

DOXEE

Turning Data into Relationships

07th April 2021

BUY

Target Price: €10.0

Upside: +62%

"The Italian Leader in Cloud Applications"

Doxee, listed on AIM Italy since December 2019, is an innovative SME that develops and deploys **cloud solutions for large companies and public administrations for digital customer experience management and electronic invoicing and ordering**. All its solutions are distributed through a proprietary cloud platform, the **Doxee Platform®**, which encompasses three product lines: (i) Document Experience (dx) for the creation of customer documents, (ii) Interactive Experience (ix) for the creation of personalised and interactive microsites and videos, and (iii) Paperless Experience (px) for electronic invoicing, electronic ordering and digital archiving in accordance with legal regulations.

Doxee has more than 200 clients in the large corporate segment, with predominant exposure to the Telecommunications (40%), Utilities (39%), Finance (7%), IT services (7%) and Others sectors (7%). This exposure stems from the fact that Doxee initially offered cloud-based solutions for documents, such as invoice digitisation, with the largest volumes coming from the telecommunications and utilities sectors.

The Doxee Platform®: The Cloud at 360°

Doxee operates in a high value sector that will benefit from the **megatrends of digitisation and the adoption of cloud solutions**. All three markets in which the company operates are expected to experience double-digit growth over the next 5-7 years. This trend has been further accelerated by the recent covid-19 pandemic.

McKinsey believes that personalised customer relationships will drive the success of marketing campaigns over the next five years, but to date only 15% of CMOs (Chief Marketing Officers) believe that their company is in line with this change. For this reason, all of the sector's operators are expecting significant R&D investments to obtain new solutions for interpreting data and personalising communication. In this context, the **acquisition of Babelee technology (formerly LittleSea complements and expands Doxee's interactive personalised video offering, was a strategic step towards the future.**

Significant Upside Potential

Doxee's growth is expected to be driven by its ix solutions where we are expecting an average annual growth rate of 36% (20-25), and px solutions, with an average annual growth rate of 15% (20-25). To achieve this, we expect net sales to grow from 17.7M€ in 2020 to 36.2M€ in 2025 (15.4% CAGR) and production value to reach 43.5M€ in 2025. EBITDA growth is expected to be increasingly proportional thanks to an even more positive product mix, reaching 14.6M€ in 2025 compared to 5.6M€ in 2019 (21,1% CAGR).

We are initiating our coverage of Doxee with a **Buy rating and a TP of €10.0**. This was derived from DCF (WACC 9.1%, TGR 2.5%), stock market multiples (EV/Sales) and M&A transactions (EV/Sales). Eventually, the company is expected to trade at multiples more in line with the sector, or 4,3x EV/Sales 2021E.

Market Data

Industry	Technology
Share Price (€)	6.2
Market Cap (€M)	44.6
Market Segment	AIM
Bloomberg	DOX-IT

Ownership Structure

P&S Srl	76.7%
Flottant	23.3%

€M (31/12)	2020	2021	2022	2023
Sales (€M)	22.8	25.9	29.8	34.0
Growth	9.0%	13.9%	14.9%	14.3%
EBIT	2.9	4.4	5.5	7.1
EBIT Margin	13.0%	16.9%	18.4%	20.8%
Net Income	1.6	3.0	3.8	5.0
EPS €	0.23	0.38	0.44	0.58
EPS growth	-3.6%	68.7%	15.8%	29.8%
Dividend	0.00	0.00	0.00	0.00
Yield	0.0%	0.0%	0.0%	0.0%
FCF	-0.1	0.0	2.7	3.9
ROIC				4.4%
EV/Sales (x)		1.9	1.6	1.4
EV/EBIT (x)		11.2	8.9	6.9
PE (x)		14.7	11.7	9.0
Net debt	3.0	-4.4	-7.1	-11.0
Gearing net	35%	-26%	-35%	-43%

Midcap estimates

Upcoming Event

22/09/2021 - S1 2021

Recommendation History

07/04/2021 - Buy

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OVERVIEW

Description

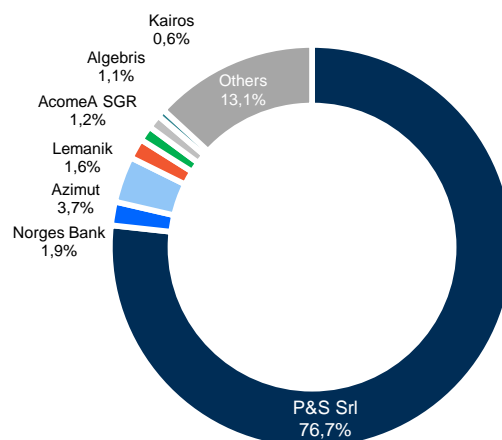
Doxee is a leading company in the Customer Communications Management (CCM), Paperless and Digital Customer Experience (DCX) markets.

The group offers companies, and in particular companies in the "Enterprise" segment (Large Enterprises), technological solutions that are delivered in "Cloud" mode on a single patented proprietary platform (Doxee Platform).

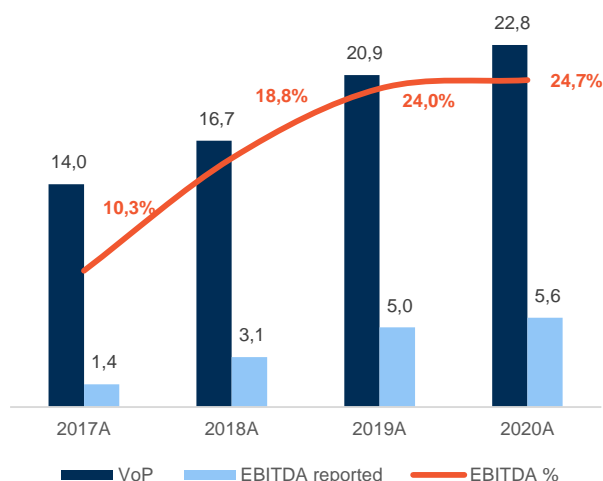
The products lead to interactive, highly personalised communications, and constitute a powerful marketing tool for companies since they help with business development. Doxee supports and manages more than six billion communications per year for about two hundred large companies.

The company has been a major innovator in the CCM, Paperless and DCX markets, creating three product lines that can be used in three different delivery models (SaaS, PaaS), enabling its clients to significantly improve the operational efficiency of critical processes.

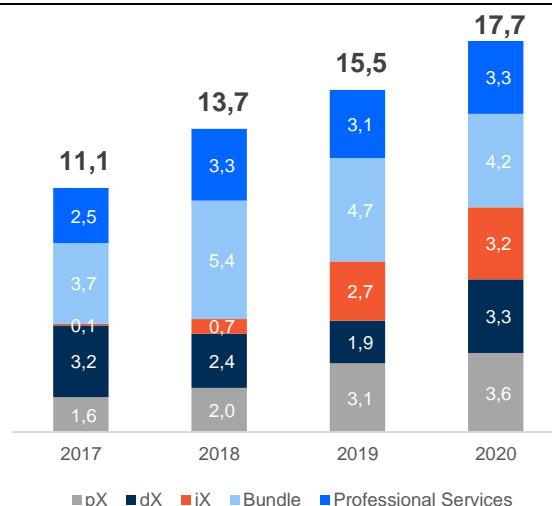
Shareholders



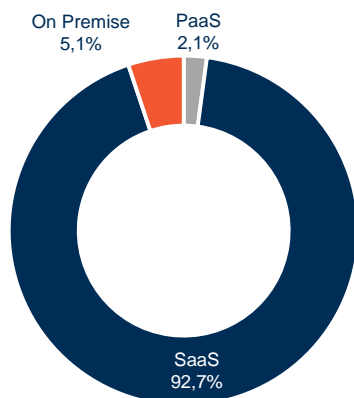
Revenue, EBITDA and EBITDA margin trends



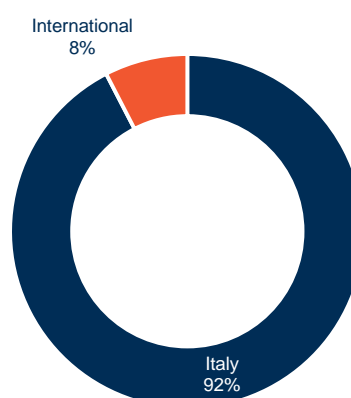
Revenue trends by segment



Revenue breakdown by distribution (2020A)



Revenue by region (2020A)



Sources: Company, Factset, Midcap



SWOT Analysis

Strengths

- Internationally recognised product quality
- Strategic partnerships with major players that also provide a good image return.
- A strong presence in the Italian market
- Exposure to (large) Enterprise customers reduces credit risk
- Patents that take advantage of technological innovation on an exclusive basis
- The versatility of the proprietary platform, which allows all products to be integrated, thus maximising efficiency.
- The versatility of the proprietary platform, that allows customers to leverage all products at same time offering a quick go-to-market and a limited effort for integration

Weaknesses

- Still a relatively small company
- A still predominantly national presence
- An international sale force still needs to be developed.
- High dependence on a single customer, although decreasing in recent years.

