

UPDATE

EQUITY RESEARCH

Doxee

ISIM INTEGRÆ

Euronext Growth Milan | ICT | Italy

Production 14/05/2024, h. 06:30 pm

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Rating

BUY

unchanged

Target Price

€ 6,75

prev. € 6,80

Risk

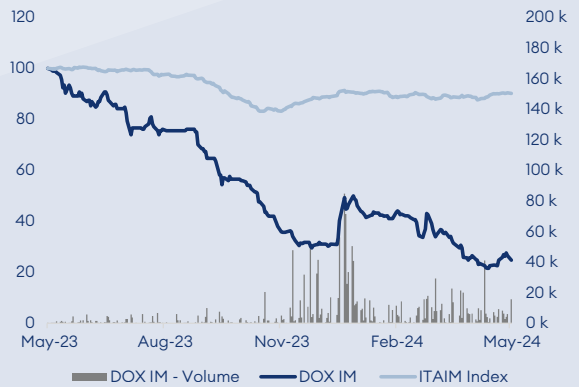


Medium

Upside potential

196,2%

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	€ 2,28
Target price	€ 6,75
Upside/(Downside) potential	196,2%
Ticker	DOX IM
Market Cap (€/mln)	€ 19,66
EV (€/mln)	€ 41,27
Free Float	18,97%
Share Outstanding	8.623.807
52-week high	€ 9,15
52-week low	€ 1,92
Average daily volumes (3 months)	7.532

Key Financials (€/mln)	FY23A	FY24E	FY25E	FY26E
VoP	29,53	30,00	35,50	39,00
EBITDA	(0,20)	3,90	7,70	8,95
EBIT	(4,54)	(1,80)	1,70	3,45
Net Income	(5,10)	(2,80)	0,55	1,95
Net Financial Position	21,61	21,35	15,80	12,65
EBITDA margin	n.m.	13,0%	21,7%	22,9%
EBIT margin	n.m.	n.m.	4,8%	8,8%
Net Income margin	n.m.	n.m.	1,5%	5,0%

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Stock performance	1M	3M	6M	1Y
Absolute	-6,6%	-43,8%	-30,9%	-75,2%
to FTSE Italia Growth	-8,2%	-45,6%	-39,2%	-65,4%
to Euronext STAR Milan	-9,7%	-48,3%	-43,5%	-75,6%
to FTSE All-Share	-9,6%	-55,2%	-51,0%	-100,8%
to EUROSTOXX	-9,1%	-52,2%	-50,9%	-92,8%
to MSCI World Index	-8,5%	-49,6%	-48,5%	-98,3%

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	n/a	10,6x	5,4x	4,6x
EV/EBIT	n/a	n/a	24,3x	12,x
P/E	n/a	n/a	35,7x	10,1x

FY23A Results

Revenues amount to € 25.84 million, an increase compared to the restated result of € 23.82 million for the previous fiscal year. EBITDA, amounting to € -0.20 million, shows a decrease compared to € 4.05 million for the restated previous fiscal year. EBIT stands at € -4.54 million, compared to the result of the last fiscal year of € 0.80 million and our previous estimates of € -4.25 million. Net Income is € -5.10 million, compared to € 0.49 million for FY22A*. The NFP goes from € 14.43 million for FY22A* to € 21.61 million of debt in FY23A.

Estimates Update

In light of the re-approval of the FY23A budget for the reasons mentioned above, we almost entirely confirm the estimates for both the current year and the coming years. In particular, we confirm the Value of Production for FY24E at € 30.00 million and an EBITDA of € 3.90 million, corresponding to a margin of 13.0%. For the following years, we expect the Value of Production to increase to € 42.00 million (CAGR 23A-27E: 9.2%) in FY27E, with an EBITDA of € 12.00 million (corresponding to a margin of 28.6%), an increase from € -0.20 million in FY23A (corresponding to an EBITDA margin of -0.7%). We estimate an NFP of debt for FY27E of € 7.10 million.

Valuation Update

We conducted our valuation of the equity value of Doxee based on the DCF method and multiples of a sample of comparable companies. The DCF method (including, for prudential purposes, a specific risk of 2.5% in the calculation of the WACC) returned an equity value of € 66.5 million. Using market multiples, the equity value of Doxee was calculated to be € 49.9 million (including a discount of 25%). The result is an average equity value of approximately € 58.2 million. The target price is € 6.75, with a BUY rating, and MEDIUM risk.

Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY22A*	FY23A	FY24E	FY25E	FY26E	FY27E
Revenues	23,82	25,84	27,00	32,50	36,00	39,00
Other revenues	3,28	3,69	3,00	3,00	3,00	3,00
Value of Production	27,10	29,53	30,00	35,50	39,00	42,00
COGS	0,01	0,01	0,00	0,00	0,00	0,00
Services	12,78	14,90	11,70	12,30	13,50	14,00
Employees	9,85	13,55	13,90	15,00	16,00	15,40
Other operating costs	0,41	1,27	0,50	0,50	0,55	0,60
EBITDA	4,05	(0,20)	3,90	7,70	8,95	12,00
<i>EBITDA Margin</i>	<i>15,0%</i>	<i>-0,7%</i>	<i>13,0%</i>	<i>21,7%</i>	<i>22,9%</i>	<i>28,6%</i>
D&A	3,25	4,34	5,70	6,00	5,50	5,50
EBIT	0,80	(4,54)	(1,80)	1,70	3,45	6,50
<i>EBIT Margin</i>	<i>3,0%</i>	<i>-15,4%</i>	<i>-6,0%</i>	<i>4,8%</i>	<i>8,8%</i>	<i>15,5%</i>
Financial management	(0,17)	(1,08)	(1,00)	(1,00)	(0,90)	(0,80)
EBT	0,63	(5,62)	(2,80)	0,70	2,55	5,70
Taxes	0,14	(0,52)	0,00	0,15	0,60	1,35
Net Income	0,49	(5,10)	(2,80)	0,55	1,95	4,35

CONSOLIDATED BALANCE SHEET (€/mln)	FY22A*	FY23A	FY24E	FY25E	FY26E	FY27E
Fixed Assets	29,62	32,72	31,00	28,50	26,00	23,50
Account receivable	8,75	8,00	8,80	10,00	11,50	13,50
Account payable	10,44	10,69	12,00	14,50	15,50	16,00
Operating Working Capital	(1,69)	(2,69)	(3,20)	(4,50)	(4,00)	(2,50)
Other receivable	4,47	5,22	5,00	5,50	6,00	6,50
Other payable	4,49	5,08	5,50	7,00	6,50	7,00
Net Working Capital	(1,72)	(2,55)	(3,70)	(6,00)	(4,50)	(3,00)
Severance & other provisions	1,81	2,02	2,20	2,40	2,60	2,80
NET INVESTED CAPITAL	26,08	28,16	25,10	20,10	18,90	17,70

Share capital	1,91	1,91	1,91	1,91	1,91	1,91
Reserves	9,24	9,74	4,63	1,83	2,38	4,33
Net Income	0,49	(5,10)	(2,80)	0,55	1,95	4,35
Equity	11,65	6,55	3,75	4,30	6,25	10,60
Cash & cash equivalents	2,59	0,78	2,65	6,70	8,85	13,40
Short term financial debt	4,69	7,67	8,00	7,00	6,50	6,00
M/L term financial debt	12,34	14,71	16,00	15,50	15,00	14,50
Net Financial Position	14,43	21,61	21,35	15,80	12,65	7,10
SOURCES	26,08	28,16	25,10	20,10	18,90	17,70

CONSOLIDATED CASH FLOW (€/mln)	FY23A	FY24E	FY25E	FY26E	FY27E
EBIT	(4,54)	(1,80)	1,70	3,45	6,50
Taxes	(0,52)	0,00	0,15	0,60	1,35
NOPAT	(4,02)	(1,80)	1,55	2,85	5,15
D&A	4,34	5,70	6,00	5,50	5,50
Change in NWC	0,83	1,15	2,30	(1,50)	(1,50)
Change in receivable	0,75	(0,80)	(1,20)	(1,50)	(2,00)
Change in payable	0,25	1,31	2,50	1,00	0,50
Change in others	(0,17)	0,64	1,00	(1,00)	0,00
Change in provisions	0,20	0,18	0,20	0,20	0,20
OPERATING CASH FLOW	1,35	5,23	10,05	7,05	9,35
Capex	(7,45)	(3,98)	(3,50)	(3,00)	(3,00)
FREE CASH FLOW	(6,10)	1,26	6,55	4,05	6,35
Financial Management	(1,08)	(1,00)	(1,00)	(0,90)	(0,80)
Change in Financial debt	5,36	1,61	(1,50)	(1,00)	(1,00)
Change in equity	0,00	0,00	0,00	0,00	0,00
FREE CASH FLOW TO EQUITY	(1,82)	1,87	4,05	2,15	4,55

