

I.C.C.	Italy	Euronext Growth Milan	Digital Healthcare
Rating: BUY (unch.)	Target Price: € 5,20 (prev. € 6,00)		Update
			Risk: Medium

Stock performance	1M	3M	6M	1Y
absolute	-13,59%	-7,13%	-21,67%	N.A.
to FTSE Italia Growth	-11,05%	-4,91%	-7,66%	N.A.
to Euronext STAR Milan	-9,29%	3,60%	-0,60%	N.A.
to FTSE All-Share	-10,57%	-3,44%	-7,34%	N.A.
to EUROSTOXX	-9,97%	-3,89%	-10,46%	N.A.
to MSCI World Index	-6,07%	-0,04%	-1,89%	N.A.

Stock Data

Price	€ 1,59
Target price	€ 5,20
Upside/(Downside) potential	227,4%
Bloomberg Code	ICC IM Equity
Market Cap (€m)	€ 7,20
EV (€m)	€ 5,95
Free Float	26,29%
Share Outstanding	4.528.408
52-week high	€ 4,20
52-week low	€ 1,44
Average daily volumes (3m)	2.000

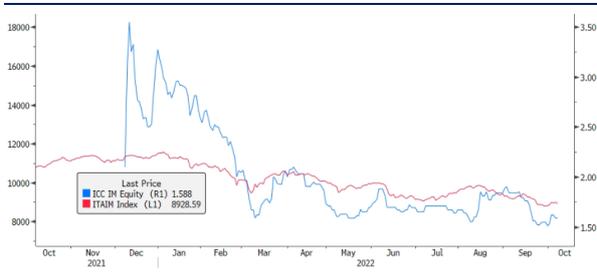
Key Financials (€m)	FY21A	FY22E	FY23E	FY24E
Revenues	4,8	6,4	9,2	11,2
VoP	5,5	6,8	9,5	11,5
EBITDA	0,5	0,1	2,1	2,6
EBIT	-0,1	-0,6	1,4	1,9
Net Profit	-0,1	-0,5	1,0	1,3
EBITDA margin	11,2%	2,4%	22,3%	23,2%
EBIT margin	N.A.	N.A.	14,7%	16,5%
Net Profit margin	N.A.	N.A.	10,3%	11,2%

Main Ratios	FY21A	FY22E	FY23E	FY24E
EV/EBITDA (x)	11,0	39,7	2,9	2,3
EV/EBIT (x)	N.A.	N.A.	4,4	3,2
P/E (x)	N.A.	N.A.	7,6	5,8

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Stocks performance relative to FTSE Italia Growth



1H22A Results

The value of production stood at € 3.04 million, 34.9% up compared to 1H21A, when it amounted to € 2.25 million. This increase, together with the greater requests received from customers for the ICC operations center activity, denotes the effectiveness of the strategy undertaken by the Company to increase end-user customer loyalty and the B2B2C model. EBITDA was negative for € 0.15 million; the decrease is mainly due to the significant increase in costs for services attributable both to the activity of the Operations Centre for the use of external suppliers and to the management of the Health Department and the Team of professionals who collaborate with the Company. Net Income is also negative and equal to - € 0,45 million (vs € 0,20 million all'1H21A).

Estimates Update

In light of the results published in the half-yearly report for 1H22A, we modify our previous estimates both for the current year and for the coming years. In particular, we estimate FY22A value of production equal to € 6.80 million and EBITDA of € 0.15 million, corresponding to a marginality of 2.4%. For subsequent years, we expect the value of production to increase up to € 11.50 million (CAGR 20A-25E: 27.5%) in FY25E, with EBITDA of € 2.60 million (corresponding to an EBITDA margin of 23.2%), up from € 13.99 million in FY21A (corresponding to an EBITDA margin of 11.2%).

Valuation Update

Given the lack of comparable companies, we have conducted the valuation of I.C.C. equity value based on the DCF method. The DCF method (which in the calculation of the WACC includes for prudential purposes a specific risk of 2.5%) provides an equity value of € 23.6 million. The target price is € 5.20 (prev. € 6.00 mln), BUY rating and MEDIUM risk.