Opportunities

- Fast growing market niches
- A business model easily scalable in Italy and internationally
- DCX segment with high development potential
- Paperless: more and more government organisations are going paperless
- Potential to develop merger and acquisition operations horizontally and/or vertically.
- High scalability in international markets

Threats

- Potential as acquisition target
- Increasing competition, especially in the field of CCM.

Sources: Company, Midcap

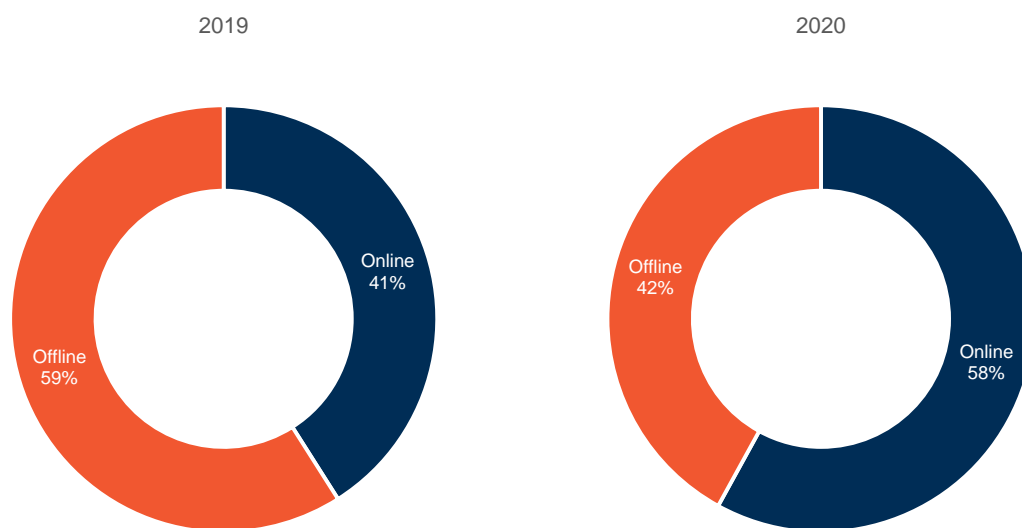
Keyword: PERSONALISATION

When it comes to consumer relations, everything revolves around the ability to please the customer, to immerse them in a sustainable customer experience. **A 'Customer Experience (CX)' that starts during the decision-making process and becomes circular.**

Today's consumers are not satisfied, on the contrary: they demand to interact with their favourite brands in an effective and memorable way.

This became evident in 2020, when with the COVID-19 pandemic and the many restrictions imposed by governments forced many companies to turn to digital solutions to satisfy their needs. **Compared to 2019, according to the fourth edition of the State of the Connected Customer report, an average of 58% of brand interactions took place online in 2020, registering a 17-point YoY increase.**

Customer brand interaction (2019-2020)



Source: Salesforce: "State of the connected consumer" 4th Edition

Just as in online browsing, the perception of the consumer experience (including offline) has changed: there are no longer processes composed of sealed, partitioned silos in which disconnected actions take place, but rather state transitions that result in a very high level of personalisation.

This leads to seeing the customer experience as a flow that needs to be constantly, dynamically monitored: a result that only the integration of CRM systems into the activities of all company functions can guarantee.

To a consumer, the best response is a company that can move in 360°, which certainly does not exclude the need to automate all processes to optimise the work process and minimise effort in terms of time: just think that in 2019, according to the sixth edition of the State of Marketing, **84% of marketers say they have used AI in the last year, compared to 29% in 2018.** A trend which shows an increase of 186%, and which should be confirmed in 2020.

On this basis, the objective is not only to act in a timely and personalised manner with targeted actions, but even to anticipate its behaviour in order to please and support it effectively from the outset.

I. The Leader Italian in CCM

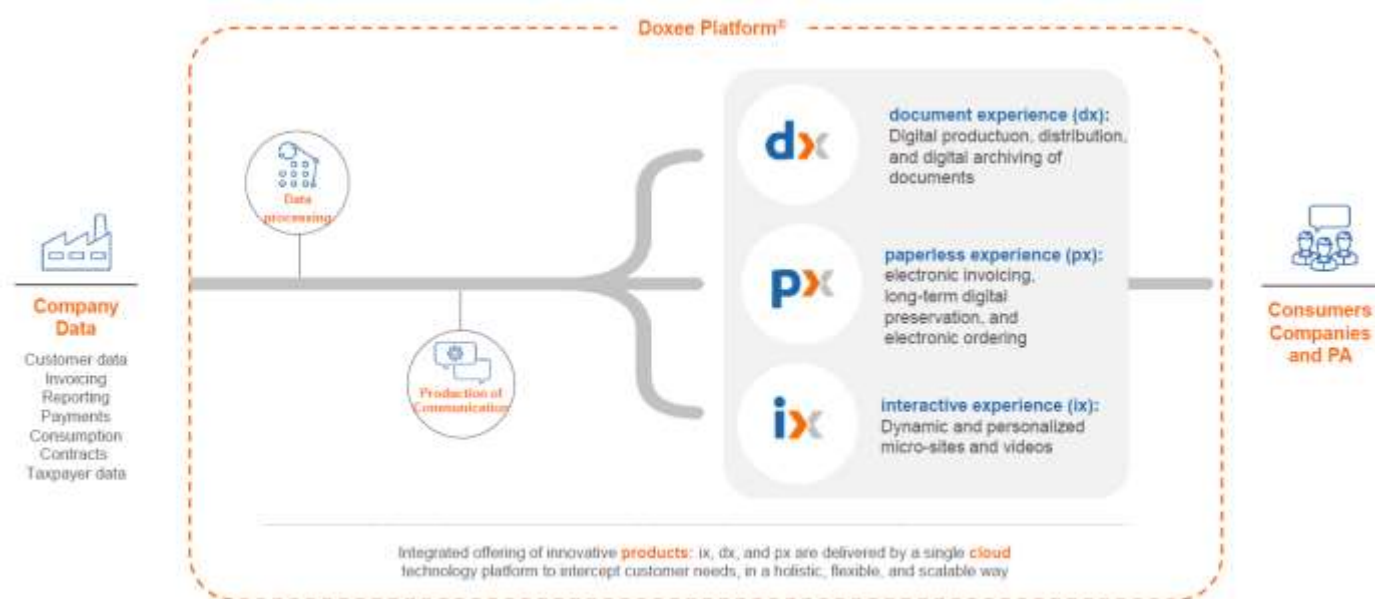
Doxee is the Italian leader in the following markets:

1. **Customer Communications Management (CCM)**
2. **Paperless**
3. **Digital Customer Expérience (DCX)**

Doxee S.p.a. has investments in three foreign subsidiaries:

- ✓ Doxee USA Inc. - 51% (49% is owned by Simest)
- ✓ Doxee Czech Prague - 100%
- ✓ Doxee Slovak Bratislava - 100%
- ✓ LittleSea (Babelee Technology) – 91%

Doxee's Business



Source: Comapny

Doxee offers three product lines:

1. **document experience (dx):** Cloud product dedicated to the production, multi-channel distribution and digital archiving of documents. *Doxee was the world's first player to distribute a CCM product entirely in cloud mode (SaaS and PaaS).*
2. **paperless experience (px):** a cloud product for electronic invoicing and digital storage in accordance with the highest levels of security
3. **interactive experience (ix):** A cloud product to create and distribute microsites (Doxee Pweb®) and personalised videos (Doxee Pvideo®)

Doxee Product Lines



Source: Company

All products can be deployed as:

- ✓ **Software as a Service (SaaS):** the product is delivered via cloud, for which customers pay a fixed charge as well as a variable commission based on usage.
- ✓ **Platform as a Service (PaaS):** the product is delivered in a cloud software platform. Partners integrate Doxee Platform® features through API and other integration interfaces to build-up new applications in the Doxee ecosystem. In this case too, partners pay a fixed fee as well as a variable commission based on usage.
- ✓ **On Premise:** the rights to use licensed Doxee products for which customers pay according to the activated functionalities. ***These types of products are being progressively divested.***

A Single Proprietary Platform: Doxee Platform®

The company currently holds five patents for technologies developed in-house. **Since 2005, it has invested an average of 13% of its revenue in research and development.** Thanks to this dedication to innovation, Doxee has achieved the status of an innovative SME.