Source: Doxee and Integrae SIM estimates
*Restated Data

Company Overview

Doxee is a company specialized in the high-tech sector and leader in Customer Communications Management (CCM), Paperless and Digital Customer Experience (DCX) markets. Addressing companies, particularly large companies in the Enterprise segment, the Issuer offers technological products delivered via the cloud on a single patented, proprietary platform, named Doxee Platform.

The products make communications interactive and highly personalized and are a powerful marketing tool for companies that contribute to the development and growth of their businesses. The Group has strongly innovated in the CCM, Paperless and DCX markets, designing three product lines that can be used through three different delivery models, SaaS, PaaS, and Op, and help customers to significantly improve the operational efficiency of their mission-critical processes.

FY23A Results

In the press release dated April 30, 2024, the Company undertook a review of the contractual conditions related to some complex and multi-year Information Technologies service contracts signed with various clients. Following this analysis, adjustments were made in terms of recognizing revenue and deferred costs associated with these contracts in compliance with the correct application of the international accounting standard IFRS 15 (related to the recognition of revenue and some associated costs). Consequently, the management made the appropriate retrospective adjustments, modifying the accounting methods and thus adjusting the revenue recognition and deferred costs previously reported on March 26, 2024. In light of these changes, we are updating the Equity Research document.

TABLE 2 – ACTUAL VS ESTIMATES FY23A

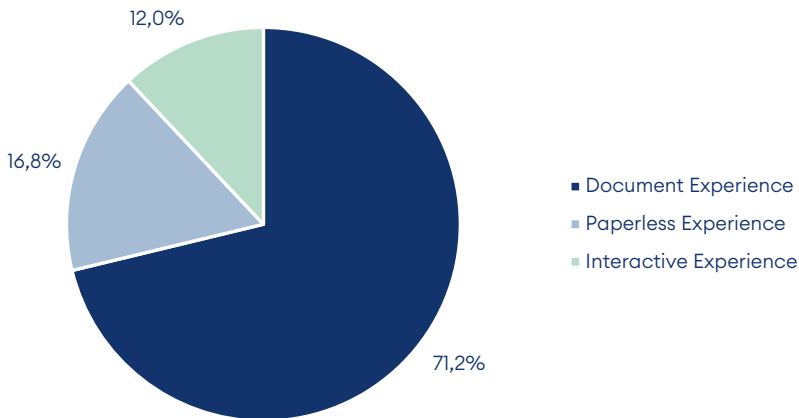
€/mln	Revenues	EBITDA	EBITDA %	EBIT	Net Income	NFP
FY23A	25,84	(0,20)	-0,7%	(4,54)	(5,10)	21,61
FY23E	25,60	(0,05)	-0,2%	(4,25)	(5,75)	20,06
<i>Change</i>	1,0%	n.m.	-0,5%	n.m.	n.m.	n/a

Source: *Integrae SIM*

During the year, the Group focused on the growth and expansion of the business through the One Company and One Platform projects. The goal is the perfect integration of the organizational structure and technology of the newly acquired company Infinica, aimed at creating a single European organization and issuing a further release, within the first half of the year, of the Doxee Platform®, which will bring considerable benefits in extending and improving Customer Experience features. Today, the Group thus presents itself as a One Company, which, thanks to the One Platform project, has a European One Value Proposition, with post-merger integration, based on a single technology. Furthermore, the efficiency recovery expectations are being confirmed, with a consequent boost to margins, in relation to the ease of use and configuration that will bring down professional services and technological infrastructure costs.

Revenues stand at € 25.84 million, an increase from the restated previous year's result of € 23.82 million and in line with our estimate of € 25.60 million. This result is attributable to the contribution of the newly acquired Doxee AT, consolidated for the entire period, which offset the lengthening of the sales cycles caused by a complex macroeconomic scenario leading many clients to postpone investments in dematerialization processes.