1. Economics & Financials

Table 1 – Economics & Financials

INCOME STATEMENT (€/mln)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenues	4,52	4,80	6,35	9,20	11,20
Other Revenues	0,36	0,74	0,45	0,30	0,30
Value of Production	4,87	5,54	6,80	9,50	11,50
COGS	0,17	0,30	0,50	0,50	0,60
Services	2,69	2,22	3,00	3,50	4,00
Use of assets owned by others	0,12	0,15	0,20	0,25	0,25
Employees	1,92	2,20	2,75	3,00	3,80
Other Operating Expenses	0,30	0,13	0,20	0,20	0,25
EBITDA	(0,32)	0,54	0,15	2,05	2,60
<i>EBITDA Margin</i>	<i>-7,0%</i>	<i>11,2%</i>	<i>2,4%</i>	<i>22,3%</i>	<i>23,2%</i>
D&A	0,62	0,69	0,70	0,70	0,75
EBIT	(0,94)	(0,15)	(0,55)	1,35	1,85
<i>EBIT Margin</i>	<i>-20,8%</i>	<i>-3,1%</i>	<i>-8,7%</i>	<i>14,7%</i>	<i>16,5%</i>
Financial Management	0,11	(0,00)	(0,10)	(0,05)	(0,05)
EBT	(0,83)	(0,15)	(0,65)	1,30	1,80
Taxes	(0,05)	(0,06)	(0,20)	0,35	0,55
Net Income	(0,78)	(0,09)	(0,45)	0,95	1,25

BALANCE SHEET (€/mln)	FY20A	FY21A	FY22E	FY23E	FY24E
Fixed Assets	3,99	4,04	3,80	3,60	3,30
Account receivable	1,22	1,29	1,40	1,75	2,00
Inventories	0,01	0,02	0,10	0,10	0,10
Account payable	0,78	0,47	0,60	1,10	1,40
Operating Working Capital	0,45	0,83	0,90	0,75	0,70
Other receivable	0,72	1,07	1,30	1,10	0,95
Other payable	0,91	0,80	0,95	1,30	1,55
Net Working Capital	0,26	1,11	1,25	0,55	0,10
Severance Indemnities & Other Provisions	0,37	0,33	0,50	0,65	0,80
NET INVESTED CAPITAL	3,88	4,82	4,55	3,50	2,60
Share Capital	6,15	4,96	5,16	5,16	5,16
Reserves	(1,63)	1,20	1,11	0,66	1,61
Net Income	(0,78)	(0,09)	(0,45)	0,95	1,25
Equity	3,74	6,07	5,82	6,77	8,02
Cash & Cash Equivalent	0,39	1,85	1,62	3,62	5,72
Financial Debt	0,53	0,60	0,35	0,35	0,30
Net Financial Position	0,14	(1,25)	(1,27)	(3,27)	(5,42)
SOURCES	3,88	4,82	4,55	3,50	2,60

CASH FLOW (€/mln)	FY20A	FY21A	FY22E	FY23E	FY24E
EBIT	(0,94)	(0,15)	(0,55)	1,35	1,85
Taxes	(0,05)	(0,06)	(0,20)	0,35	0,55
NOPAT	(0,89)	(0,09)	(0,35)	1,00	1,30
D&A	0,62	0,69	0,70	0,70	0,75
Change in receivable	0,52	(0,08)	(0,11)	(0,35)	(0,25)
Change in inventories	0,00	(0,00)	(0,08)	0,00	0,00
Change in payable	(0,83)	(0,31)	0,13	0,50	0,30
Change in others	(0,49)	(0,47)	(0,07)	0,55	0,40
<i>Change in NWC</i>	<i>(0,80)</i>	<i>(0,85)</i>	<i>(0,14)</i>	<i>0,70</i>	<i>0,45</i>
Change in provisions	(0,03)	(0,04)	0,17	0,15	0,15
OPERATING CASH FLOW	(1,10)	(0,30)	0,38	2,55	2,65
Capex	(0,1)	(0,7)	(0,5)	(0,5)	(0,5)
FREE CASH FLOW	(1,24)	(1,03)	(0,08)	2,05	2,20
Financial Management	0,11	(0,00)	(0,10)	(0,05)	(0,05)
Change in Debt to Bank	0,53	0,07	(0,25)	0,00	(0,05)
Change in Equity	(0,00)	2,42	0,20	0,00	0,00
FREE CASH FLOW TO EQUITY	(0,59)	1,46	(0,23)	2,00	2,10