At the end of 2020, the company had achieved a **production valuation of €22.8m**, an increase of 9% over the previous year. **Recurring revenue amounts to 76% with 93% from SaaS.**

II. The Doxee Platform®: The Group's Beating Heart

The group's Doxee Platform® is a highly innovative digital product platform for businesses based on its proprietary cloud architecture.

The Doxee Platform is a native cloud solution that encompasses the company's three product lines: dx, px and ix.

Doxee has developed the Doxee Platform in-house with a cumulative investment of **more than €20m over 11 years**. With this platform, Doxee brings to the market its blend of technology and know-how from over 20 years of industry experience.

Doxee owns the intellectual property on the platform's fundamental building blocks:

- ✓ Data collection and transformation
- ✓ Content production and multi-channel distribution
- ✓ Legal digital preservation of documents

The Doxee Platform is the company's most important asset. It enables business data to be transformed into personalised communications and distributed through a multitude of channels.

It can be configured as a:

- ✓ **Data Acquisition and Processing:** enabling the acquisition and processing of data available from multiple sources, providing data consolidation and data enrichment features.
- ✓ **Process Management Console:** automated communications' production and distribution through multiple digital and traditional communications channels.
- ✓ **Document Archiving and Access Console:** digital archiving and document storage in accordance with current European and Italian regulation and compliances.
- ✓ **Monitoring and Analysis Console:** advanced data analysis tools to monitor end-to-end communication processes, including production and distribution as well as customers feedbacks management.

The Cloud architecture the Doxee Platform® is based on has enabled the creation of an integrated ecosystem of Cloud products. This has enabled the **highest levels of interoperability and flexibility to respond quickly and effectively to the needs of any customer**.

The platform can be integrated with all major "registration systems", such as ERP, Billing System, CRM, ensuring compatibility and compliance with national and international standards including electronic invoicing.

Doxee Platform® ensures highly scalable data acquisition and processing features enabling customers to easily leverage the hidden value of data to build up strong customers relations in a never-ending process continuously enriching the customer profile to constantly improve interactions.

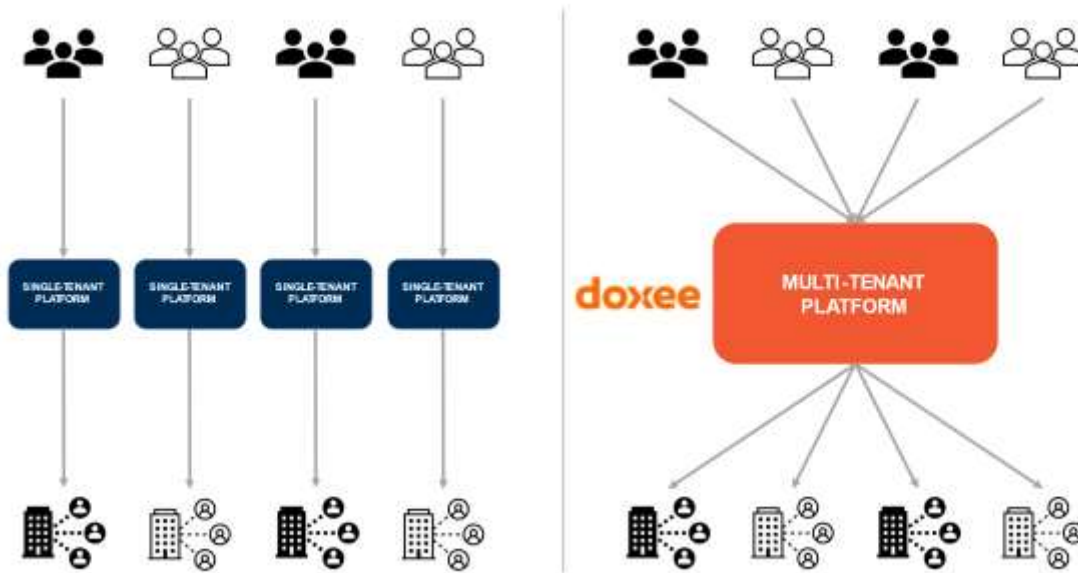
The Doxee Platform® enables all stages of communication production to be monitored, from design, implementation, and review, through to approval and delivery of communications to their recipients.

The Doxee Platform® is based on a **Multi-Tenant model**, a software architecture in which a single instance of the software runs on a single infrastructure used by multiple clients ("tenant"). Each client shares the same software infrastructure, but its data remains distinct from that of the other clients.

The Multi-Tenant model can have several advantages:

- ✓ **Cost reduction:** multiple customers means that the cost of the infrastructure is shared.
- ✓ **Integration:** Cloud platforms allow easier integration with other applications through the use of APIs
- ✓ **“Hands Free” maintenance:** the infrastructure and application layers are managed by the SaaS provider, that means that overall maintenance is completely run by the provider.

Single-tenant & Multi-tenant platform (Doxee Platform®)



Source: Midcap

The adoption of SaaS and PaaS enables customers to reduce their Total Cost of Ownership (TCO) by moving from a Capex-based to an Opex-based cost structure.

Cloud platforms and SaaS products can be easily adapted, even to different geographical regions. In this context, the Doxee Platform® supports multiple languages and allows the global roll-out of the platform. Doxee products enable accelerated time-to-market for all business needs involving the communication of large enterprise grade companies with their customer base.

Unlike other competing products, the Doxee Platform® offers a fully visual configuration system, which is supported by graphical user interfaces that greatly simplify the use of the products.

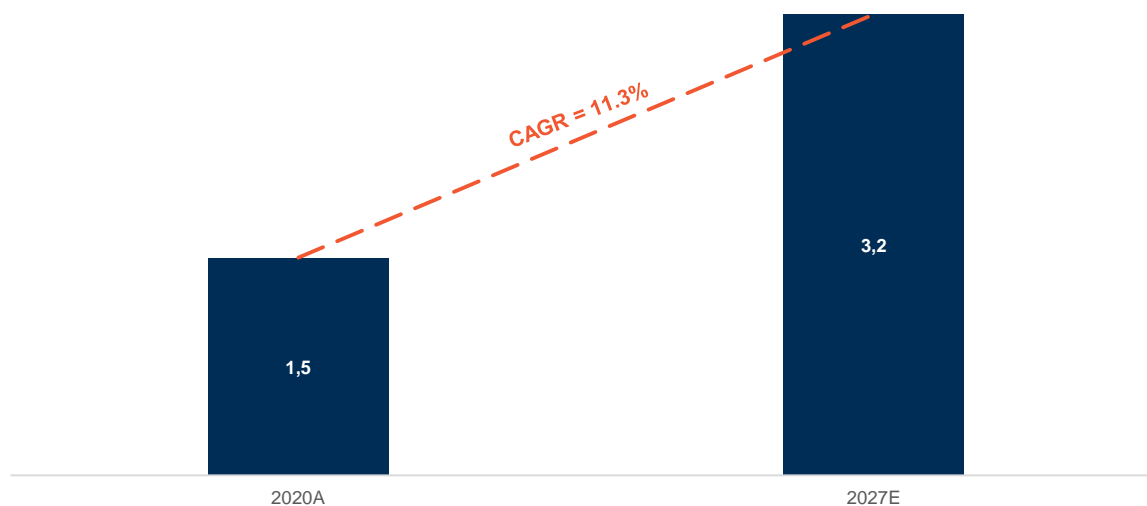
III. CCM: The Basis for Expansion

Customer Communications Management (CCM) refers to all **activities that enable companies to manage communications with customers through different channels such as print, e-mail, web pages and text messages**. CCM includes automated processes that not only send the desired information, but also adapt the message to the customer and the context.