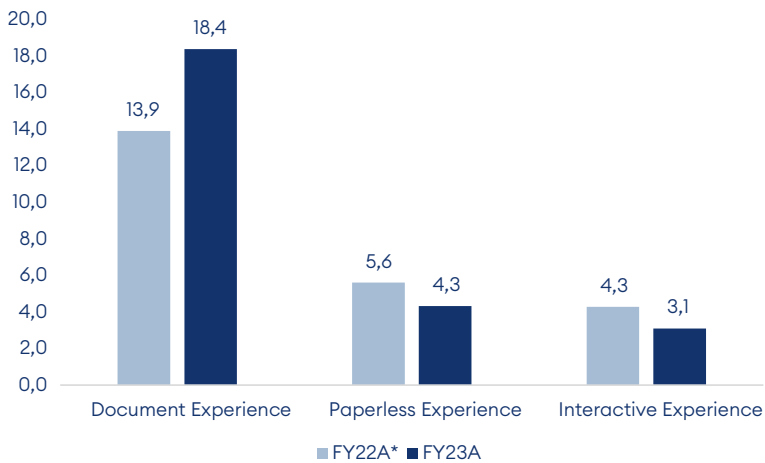
CHART 1 – REVENUES BREAKDOWN BY BU FY23A



Source: Doxee

The main source of revenue during FY23A was the document experience product line, which accounted for 71.2% of the revenue. The remaining revenues are divided between the paperless experience (16.8%) and interactive experience (12.0%) product lines.

CHART 2 – REVENUES BREAKDOWN BY BU FY22A* VS FY23A



Source: Doxee

In absolute terms, the document experience product line generated revenues of € 18.40 million, marking a growth of 32.2% compared to FY22A*. On the other hand, the paperless experience recorded € 4.30 million in revenue, down from € 5.60 million the previous year; the results of the interactive experience also contracted, decreasing from € 4.30 million in FY22A* to € 3.10 million in FY23A.

EBITDA stands at € -0.20 million, down from € 4.05 million in the restated previous exercise and the € -0.05 million estimated in the previous report. The group's profitability has been affected by continuous investments made throughout the year, aimed at accelerating the ro-

admap of activities related to the integration with the newly acquired Doxee AT, which led to an increase in indirect costs and R&D compared to the previous year. These latter are valued at € 15.00 million, significantly higher than the € 11.00 million in 2022. In particular, € 7.00 million was invested in R&D, which according to IAS/IFRS accounting principles, are reported in the income statement for a total of € 2.80 million, while the remaining portion, attributable to costs for external consulting (€ 4.20 million), is capitalized on the balance sheet. The R&D activity focused on advancing the new release of the Doxee Platform®, a cloud-native platform entirely designed on multi-cloud architectural paradigms and capable of supporting clients in offering interactive experiences in complete omnichannel and on a global scale, as well as on the integration with Doxee AT and investments in innovative areas related to AI and massive data analysis.

As a consequence, EBIT stands at € -4.54 million, compared to the result of the last exercise of € 0.80 million and our previous estimates of € -4.25 million, mainly due to amortizations linked to investments in technological development. Net Income is at € -5.10 million, compared to € 0.49 million in FY22A* and € -5.75 million included in our previous report.

The NFP has moved from € 14.43 million in FY22A* to € 21.61 million of debt in FY23A, in line with the expected result of € 20.06 million. The worsening debt situation is mainly attributable to the need to support integration costs of Doxee AT into the Group together with the strategic repositioning of the Company in the top enterprise market segment.

We note that, on approval of the draft balance sheet, the Board of Directors decided to propose, at an extraordinary session of the Shareholders' Meeting, the granting of a delegation for a divisible capital increase, to be offered as a preemptive option to shareholders, for € 6.00 million, guaranteed entirely by the majority shareholder P&S Srl. With this operation, the company intends to accelerate progress on the growth plan, ensure operational flexibility, and sustain expansion in the reference markets.

