

## EQUITY RESEARCH

### DOXEE RESULTS REVIEW

**BUY**

**TP 7.0€**

**Up/Downside: 210%**

### 2024 Will Be the Recovery Year for Doxee

After a year of massive investment in the One Company and One Platform projects, the company has been authorised by the Board of Directors to raise up to €6m through a capital increase (fully guaranteed by P&S Srl). We believe it could recover this year, resulting in €4m of EBITDA, thanks to a pick-up in activity in H2.

Doxee ended 2023 with revenue of €25.8m (up 9% YoY), EBITDA of -€0.2m (vs. €4.1m YoY), net results of -€5.1m (vs. €0.5m YoY), and net debt of €21.6m (vs. €14.4m YoY). These figures were slightly revised by the company at the time the financial statements were approved, compared with the figures at the beginning of April (in accordance with IFRS 15).

As a reminder, 90% of Infinica GmbH was acquired in July 2022, and on 31 July 2023 the company exercised its option to buy a further 5%. This acquisition initiated a major restructuring project both in terms of organisation (One Company) and technology (One Platform). Once the major part of the restructuring has been completed in 2023, we estimated that the company will be able to benefit from cost synergies of around €3m from this year onwards, and that at the same time, thanks to the new platform, it will be able to relaunch the development process in Italy and the DACH region.

The company is aiming for a return to cash generation this year. Cautiously, we estimate break-even cash generation, which combined with the €6m raised in the market, could reduce net debt to €15.3m, for a ND/EBITDA ratio of around 3.8x at the end of 2024.

Our model for 2024 is based on weak organic growth (+4.5%) and a substantial reduction in costs, while from 2025 we believe the company could return to the double-digit growth to which we are accustomed up to 2022. The new sales team dedicated to the DACH region will provide incentives for growth in a region where Doxee has never been active before.

Presently, shares are trading close to all-time lows, despite the major technological investments made. We believe that taking part in the capital increase or buying shares on the market, with a medium-term strategy, could be an opportunity to take advantage of the group's current market disadvantage. We reiterate our TP of €7.

#### Key data

Price (€)	2.3
Industry	Packaged Software
Ticker	DOX-IT
Shares Out (m)	8.624
Market Cap (m €)	19.5
Average trading volumes (k shares / day)	1.000

Source: FactSet

#### Ownership (%)

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

Source: TPICAP Midcap estimates

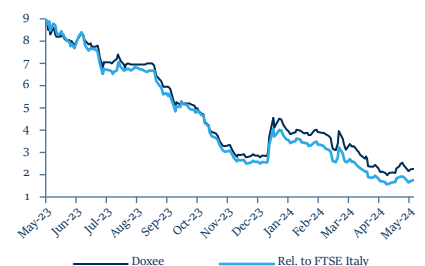
#### EPS (€)

	12/24e	12/25e	12/26e
Estimates	-0.32	0.04	0.24
Change vs previous estimates (%)	na	0.01	0.00

Source: TPICAP Midcap estimates

#### Performance (%)

	1D	1M	YTD
Price Perf	0.9	5.6	-38.9
Rel FTSE Italy	2.5	3.0	-47.2



Source: FactSet

TP ICAP Midcap Estimates	12/23	12/24e	12/25e	12/26e	Valuation Ratio	12/24e	12/25e	12/26e
Sales (m €)	25.8	27.0	32.4	36.0	EV/Sales	1.5	1.1	0.9
Current Op Inc (m €)	-4.5	-1.8	1.4	3.8	EV/EBITDA	10.2	5.0	3.3
Current op. Margin (%)	na	na	4.4	10.6	EV/EBIT	na	26.0	8.5
EPS (€)	-0.59	-0.32	0.04	0.24	PE	na	52.1	9.3
DPS (€)	0.00	0.00	0.00	0.00	Source: TPICAP Midcap			
Yield (%)	0.0	0.0	0.0	0.0				
FCF (m €)	-5.8	0.2	3.6	4.7				

Consensus FactSet - Analysts:na	12/24e	12/25e	12/26e
Sales	27.0	32.4	36.0
EBIT	-1.8	1.4	3.8
Net income	-2.8	0.4	2.1