Recently, Advanced Natural Language Processing (NLP) and Artificial Intelligence (AI) have revolutionised CCM by solving many problems and enabling better 24/7 service and easier connection with more customers. In addition, the constant increase in the number of people connected to the Internet and the forced digitisation imposed by Covid, have accelerated the adoption of CCM solutions.

According to a study mentioned by Global News Wire, **the customer communication management market is expected to grow at a CAGR 2020-2027 of 11.3% to reach \$3.2bn, up from about \$1.5bn today.**

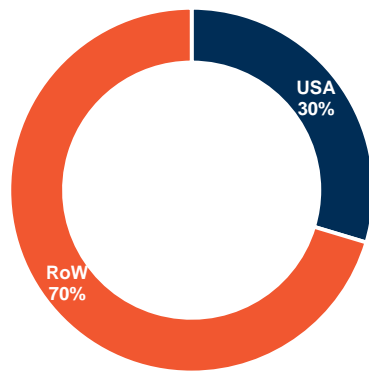
Global CCM market trends in \$ billions (2020 - 2027)



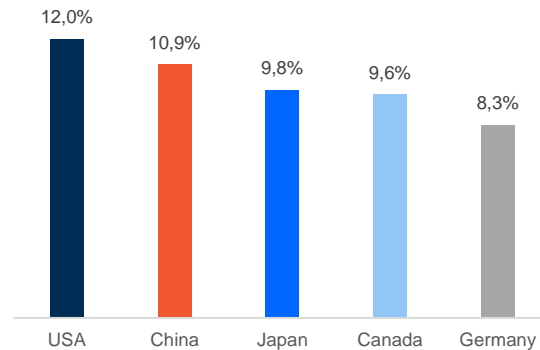
Source: Globalnewswire

The United States would represent about 30% of this market, or about \$450m, and is expected to grow at an average rate of 12% per year until 2027. In this context, it is estimated that China will have a CAGR of 10.9%, followed by Japan 9.8%, Canada 9.6% and Germany 8.3%.

Market segmentation of worldwide CCM (left) & CAGR2020-2027 by country (right)



CAGR 2020-27E



Source: Globalnewswire

These high growth rates are the result of:

- ✓ CCM systems make companies significantly more efficient by automating and simplifying procedures.
- ✓ The various customer communication activities need to be faster and automated.
- ✓ Customers are demanding increasingly efficient, fast, and cost-effective services that only new technologies can offer.
- ✓ The need for greater data security than in the past

The technologies adopted in the customer communication management market are: "On-premise" and "Cloud".

1. **On-premise:** covers the majority of the market. This is the most traditional approach, adopted mainly by companies in the financial sector, defence and governments, to ensure the security of sensitive data.
2. **Cloud:** is expected to grow exponentially over the next few years as cloud solutions and "as-a-service" communication systems are more widely adopted. According to Gartner, by 2023, more than 75% of all customer communications will be cloud-based.

CCM's new market orientation calls for the elimination of paper and the adoption of digital in its place. Today, consumers receive far more paper-based communications than they would like. **CCM solutions can be the key to making the consumer relationship more digital and engaging.** In addition, these communication systems can analyse which communications are of interest to consumers and which are not, thereby increasing business efficiency.

Increasingly, businesses are asking CCM providers to:

- ✓ Move to the cloud in order to eliminate the high maintenance costs of "on premise" CCM.
- ✓ Support a broader set of communication tools.
- ✓ Adopt intelligent and automated customisation tools.
- ✓ Allow for two-way interaction so that customers can respond to communications or access their website/application via links.
- ✓ Allow simple interfaces guide non-technical users to all interacts with the platform and each other.

Doxee document experience (dx): Digitisation of the production, distribution & storage of documents

Doxee document experience (dx) is the CCM product line for companies that wish to digitise, centralise, and improve the efficiency of their customer communication processes, for reasons

of regulatory compliance with communication requirements (invoicing, reporting, payment reminders) or for promotional and/or customer service initiatives.

The dx products enable all data processing, communication production, short and long-term archiving processes to be unified in a Flexible and Interoperable solution. Doxee's proven industry experience and technological expertise make it the ideal partner for companies that wish to delegate the development, production and delivery of critical communications in order to maintain an excellent quality of service.

The use of dx products does not require investment in infrastructure or licensing and therefore reduces the costs associated with the management and operational maintenance of a traditional CCM platform and associated hardware infrastructure. Cloud delivery ensures that dx products are interoperable with standard market systems and/or systems already in use by customers (ERP or CRM), as well as scalability to meet specific needs.

Usage case : Document Experience (dx) division



Source: Company

Competitive positioning: One of the Most Innovative CCM Solutions

In the CCM market, Doxee competes with very large companies such as Quadient, Elixir, Pitney Bowes and OpenText. However, they remain anchored to traditional technologies with "On Premise" solutions, which are very capital intensive and less scalable for clients.

Mid-sized players generally focus on specific use cases or market niches in which they have particular expertise.

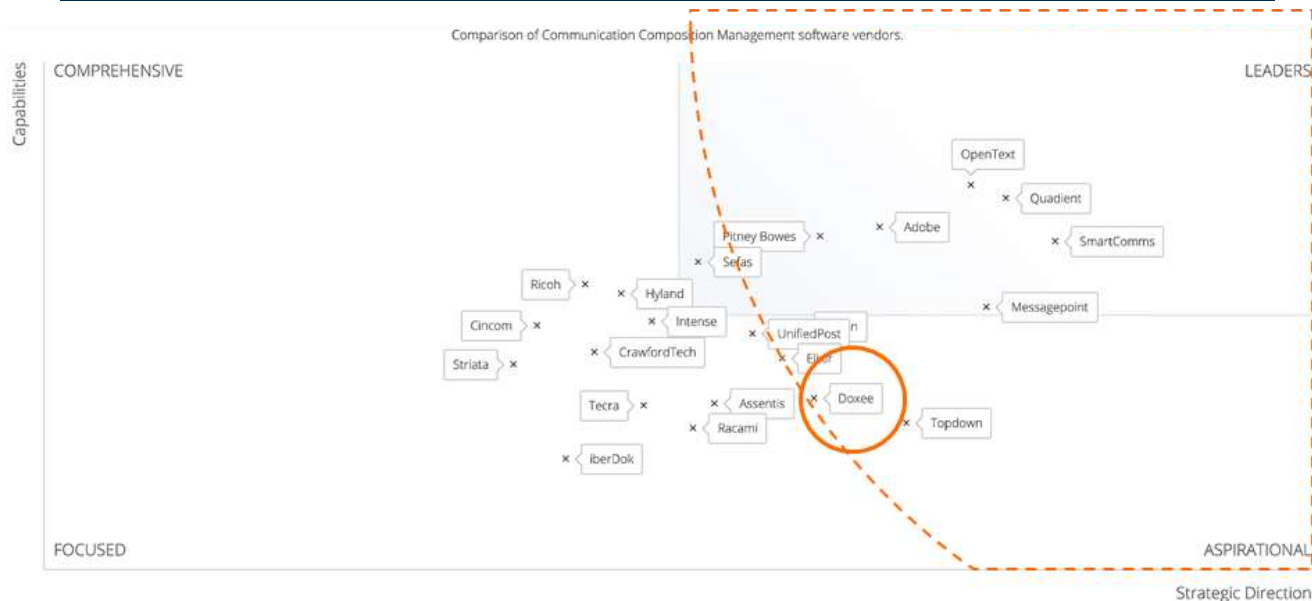
Smaller players, including Doxee, are characterised by their strong presence in certain regions (or market niches) and tend to implement more innovative and flexible solutions.

Recently, Doxee was selected as a technology leader among the leading international vendors in the "SPARK Matrix™: Customer Communication Management 2020" report from Quadrant Knowledge Solutions. This recognition shows not only that Doxee is the only Italian company to be active in the TCM market, but also that its technology platform is recognised as one of the most innovative in the sector.

