

## EQUITY RESEARCH

# DOXEE

## RESULTS REVIEW

Press release

# BUY

**TP 9.5€** (vs 12.6€)  
Up/Downside: 81%

### 2023 Will Be a Year of Investments

**Doxee's revenue for 1H 2023 rose to €12.1m (vs. €11.1m YoY), with EBITDA under pressure at €-0.5m (vs. €1.5m YoY) and net debt is up to €18m (vs. €14.4m YoY).**

Revenue, up by 9.9%, was driven by the DX division (Document Experience), which posted €9.1m (vs. €7.7m YoY), and the IX division (Interactive Experience), which came in at €1.7m (vs. €1.5m YoY), while the PX division (paperless experience) fell to €1.3m (vs. €1.8m YoY). Recurring revenue (SaaS) accounted for 70% of the total.

The drop in EBITDA to €-0.5m (vs. €1.5m YoY) was due to three main factors: a slowdown in revenue growth caused by a slowdown in orders, Infinica integration costs, and finally a €3.3m commitment for research and development costs, in line with last year at 24% of revenue, and aimed at the launch of the Doxee 4 (Dp4) platform scheduled for completion in H1 2024.

Net debt increased to €18m (vs. €14.4m), of which €2m arose from the deferred recognition (under IFRS) of the option to repurchase 44% of the shares sold to Simest by Doxee CEE GmbH, to be exercised by 2030. Further absorption was caused by operations, which was partially offset by the disciplined control of working capital.

On 31 July 2023, Doxee exercised its 5% call option on Infinica, once again underlining the focus on slower growth in the DACH region.

Doxee believes that the signing of new framework and non-framework agreements in the Q3 2023 will provide higher visibility for the rest of the year, with a significant impact in 2024 when we expect business to pick up gradually.

We have cautiously decided to adjust our growth estimates for this year and the next few years. We have increased financial costs and upgraded our cost estimates for this year. We believe that, after a significant reduction in costs in 2024, the company will be in a position to achieve EBITDA of €8.1m (vs. €0.6m expected this year) and generate around €6m of cash by 2024 (vs. €6.1m of cash burn expected this year).

We are adjusting our TP in the short-term to €9.5 (vs. €12.6 previously), while reiterating our confidence in Doxee's European development plan.

#### Key data

Price (€)	5.3
Industry	Packaged Software
Ticker	DOX-IT
Shares Out (m)	8.624
Market Cap (m €)	45.3
Average trading volumes (k shares / day)	1.000

#### Ownership (%)

P&S Srl	67.4
Eiffel Investment Group	8.4
Ipoc 5 Srl	5.2
Free float	19.0

EPS (€)	12/23e	12/24e	12/25e
Estimates	-0.43	0.23	0.40
Change vs previous estimates (%)	na	-44.89	-33.93

Performance (%)	1D	1M	YTD
Price Perf	0.0	-24.5	-47.5
Rel FTSE Italy	-0.3	-23.0	-55.8



TP ICAP Midcap Estimates	12/22	12/23e	12/24e	12/25e	Valuation Ratio	12/23e	12/24e	12/25e
Sales (m €)	25.5	25.5	31.1	36.7	EV/Sales	2.6	1.9	1.5
Current Op Inc (m €)	1.8	-3.3	3.6	5.6	EV/EBITDA	na	7.4	5.4
Current op. Margin (%)	7.1	na	11.6	15.2	EV/EBIT	na	16.6	10.1
EPS (€)	0.02	-0.43	0.23	0.40	PE	na	22.7	13.0
DPS (€)	0.00	0.00	0.00	0.00				
Yield (%)	0.0	0.0	0.0	0.0				
FCF (m €)	-2.3	-7.0	5.9	3.8				

Consensus FactSet - Analysts:na	12/23e	12/24e	12/25e
Sales	31.0	38.5	45.5
EBIT	1.6	4.0	6.5
Net income	0.9	2.8	4.7

