	23%	25%	25%	25%	25%	25%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Net Income	3,406	7,060	6,068	6,000	22,534	3,535	7,684	6,571	6,240	24,030	5,111	9,823	8,547	8,165	31,646	6,551	11,610	10,176	9,721	38,058
Adj Earnings per Share	\$0.05	\$0.11	\$0.10	\$0.09	\$0.35	\$0.06	\$0.12	\$0.10	\$0.10	\$0.38	\$0.08	\$0.15	\$0.13	\$0.13	\$0.50	\$0.10	\$0.18	\$0.16	\$0.15	\$0.60
Weighted average diluted shares																				
Share Count	62,684	62,694	62,437	63,539	63,539	63,539	63,539	63,539	63,539	63,539	63,539	63,539	63,539	63,539	63,539	63,539	63,539	63,539	63,539	63,539
EBITDA	10,363	20,164	17,490	17,422	65,439	15,757	21,271	19,783	19,323	76,134	17,313	23,170	21,563	21,056	83,102	19,025	25,315	23,510	22,911	90,761
Adjusted EBITDA	16,294	21,198	19,258	19,265	76,015	17,157	22,671	21,183	20,723	81,734	18,776	24,651	23,053	22,561	89,041	20,597	26,908	25,111	24,527	97,144

Source: Company filings and reports, BofA Global Research estimates

BofA GLOBAL RESEARCH

Price objective basis & risk

European Wax Center (EWCZ)

Our \$19 PO for European Wax Center is based on 17x EV/EBITDA multiple on our F25 estimates. This is a premium to the 12x EV/EBITDA average for a group of similar franchisors. We see this as warranted as its margins, sales growth and cash flow are superior.

Downside risks are any potential COVID-related shutdowns, a slowdown in the pace of franchisee openings, and share shift to other hair removal methods.

Analyst Certification

I, Lorraine Hutchinson, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Softline Retailing and Dept Stores Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Amer Sports Inc	AS	AS US	Lorraine Hutchinson, CFA
	Bath & Body Works Inc	BBWI	BBWI US	Lorraine Hutchinson, CFA
	Burlington Stores	BURL	BURL US	Lorraine Hutchinson, CFA
	Crocs, Inc.	CROX	CROX US	Christopher Nardone
	Deckers Outdoor Corp	DECK	DECK US	Christopher Nardone
	European Wax Center	EWCZ	EWCZ US	Lorraine Hutchinson, CFA
	lululemon athletica Inc	LULU	LULU US	Lorraine Hutchinson, CFA
	Oddity Tech	ODD	ODD US	Lorraine Hutchinson, CFA
	PVH Corp	PVH	PVH US	Christopher Nardone
	Ralph Lauren	RL	RL US	Christopher Nardone
	Ross Stores Inc	ROST	ROST US	Lorraine Hutchinson, CFA
	Tapestry Inc.	TPR	TPR US	Lorraine Hutchinson, CFA
	TJX Companies	TJX	TJX US	Lorraine Hutchinson, CFA
	Urban Outfitters	URBN	URBN US	Lorraine Hutchinson, CFA
	Victoria's Secret & Co	VSCO	VSCO US	Alice Xiao
NEUTRAL				
	American Eagle	AEO	AEO US	Christopher Nardone
	Birkenstock	BIRK	BIRK US	Lorraine Hutchinson, CFA
	FIGS, Inc.	FIGS	FIGS US	Alice Xiao
	Foot Locker	FL	FL US	Lorraine Hutchinson, CFA
	Levi Strauss & Co.	LEVI	LEVI US	Christopher Nardone
	Nike	NKE	NKE US	Lorraine Hutchinson, CFA
	Signet Jewelers	SIG	SIG US	Lorraine Hutchinson, CFA
	Ulta Beauty	ULTA	ULTA US	Lorraine Hutchinson, CFA
	Under Armour Inc	UAA	UAA US	Lorraine Hutchinson, CFA
UNDERPERFORM				
	Aritzia	YATZ	ATZ CN	Alice Xiao
	Aritzia	ATZAF	ATZAF US	Alice Xiao
	Carter's Inc	CRI	CRI US	Christopher Nardone
	Gap Inc.	GPS	GPS US	Lorraine Hutchinson, CFA
	Kohl's	KSS	KSS US	Lorraine Hutchinson, CFA
	Nordstrom	JWN	JWN US	Lorraine Hutchinson, CFA
	Revolve	RVLV	RVLV US	Alice Xiao
	V F Corp	VFC	VFC US	Lorraine Hutchinson, CFA
RSTR				
	Macy's	M	M US	Lorraine Hutchinson, CFA

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

iQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

iQdatabase[®] is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

iQprofileSM, iQmethodSM are service marks of Bank of America Corporation. iQdatabase[®] is a registered service mark of Bank of America Corporation.

Disclosures

Important Disclosures

European Wax Center (EWCZ) Price Chart



The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Retailing Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	96	57.83%	Buy	39	40.63%
Hold	32	19.28%	Hold	12	37.50%
Sell	38	22.89%	Sell	18	47.37%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. **Coverage Cluster** is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the [Price Charts website](#), or call 1-800-MERRILL to have them mailed.

BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: European Wax Center.

The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: European Wax Center.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: European Wax Center.

The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: European Wax Center.

BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: European Wax Center.

BofAS or one of its affiliates is willing to sell to, or buy from, clients the common equity of the issuer on a principal basis: European Wax Center.

The issuer is or was, within the last 12 months, a securities business client (non-investment banking) of BofAS and/or one or more of its affiliates: European Wax Center.

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall



profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

Other Important Disclosures

From time to time research analysts conduct site visits of covered issuers. BofA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits.

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BofAS or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.

Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at www.bofam.com/BofASEdisclaimer; BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Canadian Investment Regulatory Organization; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofAS Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information: has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities.

This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or

financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BofAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information. In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

BofA ESGMeter Methodology:

ESGMeter is a proprietary metric based on quantitative analysis and fundamental analyst inputs that reflects our assessment of a company's Environmental, Social and Governance-related attributes. The ESGMeter is intended to indicate a company's likelihood of experiencing stronger financial stability (higher return on equity and lower earnings and price volatility) over the next three years relative to peer group. There are three ESGMeter levels - Low, Medium, and High - which indicate whether a company has attributes most likely to translate into superior financial stability (in the case of a High level) or weaker financial stability (in the case of a Low level) over the next three years relative to its peer group. A Medium level suggests that a company exhibits ESG characteristics that are likely associated with financial stability results in line with its peer group over the next three years. Full details of our methodology, financial stability definition and disclaimers are available at [BofA ESGMeter methodology](#). ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating.

ESGMeter is independent of the BofA Global Research fundamental equity analyst's investment rating, volatility risk rating, income rating or price objective for that company.

Copyright and General Information:

Copyright 2024 Bank of America Corporation. All rights reserved. iQdatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofAS or any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BofA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.