According to Aspire, Doxee is considered to be one of the most technologically advanced TLC product suppliers in the world, with expertise gained through many years of collaboration with leading European companies, mainly in:

- ✓ Banking
- ✓ Public administrations
- ✓ Telecommunications

Aspire's 2020 Leaderboard



IV. Paperless : The Race to Digitise

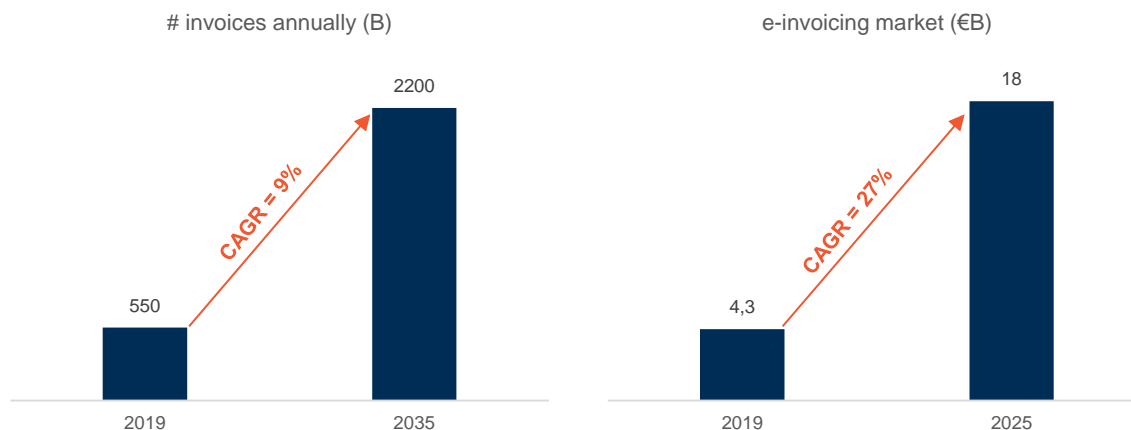
The "Paperless" market refers to the dematerialisation of documents thanks to new digital technologies, mainly regarding two areas:

1. Electronic invoicing
2. Electronic ordering

These trends are associated with legal electronic documents archiving.

According to the report "The e-invoicing journey 2019-2025" released by Billentis, **the global number of invoices is estimated at 550 billion per year, a number that is expected to increase by 4x by 2035.** In 2019, about 55 billion dematerialised invoices were used. The report also estimates that **the e-invoicing market was worth €4.3bn in 2019 and will reach €18bn in 2025.** Given the strong trend towards digitisation sparked by Covid, these estimates could be conservative.

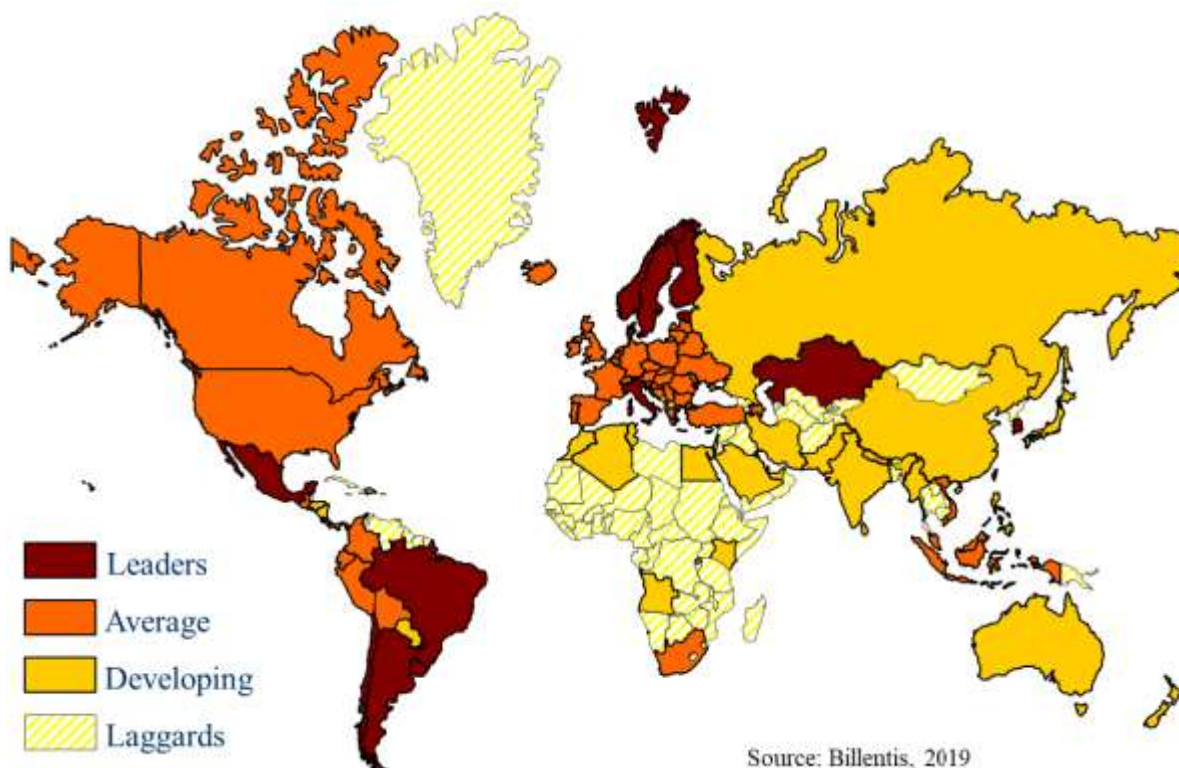
Electronic Invoice Marketplace



Source: Billentis

The adoption of e-invoicing varies considerably from one region of the world to another. Italy, Central America, and South America are countries at the forefront in this field, having first adopted such solutions mainly to combat tax evasion.

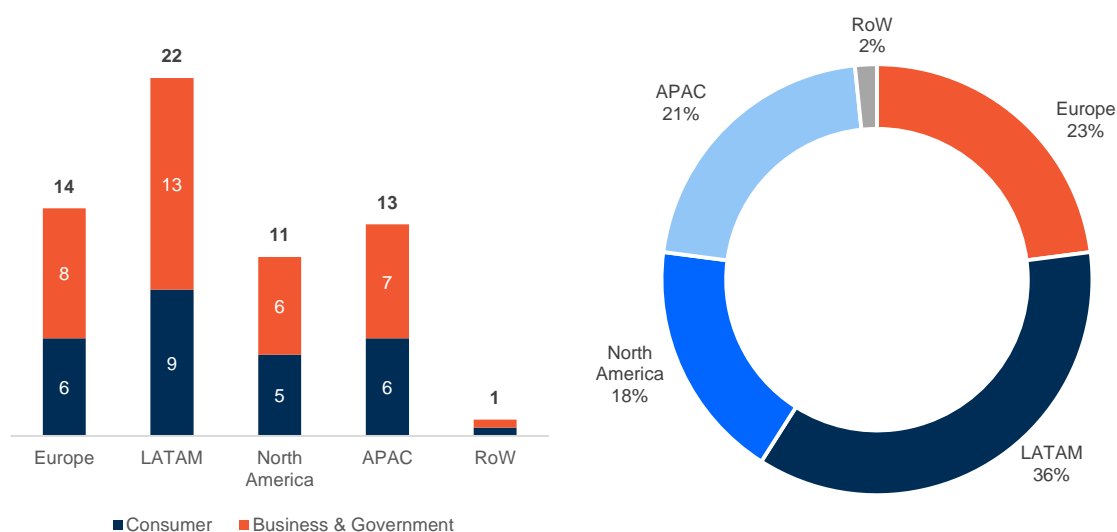
Maturity of the e-invoicing market



Source: Billentis 2019

In 2019, 22.5 billion electronic invoices (41% of the total) were related to the B2C segment, while the remaining 32.5 billion (59% of the total) were related to the B2G and G2B segment. More than half of all e-invoices issued worldwide are in Latin America and Europe. South America appears to be the most active market with 21 billion electronic invoices (38% of the total), followed by Europe with 13 billion (24%), the majority of those are in Italy.

Electronic invoices by segment & region (2020)



Source: Billentis 2020

In 2014, the European Union released two directives that required more than 300,000 public administrations in member countries to support a common standard for electronic invoicing and to adopt automated digitised processes for public procurement. From January 2019, B2B electronic invoicing became compulsory in Italy. Germany is expected to achieve this by the end of 2021. Electronic registration of invoices became compulsory from April 2020 in India and November 2020 in Vietnam.