FY24E – FY27E Estimates

TABLE 2 – ESTIMATES UPDATES FY24E-27E

€/mln	FY24E	FY25E	FY26E	FY27E
VoP				
New	30,00	35,50	39,00	42,00
Old	30,00	35,50	39,00	42,00
Change	0,0%	0,0%	0,0%	0,0%
EBITDA				
New	3,90	7,70	8,95	12,00
Old	3,90	7,70	8,95	12,00
Change	0,0%	0,0%	0,0%	0,0%
EBITDA %				
New	13,0%	21,7%	22,9%	28,6%
Old	13,0%	21,7%	22,9%	28,6%
Change	0,0%	0,0%	0,0%	0,0%
EBIT				
New	(1,80)	1,70	3,45	6,50
Old	(1,80)	1,70	3,45	6,50
Change	0,0%	0,0%	0,0%	0,0%
Net Income				
New	(2,80)	0,55	1,95	4,35
Old	(2,80)	0,55	1,95	4,35
Change	0,0%	0,0%	0,0%	0,0%
NFP				
New	21,35	15,80	12,65	7,10
Old	20,64	15,29	12,59	7,09
Change	n/a	n/a	n/a	n/a

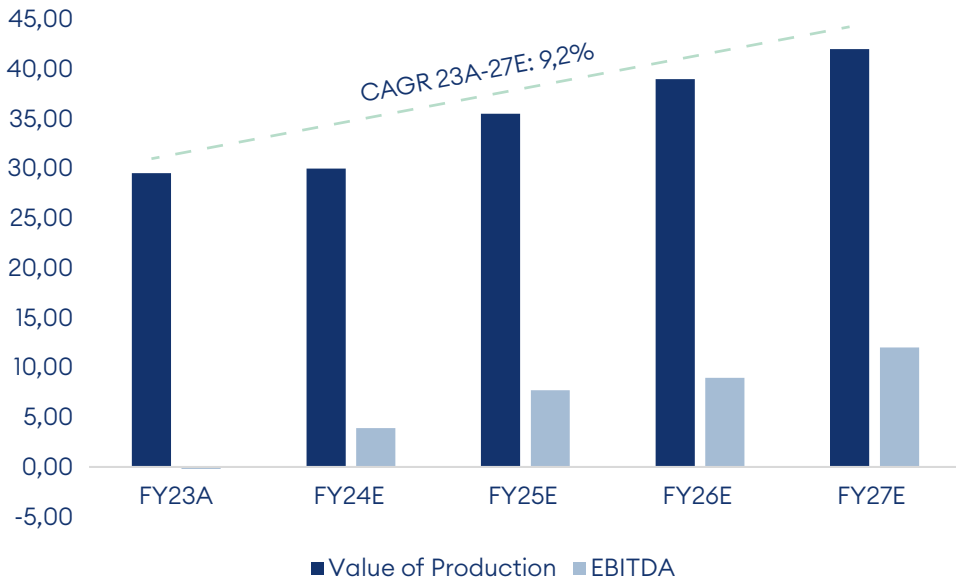
Source: Integrae SIM

In light of the re-approval of the FY23A budget for the reasons mentioned above, we almost entirely confirm the estimates for both the current year and the coming years.

In particular, we confirm the Value of Production for FY24E at € 30.00 million and an EBITDA of € 3.90 million, corresponding to a margin of 13.0%. For the following years, we expect the Value of Production to increase to € 42.00 million (CAGR 23A-27E: 9.2%) in FY27E, with an EBITDA of € 12.00 million (corresponding to a margin of 28.6%), an increase from € -0.20 million in FY23A (corresponding to an EBITDA margin of -0.7%).

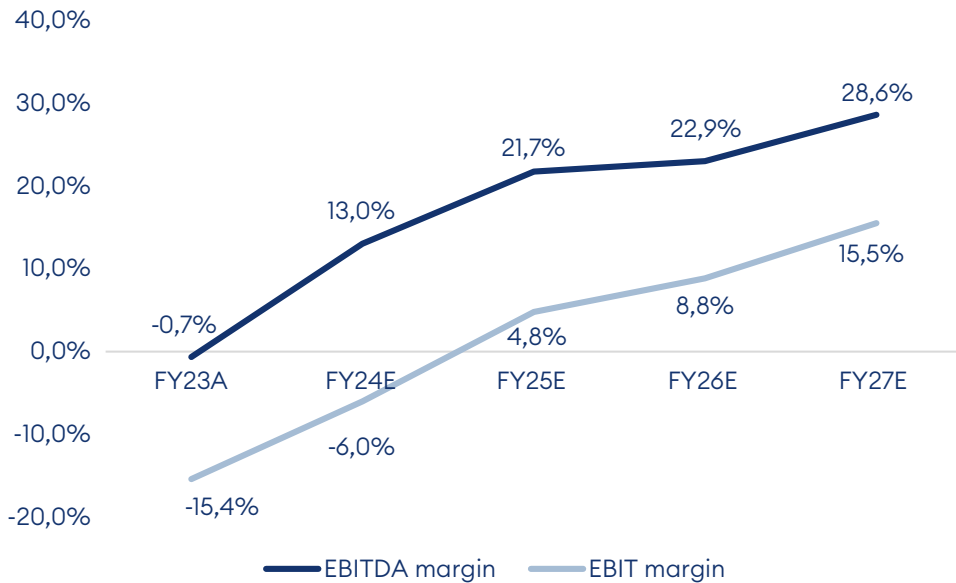
We estimate an NFP of debt for FY27E of € 7.10 million.