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## FINANCIAL DATA

Income Statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
Sales	17.7	20.8	25.5	25.5	31.1	36.7
Changes (%)	14.3	17.7	22.2	0.0	22.0	18.0
Gross profit	17.2	20.4	25.5	25.4	31.0	36.6
% of Sales	96.9	98.1	100.0	99.7	99.7	99.8
<b>EBITDA</b>	<b>4.9</b>	<b>5.5</b>	<b>4.9</b>	<b>0.6</b>	<b>8.1</b>	<b>10.3</b>
% of Sales	27.6	26.3	19.4	2.2	26.1	28.2
<b>Current operating profit</b>	<b>2.1</b>	<b>1.9</b>	<b>1.8</b>	<b>-3.3</b>	<b>3.6</b>	<b>5.6</b>
% of Sales	12.1	9.3	7.1	-13.1	11.6	15.2
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	2.1	1.9	1.8	-3.3	3.6	5.6
Net financial result	-0.6	0.1	-0.2	-0.8	-0.8	-0.7
Income Tax	-0.6	-0.2	-0.4	0.4	-0.8	-1.3
Tax rate (%)	38.8	11.3	23.2	10.0	27.9	27.9
<b>Net profit, group share</b>	<b>0.9</b>	<b>1.8</b>	<b>1.3</b>	<b>-3.7</b>	<b>2.0</b>	<b>3.5</b>
EPS	0.11	0.03	0.02	na	0.23	0.40
Financial Statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
Goodwill	0.0	0.0	11.8	12.9	12.9	12.9
Tangible and intangible assets	10.6	12.4	16.7	19.1	18.3	17.4
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Working capital	1.4	3.2	3.5	4.6	1.9	2.7
Other Assets	1.1	0.6	0.4	0.4	0.4	0.4
<b>Assets</b>	<b>13.1</b>	<b>16.2</b>	<b>32.4</b>	<b>37.1</b>	<b>33.5</b>	<b>33.5</b>
Shareholders equity group	5.0	8.8	13.5	11.7	13.7	17.2
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
LT & ST provisions and others	3.7	4.1	4.2	4.5	4.8	5.1
<b>Net debt</b>	<b>4.3</b>	<b>3.3</b>	<b>14.5</b>	<b>20.6</b>	<b>14.7</b>	<b>10.9</b>
Other liabilities	0.0	0.0	0.3	0.3	0.3	0.3
<b>Liabilities</b>	<b>13.1</b>	<b>16.2</b>	<b>32.4</b>	<b>37.1</b>	<b>33.5</b>	<b>33.5</b>
Net debt excl. IFRS 16	4.3	3.3	14.5	20.6	14.7	10.9
Gearing net	0.9	0.4	1.1	1.8	1.1	0.6
Leverage	0.9	0.6	2.9	36.4	1.8	1.1
Cash flow statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
CF after elimination of net borrowing costs and taxes	3.9	5.3	5.4	0.1	6.5	8.3
<b>ΔWCR</b>	<b>-0.1</b>	<b>-1.6</b>	<b>-0.9</b>	<b>-0.8</b>	<b>3.0</b>	<b>-0.6</b>
Operating cash flow	3.8	3.7	4.5	-0.6	9.5	7.7
Net capex	-4.0	-4.1	-6.8	-6.3	-3.7	-3.8
FCF	-0.1	-0.4	-2.3	-7.0	5.9	3.8
Acquisitions/Disposals of subsidiaries	0.0	0.0	-7.5	-1.1	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	-0.5	1.4	5.1	4.5	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	-0.0	2.4	2.3	2.0	0.0	0.0
Others	0.0	-0.6	-0.6	0.0	0.0	0.0
<b>Change in net cash over the year</b>	<b>-0.5</b>	<b>3.0</b>	<b>-3.0</b>	<b>-1.6</b>	<b>5.9</b>	<b>3.8</b>
ROA (%)	6.9%	10.8%	3.9%	na	6.0%	10.4%
ROE (%)	18.2%	20.0%	9.3%	na	14.5%	20.3%
ROCE (%)	18.2%	20.0%	9.3%	na	14.5%	20.3%

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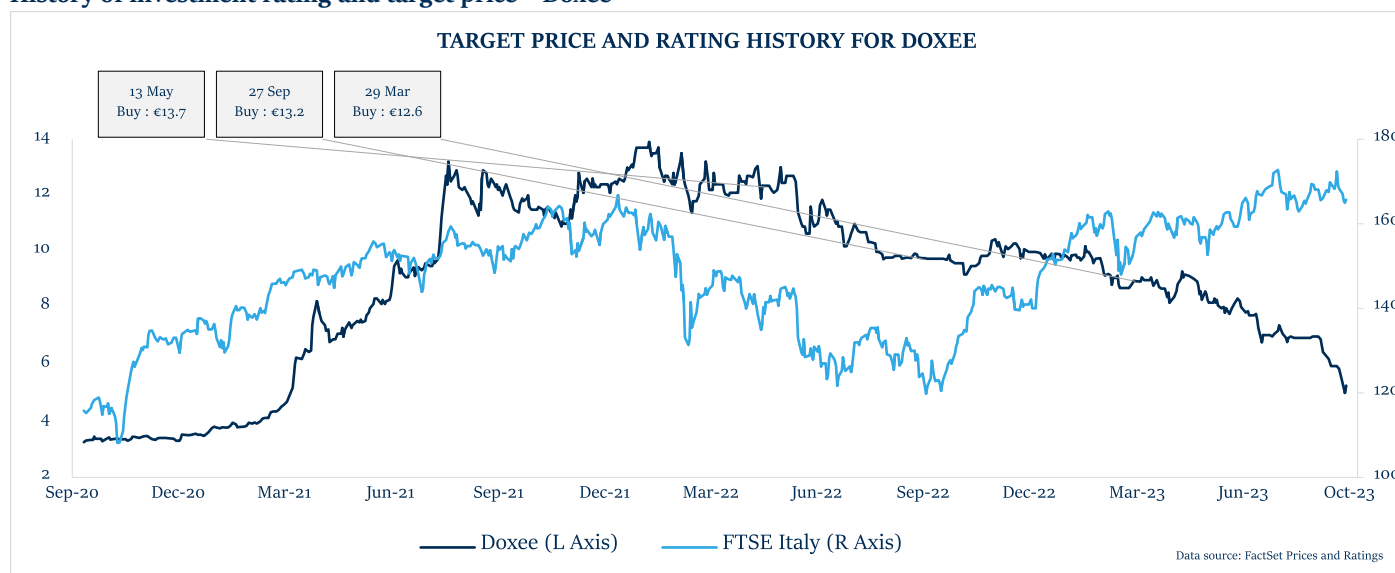
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1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
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5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

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G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: Doxee

### History of investment rating and target price – Doxee



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Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	80%	65%
Hold	17%	46%
Sell	3%	25%
Under review	1%	100%

Midcap employs a rating system based on the following:

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