European market penetration by country (2019)



Source: Billentis

In this context, Billentis estimates that 2/3 of European electronic invoices go through Cloud services; this proportion continues to grow. The adoption of cloud platforms for e-invoicing actually brings countless benefits in terms of:

- ✓ Lower and more flexible costs
- ✓ Greater agility and speed
- ✓ More collaborative tools

In conclusion, there is great variability in the level of security and compliance of these automated digital systems, **which in Italy reaches by far the highest level.**

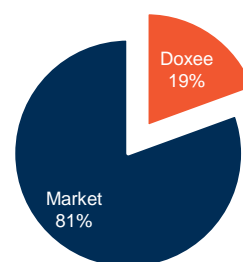
Paperless Experience (px): Electronic Invoicing, Digital Storage & Electronic Ordering

The paperless experience (px) is the line of solutions for companies that need to dematerialise documents and simplify business processes in order to comply with new regulations. **Doxee offers these solutions in cloud mode (SaaS), guaranteeing security, scalability, and efficiency** regardless of the volume of documents to be processed.

1. Electronic Billing

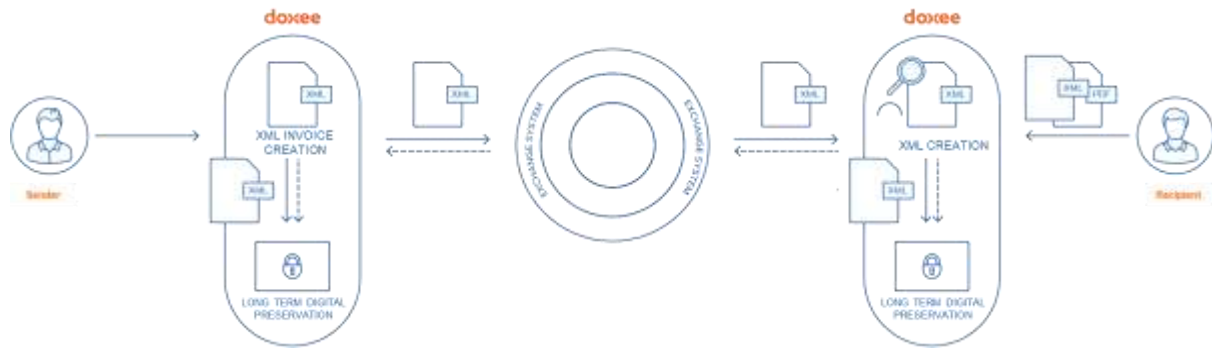
Doxee's e-invoicing solution enables clients to issue electronic invoices and centralise invoice sorting. The solution offers clients a complete service in terms of receiving invoice data, quality control and compliance, converting data into standardised formats, receiving and entering invoices via the Italian Interchange System (Sdl) or other European systems via the PEPPOL standard. One of the strong points of Doxee's electronic invoicing is that the platform is automatically updated for each new regulation without the need for new investments on the part of the client.

According to 2019 data, Doxee managed to issue of more than 350 million electronic invoices, representing **19.4% of the electronic invoices produced in Italy** (out of a total of 1.8 billion electronic invoices).



Source: Company

Electronic invoicing processing with Doxee



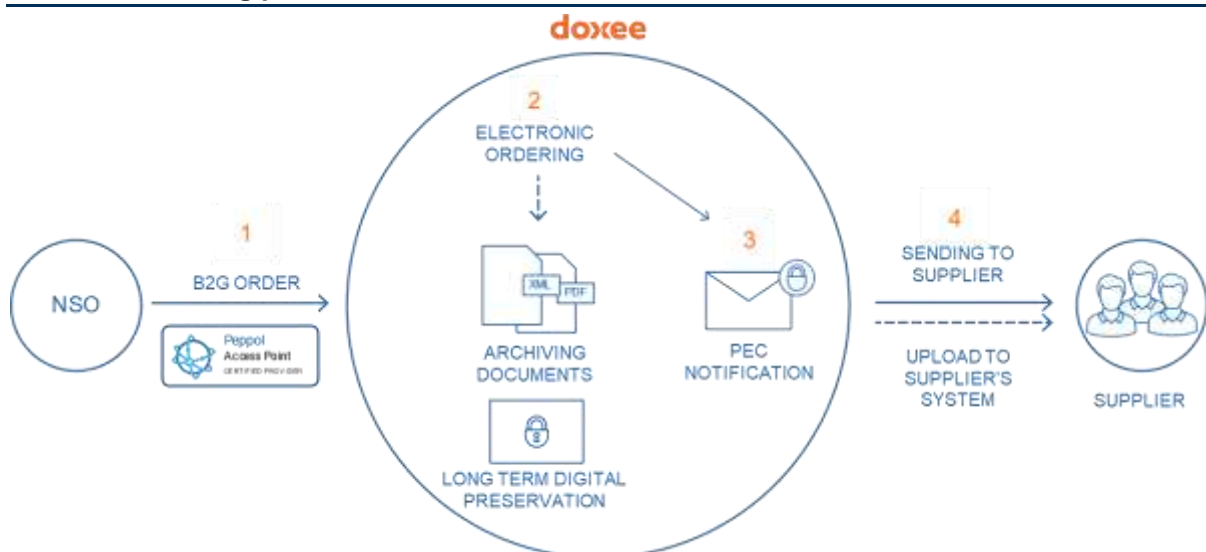
Source: Company

2. Electronic ordering

Electronic ordering solutions are designed for all companies supplying public administrations, which need to make purchases digitally and in compliance with legislation. In addition, the Doxee platform allows you to receive orders placed directly by public administrations through PEPPOL and to send them to potential suppliers.

1. The NSO system (telematic ordering system of the Italian public administration) sends the electronic order to the Doxee system (on the PEPPOL channel and on the supplier's "Peppol ID", registered and managed by Doxee).
2. Doxee handles the electronic order received (in UBL format) and processes it according to the recipient's VAT number, identifying the correct supplier. The order is then dispatched.
3. The supplier is informed of the receipt of the order by an automatic PEC communication.
4. Electronic orders can also be uploaded to the DA (Digital Archiving) and LEA (Legal Electronic Archiving) systems.
5. The electronic orders are stored in specific Sftp folders and made available to the supplier.
6. Doxee can also connect directly to the supplier's systems through additional processing and indexing of the documents received.

Electronic ordering process with Doxee

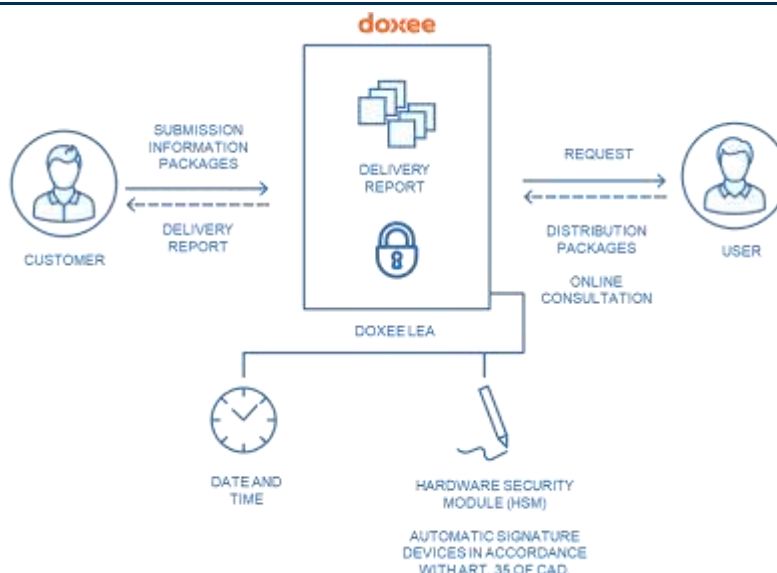


Source: Company

3. Digital preservation of documents

Is the Doxee solution for the long-term digital archiving of documents in accordance with the law for both private and public administrations. The product is certified by Agid, the Italian government agency for digital technology, and undergoes an annual conformity and quality control. The solution is naturally integrated with the other products of the px line and with the other two product lines dx and ix.