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## FINANCIAL DATA

<b>Income Statement</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24e</b>	<b>12/25e</b>	<b>12/26e</b>
Sales	20.8	23.8	25.8	27.0	32.4	36.0
Changes (%)	17.7	14.3	8.5	4.5	20.0	11.1
Gross profit	20.4	23.8	25.8	26.9	32.3	35.9
% of Sales	98.1	100.0	100.0	99.7	99.8	99.8
<b>EBITDA</b>	<b>5.5</b>	<b>4.1</b>	<b>-0.2</b>	<b>4.0</b>	<b>7.5</b>	<b>9.9</b>
% of Sales	26.3	17.0	-0.8	14.8	23.1	27.5
<b>Current operating profit</b>	<b>1.9</b>	<b>0.8</b>	<b>-4.5</b>	<b>-1.8</b>	<b>1.4</b>	<b>3.8</b>
% of Sales	9.3	3.4	-17.6	-6.6	4.4	10.6
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.9	0.8	-4.5	-1.8	1.4	3.8
Net financial result	0.1	-0.2	-1.1	-1.2	-0.9	-0.9
Income Tax	-0.2	-0.1	0.5	0.2	-0.1	-0.8
Tax rate (%)	11.3	22.2	9.3	7.0	27.9	27.9
<b>Net profit, group share</b>	<b>1.8</b>	<b>0.5</b>	<b>-5.1</b>	<b>-2.8</b>	<b>0.4</b>	<b>2.1</b>
EPS	0.03	0.03	na	na	0.04	0.24
<b>Financial Statement</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24e</b>	<b>12/25e</b>	<b>12/26e</b>
Goodwill	0.0	7.7	7.8	7.8	7.8	7.8
Tangible and intangible assets	12.4	21.8	24.9	22.2	19.1	16.4
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	3.2	1.2	0.6	0.7	0.8	1.2
Other Assets	0.6	1.0	1.3	1.3	1.3	1.3
<b>Assets</b>	<b>16.2</b>	<b>31.8</b>	<b>34.7</b>	<b>32.0</b>	<b>29.0</b>	<b>26.7</b>
Shareholders equity group	8.8	11.6	6.5	3.8	4.1	6.2
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
LT & ST provisions and others	4.1	4.2	5.2	5.5	5.8	6.1
Net debt	3.3	14.5	21.5	21.3	17.7	13.0
Other liabilities	0.0	1.5	1.4	1.4	1.4	1.4
<b>Liabilities</b>	<b>16.2</b>	<b>31.8</b>	<b>34.7</b>	<b>32.0</b>	<b>29.0</b>	<b>26.7</b>
Net debt excl. IFRS 16	3.3	14.5	21.5	21.3	17.7	13.0
Gearing net	0.4	1.2	3.3	5.7	4.3	2.1
Leverage	0.6	3.6	-107.3	5.3	2.4	1.3
<b>Cash flow statement</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24e</b>	<b>12/25e</b>	<b>12/26e</b>
CF after elimination of net borrowing costs and taxes	5.3	4.5	1.1	3.3	6.7	8.5
$\Delta$ WCR	-1.6	0.0	0.6	-0.1	-0.1	-0.4
Operating cash flow	3.7	4.5	1.6	3.2	6.6	8.0
Net capex	-4.1	-6.8	-7.4	-3.0	-3.0	-3.3
FCF	-0.4	-2.3	-5.8	0.2	3.6	4.7
Acquisitions/Disposals of subsidiaries	0.0	-7.5	-0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	1.4	5.1	5.0	0.0	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	2.4	2.3	-0.2	-0.4	-0.7	-1.0
Others	-0.6	-0.6	-0.4	0.0	0.0	0.0
Change in net cash over the year	3.0	-3.0	-2.0	-0.2	2.9	4.7
ROA (%)	10.8%	1.5%	na	na	1.3%	7.9%
ROE (%)	20.0%	4.2%	na	na	9.0%	33.7%
ROCE (%)	20.0%	4.2%	na	na	9.0%	33.7%

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### Methodology

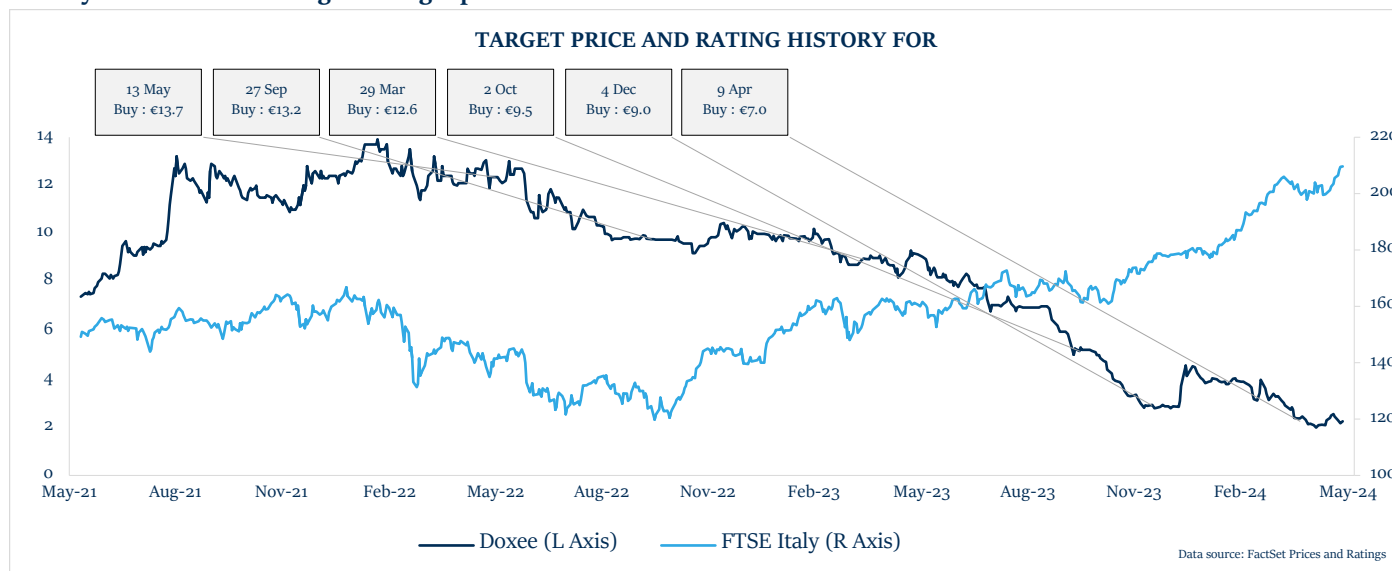
This Report may mention evaluation methods defined as follows:

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.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
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	82%	64%
Hold	15%	54%
Sell	2%	33%
Under review	1%	100%

Midcap employs a rating system based on the following:

Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.

Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.

Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

The history of ratings and target prices for the Issuers covered in this report are available on request at <https://researchtpicap.midcapp.com/en/disclaimer>.

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