Source: ICC and Integrae SIM estimates

1.1 1H22A Results

Table 2 – 1H22A vs 1H21A

€/mln	Revenues	EBITDA	EBITDA %	EBIT	Net Income	NFP
1H22A	2,62	-0,15	-5,6%	-0,48	-0,45	(0,95)
1H21A	2,13	0,07	3,2%	-0,24	-0,20	(1,25)*
Change	23,1%	N.A	-8,8%	-101,3%	120,7%	N.A

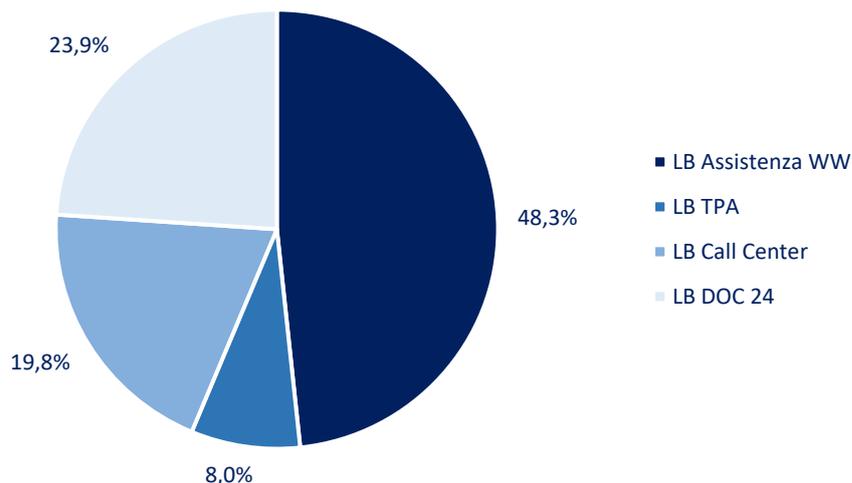
Source: Integrae SIM

*NFP as of 31/12/2021

Through a press release, the Company, commenting on the half-yearly results, states: "As pointed out at the time of our listing on the Stock Exchange, our entry on Euronext Growth Milan was not a milestone, but a fundamental first step to raise capital and continue our growth process. A growth that, true to our quality of innovative SMEs, is based on investment and experimentation. We are convinced of the goodness of our strategies and the choice to continue investing in the differentiation of our value-added services and be at the forefront to seize all the opportunities that care in general, telemedicine, and the third and fourth ages will present in the near future. The first six months of 2022 have, in fact, confirmed this strategic line that has led to the closure of important multi-year contracts".

At the end of the first half of 2022, the value of production stood at € 3.04 million, 34.9% up compared to 1H21A, when it amounted to € 2.25 million. This increase, together with the greater requests received from customers for the ICC operations center activity, denotes the effectiveness of the strategy undertaken by the Company to increase end-user customer loyalty and the B2B2C model; however, we specify that part of the growth is attributable to the SV3 Re-invoicing Business Line which does not generate any type of margin, since, being a re-invoicing, the revenues generated (€ 0.80 million) correspond to the costs for services incurred.

Chart 1 – Revenues Breakdown by Segment



Source: ICC

The Company, in the financial statements as of 30 June 2022, recorded revenues from sales for a total of € 2.43 million, driven by the Worldwide Assistance business line, which with € 1.18 million covers 48.3% of the Company's turnover and is the first area by incidence.

The BU, in fact, with an addition of 1,595 files managed, has managed to significantly increase the number of customers served and register a turnover growth of 72.3%.

DOC 24 and Call Center business units generated € 0.58 million and € 0.48 million, representing respectively 23.9% and 19.8% of the total revenues. Finally, the TPA line stands at a value of € 0.19 million, contributing to 8.0% of turnover.

EBITDA on 30 June 2022 was negative for € 0.15 million, compared to the figure of 1H21A equal to € 0.07 million; in addition to the negative macroeconomic scenario, which also contributed to the slowdown in revenues, the decrease is mainly due to the significant increase in costs for services attributable both to the activity of the Operations Centre for the use of external suppliers and to the management of the Health Department and the Team of professionals who collaborate with the Company. In this regard, the increase in costs is a sign that confirms the investment of I.C.C. in terms of increasing qualified personnel, following the increase in requests from customers for an increasing number of value-added services. The EBITDA margin is therefore negative and equal to -5.6%, compared to 3.2% of 1H21A, but still indicates growth both in terms of customer loyalty and in terms of offering value-added services.