Digital document preservation process with Doxee



Source: Company

Competitive Positioning: The Market Leader in Italy

The Italian paperless market is extremely fragmented, with more than 250 active companies. These companies are divided according to the customers they serve. Doxee is among those serving large and very large companies, competing with players of the calibre of IN.TE.SA., SIIV and Unimatica.

Doxee's competitive position in Italy's paperless market



Sources: Company, Midcap

V. Digital Customer Experience (DCX)

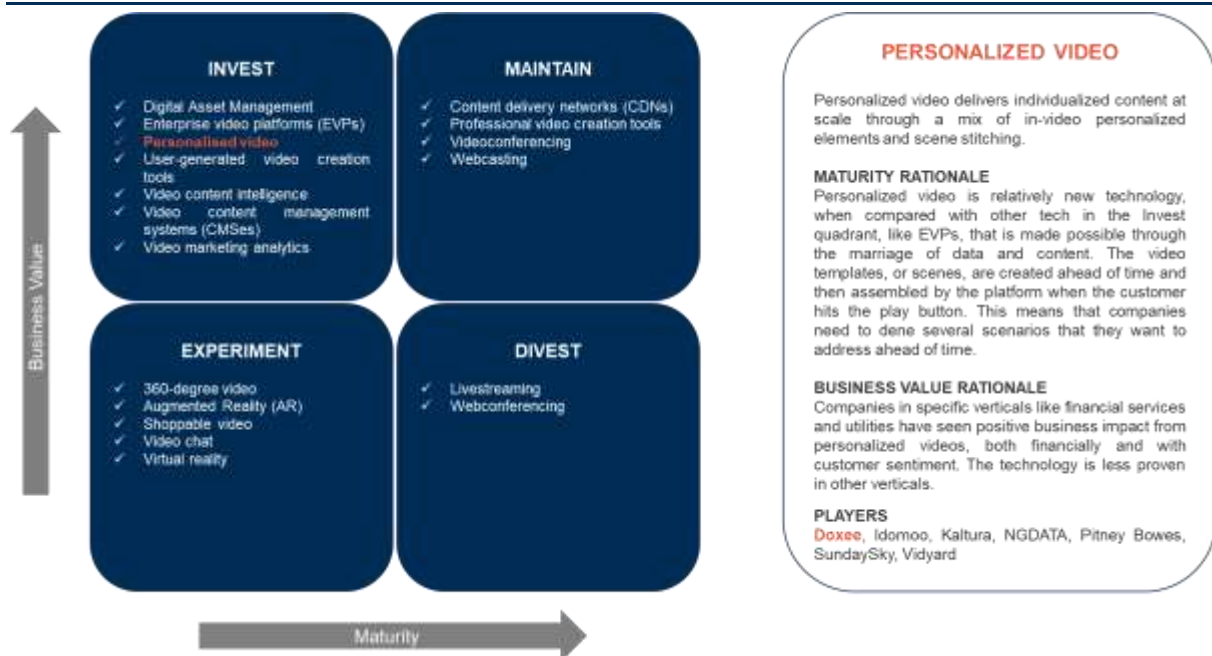
According to the Politecnico di Milano's Internet Media Observatory, in 2018 the global digital marketing market reached €25bn, a 12% increase compared to 2017.

If we focus on Italy, an elaboration by IAB and EY on Akota 2017 data shows how the digital market is expected to reach €4.4bn in 2023 with a CAGR 18-23 of 8%. In this context, the video segment should see the strongest growth, with a CAGR of 14% over the period.

Video has become the essential communication tool in all fields. Video has become a powerful tool in the hands of companies and public administrations to communicate, attract, engage and excite customers, users and employees. According to a recent Forrester study, **global video traffic will reach 82% of all web traffic by 2022.**

In the same report, Forrester analysed the different video technologies dedicated to the company, including **"custom video", which is in the "technologies to invest in" quadrant because they have high growth potential, are not yet mature and will have a high return for the company.**

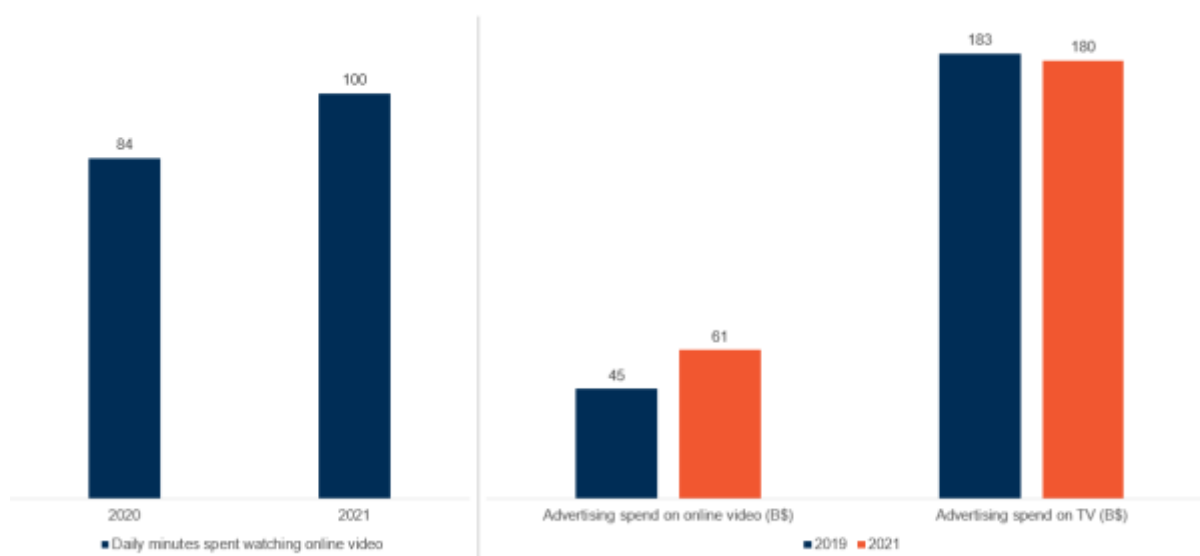
General map of Digital Technologies



Source: The Forrester Tech Tide: Video technologies, for customer and employee experience

According to Zenith data released by Marketingcharts.com, in 2020, **each person watched an average of 84 minutes of online video per day and this figure is expected to rise to 100 minutes by 2021.** In addition, it was estimated that investment in traditional television marketing campaigns is expected to decrease slightly from \$183 billion in 2019 to \$180 billion in 2021, while investment in online video marketing is expected to increase from \$45 billion in 2019 to \$61 billion in 2021 (+36%).

Evolution of the online video market



Source: Marketingcharts.com on Zenith data

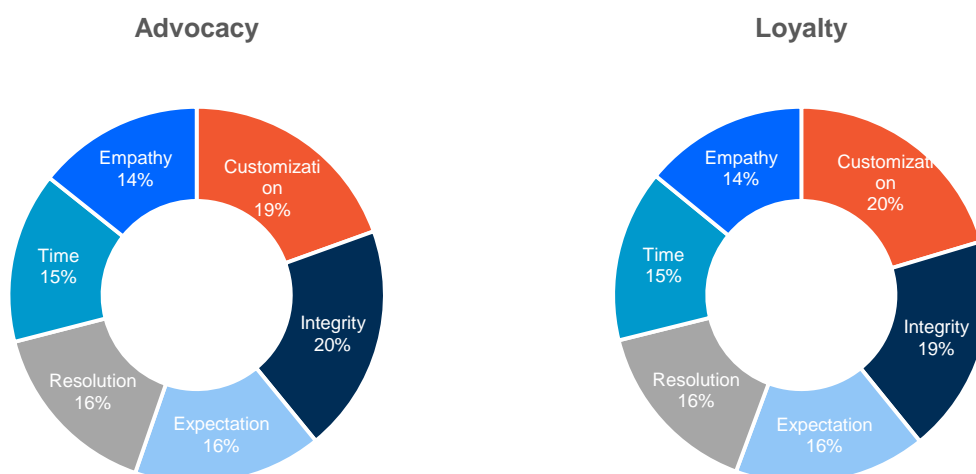
It has already been proven that many companies in the financial sector have been able to halve their assistance time thanks to video. It seems clear that companies that adopt and expand the use of video in their operations will be able to achieve superior results through a differentiated customer experience and an engaging and rewarding employee experience.