CHART 3 – VOP AND EBITDA FY23A-27E



Source: Integrae SIM

CHART 4 – MARGIN FY23A-27E



Source: Integrae SIM

CHART 5 – CAPEX FY23A-27E

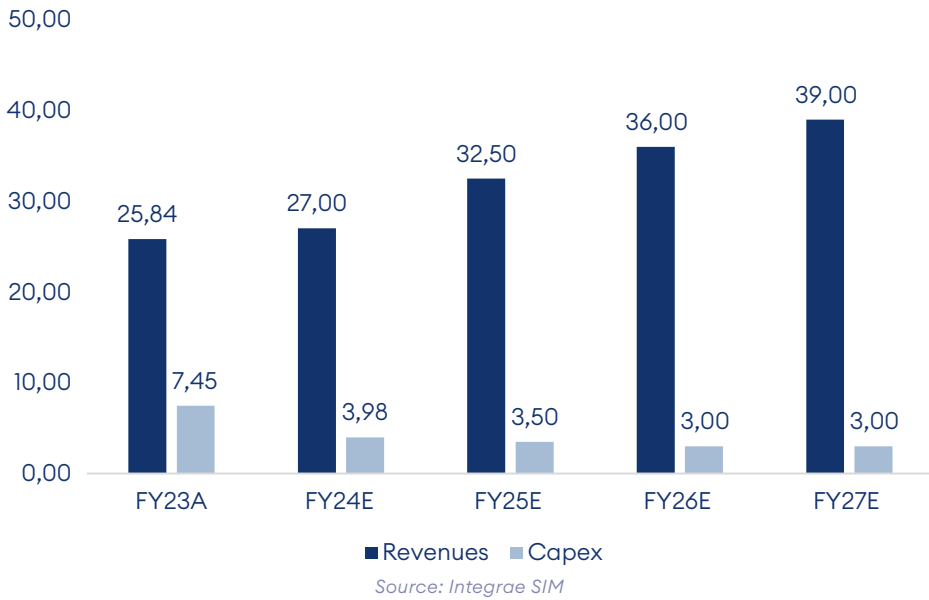


CHART 6 – NFP FY23A-27E



Valuation

We conducted our valuation of the equity value of Doxee based on the DCF method and multiples of a sample of comparable companies.

DCF Method

TABLE 3 – WACC

WACC			6,33%
D/E 233,33%	Risk Free Rate 3,29%	β Adjusted 1,3	α (specific risk) 2,50%
K_d 3,00%	Market Premium 7,81%	β Relevered 1,5	K_e 16,06%

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.5%. The result is therefore a WACC of 6.33%.

TABLE 4 – DCF VALUATION

DCF	% of EV	
FCFO actualized	15,2	17%
TV actualized DCF	72,9	83%
Enterprise Value	88,1	100%
NFP (FY23A)	21,6	
Equity Value	66,5	

Source: Integrae SIM

With the above data and taking our estimates and assumptions as a reference, the result is an **equity value of € 66.5 million**.