EBIT, after amortization and depreciation of € 0.33 million, also stands at a negative value of - € 0.48 million, down compared to the always negative figure of the first half of the 2021 fiscal year, equal to - € 0.24 million. The EBIT margin, therefore, is -18.1%. Net Income was also negative, equal to - € 0.45 million (vs € 0.20 million in 1H21A).

In terms of the Balance Sheet, it is shown how the financial management of the Company, facilitated by the capital increase deriving from the admission to trading of the security on the Euronext Growth Milan market of Borsa Italiana, has made it possible to comply with the planned development programs, concerning the release of the DOC 24 Digital Clinic platform on the web and the AIDACARE project (Integrated Assistance Dedicated to the Elderly), whose launch is scheduled for the end of October 22. Net of these activities, the NFP on 30 June 2022 still reached a cash positive value of € 0.95 million, although slightly worse than the 2021 year-end figure of € 1.25 million of cash.

1.2 FY22E – FY24E Estimates

Table 2 – Estimates Updates FY22E - FY24E

€/mln	FY22E	FY23E	FY24E
Revenues			
New	6,4	9,2	11,2
Old	6,4	8,9	10,0
Change	0,0%	3,4%	12,0%
EBITDA			
New	0,1	2,1	2,6
Old	0,9	2,3	2,7
Change	-84,2%	-8,9%	-1,9%
EBITDA %			
New	2,4%	22,3%	23,2%
Old	15,0%	25,3%	26,5%
Change	-12,6%	-3,0%	-3,3%
EBIT			
New	(0,6)	1,4	1,9
Old	0,3	1,6	1,9
Change	-306,8%	-13,8%	-3,5%
Net Income			
New	(0,5)	1,0	1,3
Old	0,2	1,4	1,4
Change	-375,2%	-30,0%	-11,3%
NFP			
New	(1,3)	(3,3)	(5,4)
Old	(2,9)	(4,9)	(6,8)
Change	N.A	N.A	N.A

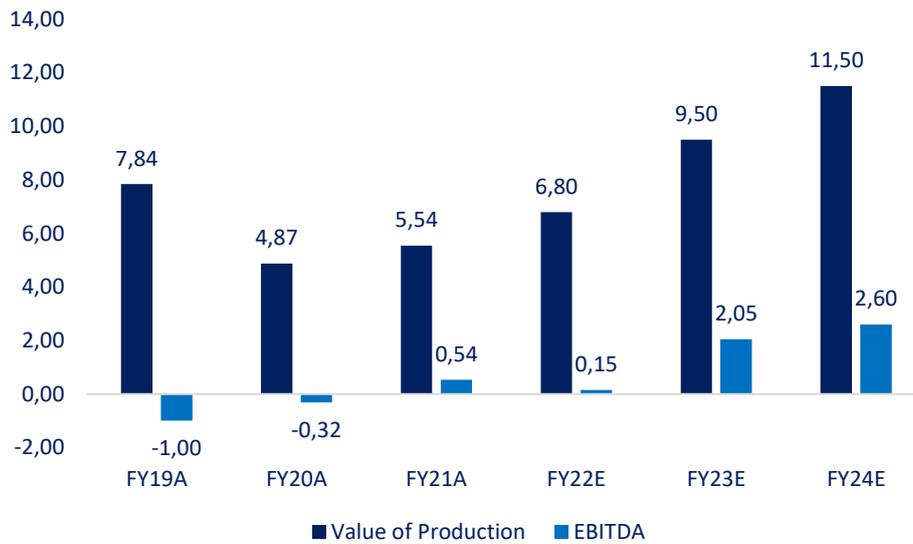
Source: Integrae SIM

In light of the results published in the half-yearly report for 1H22A, we modify our previous estimates both for the current year and for the coming years.

In particular, we estimate FY22A value of production equal to € 6.80 million and EBITDA of € 0.15 million, corresponding to a marginality of 2.4%. For subsequent years, we expect the value of production to increase up to € 11.50 million (CAGR 20A-25E: 27.5%) in FY25E, with EBITDA of € 2.60 million (corresponding to an EBITDA margin of 23.2%), up from € 13.99 million in FY21A (corresponding to an EBITDA margin of 11.2%).

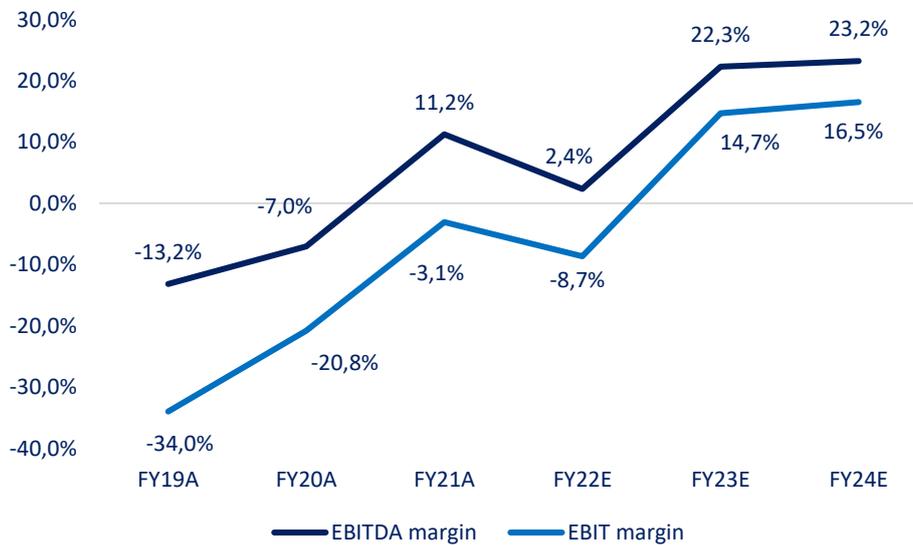
In terms of the Balance Sheet, we expect a constantly improving NFP, which according to our estimates can reach a cash positive value in FY24E of € 5.42 million. In our opinion, the figure will also be driven by the cash generation deriving from the new multi-year contracts with leading banking, insurance, and utilities companies that will take effect from the second half of 2022.