TABLE 5 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mln	Growth Rate (g)	WACC						
		4,8%	5,3%	5,8%	6,3%	6,8%	7,3%	7,8%
	3,0%	196,5	150,2	120,3	99,4	83,9	71,9	62,5
	2,5%	153,1	122,6	101,3	85,6	73,4	63,8	56,0
	2,0%	125,0	103,3	87,3	74,9	65,1	57,2	50,6
	1,5%	105,4	89,1	76,5	66,5	58,4	51,7	46,0
	1,0%	90,9	78,1	67,9	59,7	52,9	47,1	42,2
	0,5%	79,7	69,4	61,0	54,0	48,2	43,2	38,8
	0,0%	70,8	62,3	55,2	49,3	44,2	39,8	35,9

Source: Integrae SIM

Market multiples

Our panel consists of companies operating in the same sector as Doxee. These companies are the same used to calculate Beta for the *DCF method*. The panel is made up by:

TABLE 6 – MARKET MULTIPLES

Company Name	EV/EBITDA			EV/EBIT			P/E		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Alkemy SpA	6,0 x	5,2 x	n/a	8,4 x	7,0 x	n/a	10,6 x	8,3 x	n/a
Esker SA	28,9 x	22,8 x	18,7 x	43,5 x	32,8 x	25,7 x	53,9 x	41,2 x	33,9 x
Unifiedpost Group SA	17,5 x	10,4 x	5,1 x	n/a	49,2 x	9,4 x	n/a	n/a	19,0 x
Objective Corp. Ltd.	26,7 x	22,9 x	19,6 x	31,9 x	27,8 x	23,7 x	36,9 x	33,0 x	28,5 x
Peer median	22,1 x	16,6 x	18,7 x	31,9 x	30,3 x	23,7 x	36,9 x	33,0 x	28,5 x

Source: *Infinancials*

TABLE 7 – MARKET MULTIPLES VALUATION

€/mln	FY24E	FY25E	FY26E
Enterprise Value (EV)			
EV/EBITDA	86,22	127,85	167,47
EV/EBIT	n/a	51,46	81,63
P/E	n/a	18,14	55,49
Enterprise Value post 25% discount			
EV/EBITDA	64,66	95,88	125,60
EV/EBIT	n/a	38,59	61,22
P/E	n/a	13,60	41,61
Equity Value			
EV/EBITDA	43,31	80,08	112,95
EV/EBIT	n/a	22,79	48,57
P/E	n/a	13,60	41,61
Average	43,31	38,83	67,71

Source: *Integrae SIM*

The equity value of Doxee was calculated using EV/EBITDA, EV/EBIT and P/E market multiples. After applying a 25.0% discount, the result was an **equity value of € 49.9 million**.

Equity Value

TABLE 8 – EQUITY VALUE

Average Equity Value (€/mln)	58,2
Equity Value DCF (€/mln)	66,5
Equity Value multiples (€/mln)	49,9
Target Price (€)	6,75

Source: Integrae SIM

The results give an average equity value of approximately € 58.2 million. **The target price is therefore € 6.75 (prev. € 6.80). We confirm a BUY rating and MEDIUM risk.**

TABLE 9 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY23A	FY25E	FY26E	FY27E
EV/EBITDA	n/a	20,5x	10,4x	8,9x
EV/EBIT	n/a	n/a	47,x	23,1x
P/E	n/a	n/a	105,9x	29,9x

Source: Integrae SIM

TABLE 10 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY23A	FY25E	FY26E	FY27E
EV/EBITDA	n/a	10,6x	5,4x	4,6x
EV/EBIT	n/a	n/a	24,3x	12,x
P/E	n/a	n/a	35,7x	10,1x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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The table below, shows INTEGRAE SIM's recommendation, target price and risk issued during the last 12 months:

Date	Price	Recommendation	Target Price	Risk	Comment
19/06/2023	8,00	Buy	13,00	Medium	Breaking News
30/06/2023	8,05	Buy	13,00	Medium	Breaking News
11/10/2023	5,20	Buy	9,70	Medium	Update
08/04/2024	2,38	Buy	6,80	Medium	Update

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Rating system (long term horizon: 12 months)

The BUY, HOLD and SELL ratings are based on the expected total return (ETR – absolute performance in the 12 months following the publication of the analysis, including the ordinary dividend paid by the company), and the risk associated to the share analyzed. The degree of risk is based on the liquidity and volatility of the share, and on the rating provided by the analyst and contained in the report. Due to daily fluctuations in share prices, the expected total return may temporarily fall outside the proposed range

Equity Total Return (ETR) for different risk categories

Rating	Low Risk	Medium Risk	High Risk
BUY	ETR \geq 7.5%	ETR \geq 10%	ETR \geq 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR \leq -5%	ETR \leq -5%	ETR \leq 0%
U.R.	Rating e/o target price Under Review		
N.R.	Stock Not Rated		

Valuation methodologies (long term horizon: 12 months)

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