Chart 3 – VoP and EBITDA FY19A - FY24E



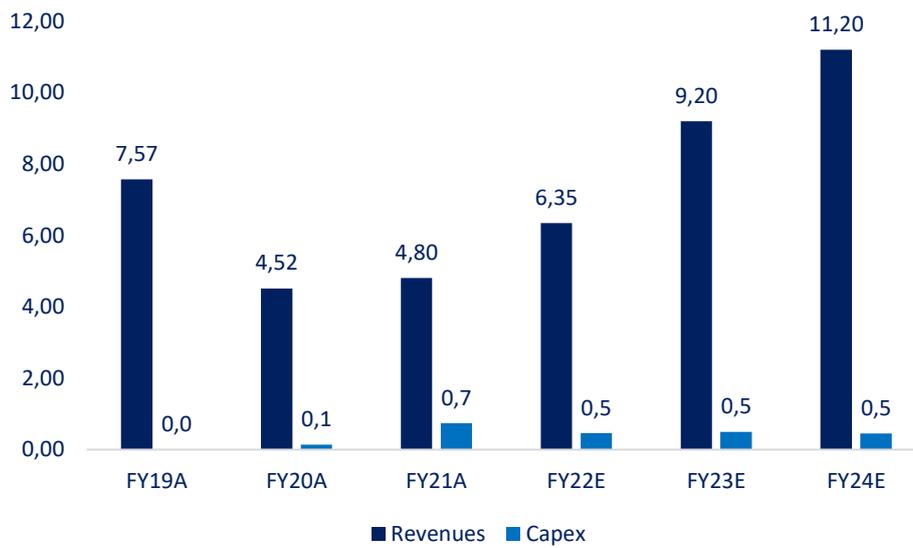
Source: Integrae SIM

Chart 4 – Margin FY19A - FY24E



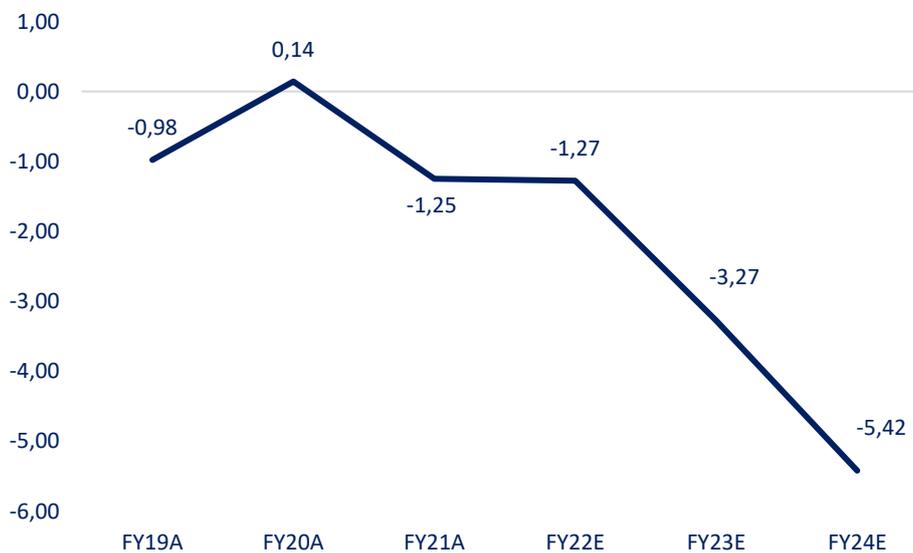
Source: Integrae SIM

Chart 5 – Capex FY19A - FY24E



Source: Integrae SIM

Chart 6 – NFP FY19A - FY24E



Source: Integrae SIM

2. Valuation

We have conducted the valuation of ICC equity value based on the DCF methodology.

2.1 DCF Method

Table 4 – WACC

WACC		12,43%
Risk Free Rate	2,18% α (specific risk)	2,50%
Market Premium	9,08% Beta Adjusted	1,0
D/E (average)	11,11% Beta Relevered	1,1
Ke	13,73% Kd	1,00%

Source: Integrae SIM

For prudential purposes, we have included a specific risk of 2.5%. This results in a WACC of 12.43%.

Table 5 – DCF Valuation

DCF Equity Value		23,6
FCFO actualized	5,3	24%
TV actualized DCF	17,0	76%
Enterprise Value	22,3	100%
NFP (FY21A)	(1,2)	

Source: Integrae SIM

With the above data and taking as a reference our estimates and assumptions, the result is an **equity value of € 23.6 million. The Target Price, therefore, is € 5.20 (prev. € 6.00). We confirm BUY rating and MEDIUM risk.**

Table 6 – Equity Value – Sensitivity Analysis

€/mln		WACC						
		10,9%	11,4%	11,9%	12,4%	12,9%	13,4%	13,9%
Growth Rate (g)	2,5%	30,8	29,1	27,5	26,1	24,9	23,8	22,7
	2,0%	29,4	27,9	26,5	25,2	24,0	23,0	22,0
	1,5%	28,2	26,8	25,5	24,3	23,3	22,3	21,4
	1,0%	27,2	25,8	24,7	23,6	22,6	21,7	20,8
	0,5%	26,2	25,0	23,9	22,9	21,9	21,1	20,3
	0,0%	25,3	24,2	23,1	22,2	21,3	20,5	19,8
	-0,5%	24,5	23,4	22,5	21,6	20,8	20,0	19,3

Source: Integrae SIM

Table 7 – Target Price Implied Valuation Multiples

Multiples	FY22E	FY23E	FY24E
EV/EBITDA	148,8x	10,9x	8,6x
EV/EBIT	N.A.	16,5x	12,1x

Source: Integrae SIM

Table 8 – Current Price Implied Valuation Multiples

Multiples	FY22E	FY23E	FY24E
EV/EBITDA	39,7x	2,9x	2,3x
EV/EBIT	N.A.	4,4x	3,2x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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Date	Price	Recommendation	Target Price	Risk	Comment
04/04/2022	2,08	Buy	6,00	Medium	Update
17/03/2022	1,78	Buy	5,80	Medium	Flash Note
07/03/2022	1,80	Buy	5,80	Medium	Flash Note
03/02/2022	2,46	Buy	5,80	Medium	Flash Note
13/01/2022	2,85	Buy	5,80	Medium	Flash Note
28/12/2021	2,78	Buy	6,00	Medium	Flash Note
21/12/2021	2,60	Buy	6,00	Medium	Flash Note
10/12/2021	2,65	Buy	6,00	Medium	Initiation of Coverage

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Equity Total Return (ETR) for different risk categories			
Rating	Low Risk	Medium Risk	High Risk
BUY	ETR >= 7.5%	ETR >= 10%	ETR >= 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR <= -5%	ETR <= -5%	ETR <= 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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- In the IPO phase, it played the role of Global Coordinator.