The customer experience is the sum of the experiences, sensations, emotions and memories that a customer acquires when interacting with brands. Creating memorable shopping experiences that stay in the consumer's mind and influence their future behaviour means for brands to develop a sustainable competitive advantage.

According to a KPMG report, "Excellence in Customer Experience 2019", the highest level of customer experience can be achieved by paying attention to six key pillars, at the top of which is personalisation of content and experience. Personalizing the individual's experience to create a unique emotional relationship.

Personalisation means offering a 'tailor-made' experience, designed around the needs of the individual client. The use of name, personal attention, knowledge of preferences and past interactions all contribute to creating an experience that the client perceives as unique.

The impact of the "Six Cornerstones" on defence and retention according to KPMG (2019)



Source: KPMG "Eccellenza nella Customer Experience" (2019)

interactive experience (ix): solution for the Digital Customer Experience (DCX)

interactive experience is Doxee's product line dedicated to creating an innovative and immersive DCX digital customer experience. ix products enable the intrinsic value of customer data to be used to transform it into interactive communications and information that meet the needs and expectations of businesses. With the supply of ix products, Doxee, in addition to providing the technology in the Cloud, also acts as a partner in the design of CX that companies (and public administration) intend to offer their customers. In this way, Doxee qualifies itself in the market for possessing an important distinguishing factor compared to mere technology resellers.

In this context, Doxee offers two product lines: personalised videos and personalised microsites:

1. Personalised Videos (Doxee Pvideo®)

Doxee Pvideo® communicates through personalised and interactive videos, creating a unique story for each recipient, anticipating their needs and presenting the most relevant information in the simplest and most useful way.

Doxee Pvideo® enables the creation of personalised and engaging user experiences:

- ✓ By creating and distributing personalised videos based on individual audience data
- ✓ Thanks to dynamic narration and personalised content
- ✓ The choice of the narrative voice from the vast catalogue of voices and text-to-speech
- ✓ Take advantage of multi-channel at every moment of interaction with the customer

Customised video



Source: Company

Customised videos differ from the usual video experiences offered by streaming portals (YouTube) **because they use the product user's data to display and tell a unique story.** The result is a message that is exponentially more effective due to the focus on the needs of the individual user. Doxee Pvideo® integrates easily with customer relationship management, marketing automation and any other type of data source and can be used in combination with other products offered by Doxee to support the customer in a multi-channel approach. Doxee Pvideo®, which is based on widely proven technologies such as HTML5, Serverless Computing, CDN and Text-to-Speech, combines these elements to create a patented product that not only addresses a market that is still partially unexplored (only seven players in the world operate in this market, according to an analysis conducted by Forrester in 2019), but does so in a way that is different from all the others: Indeed, the composition of the personalised video is done directly on the target device, offering instant playback, containing the user's data consumption and, more generally, delivery costs.

In July 2020, Doxee acquired **LITTLE SEA**, a startup that transforms user data into highly dynamic and personalised video through its **Babelee platform**.

Babelee's technology is designed for self-service use, even by non-expert operators.

Previously, Doxee Pvideo had image limitations and a much longer process because it was based on AdobeAnimate and only produced animations, not real images. Instead, Babelee is based on AdobePremiere, a timeline-based real-time video editing software. **Babelee is capable of automatically extracting data from a database using AI algorithms.**

2. Personalised Microsites (Doxee Pweb®)

Doxee Pweb® is the product offered in cloud mode and dedicated to the production and distribution of customised micro-sites based on data provided by the client. It can also be used to go beyond the traditional sending of invoices, statements and digital documents in pdf format, or, in the phase of welcoming a new client where useful information on his preferences is collected, it allows to personalise the service and the offer of complementary products.

The possibilities of use are unlimited: Doxee Pweb® offers the possibility of presenting each client with interactive and highly personalised web content capable of accompanying the client in a multi-channel manner.

Clients using this product benefit from a very short time-to-market compared to normal website adaptation initiatives, as the potential for content production, application integration and data adaptation expressed by the Doxee platform makes the development of applications based on Doxee Pweb® much easier. Doxee Pweb® can be used in conjunction with Doxee Pvideo® to create seamless multi-channel experiences, from video to dynamic interaction with digital documents.

Doxee Pweb® enables:

- ✓ The creation of valuable relationships by transforming data into dynamic web content
- ✓ The flexibility and interactivity of a web page
- ✓ Engaging users with personalised and information-rich content
- ✓ Seizing the opportunity of a transactional channel as a communication tool
- ✓ Data to be read using interactive graphs and filterable multi-channel tables



Source: Company

Competitive Positioning: One of the Most Innovative Companies

Forrester has ranked Doxee and its Doxee Pvideo® technology platform among the top 7 innovations in the industry.

The ix line of products is part of the broader context of the DCX market and the digital market more generally.

A recent study by Forrester, analysing the foreign exchange market, identified three different types of players:

- ✓ **Technology service providers:** players with technological expertise, such as consultants, systems developers and web and mobile developers, who have experience in the sector, a good understanding of technology strategy and applications and close links with the senior management of companies and the boards of directors of potential clients, although the key to the success of their offers is the ability to convince the marketing managers of companies; companies seeking to improve business, CMS (Content Management System) or DAM (Digital Asset Management) tools are turning to this type of provider.

- Comparing Doxee with companies operating in the foreign exchange market depends on the type and variety of products offered and, at present, **there are no perfectly comparable companies, except for a few that are partially comparable based on the individual product offered**. In this context, we believe that Doxee is a unique company with a very strong potential to offer the broadest portfolio of innovative digital products through the Doxee Platform®.

doxee

doxee document experience

Customer Communications Management

doxee paperless experience

Paperless

doxee interactive experience

Personalized Video

OPENTEXT
ADOBE
QUADIENT
ISIS PAPYRUS

PITNEY BOWES
LITTLESEA
IDOMOO
SUNDAY SKY
VIDYARD

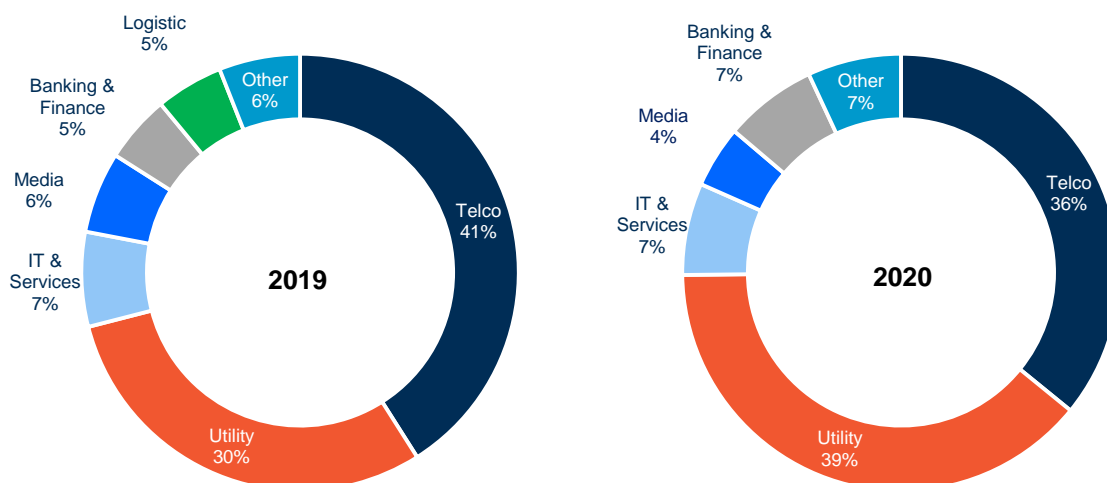
TOP CONSULT
CREDEMTEL
ZUCCHETTI
FABER SYSTEM
SISTEMI
ARCHIVA
ARXIVAR
TEAM SYSTEM
INFOCERT
TESI
INDICOM
NAMIRIAL
ARUBA
EDICOM
INTE.SA
POSTEL
SIAV
UNIMATICA



VI. Present and Future Strategy

Doxee's has a very broad client base consisting of **more than 200 large companies**. The majority of clients come from the telecommunications and utilities sectors (75% of revenue), followed by information technology and services (7%), financial services (7%) and media (4%).

Doxee Clients



Source: Company

Doxee's client base is exceptional and includes virtually all of Italy's largest groups, such as ENEL, TIM, ENI, Pirelli and Unicredit.

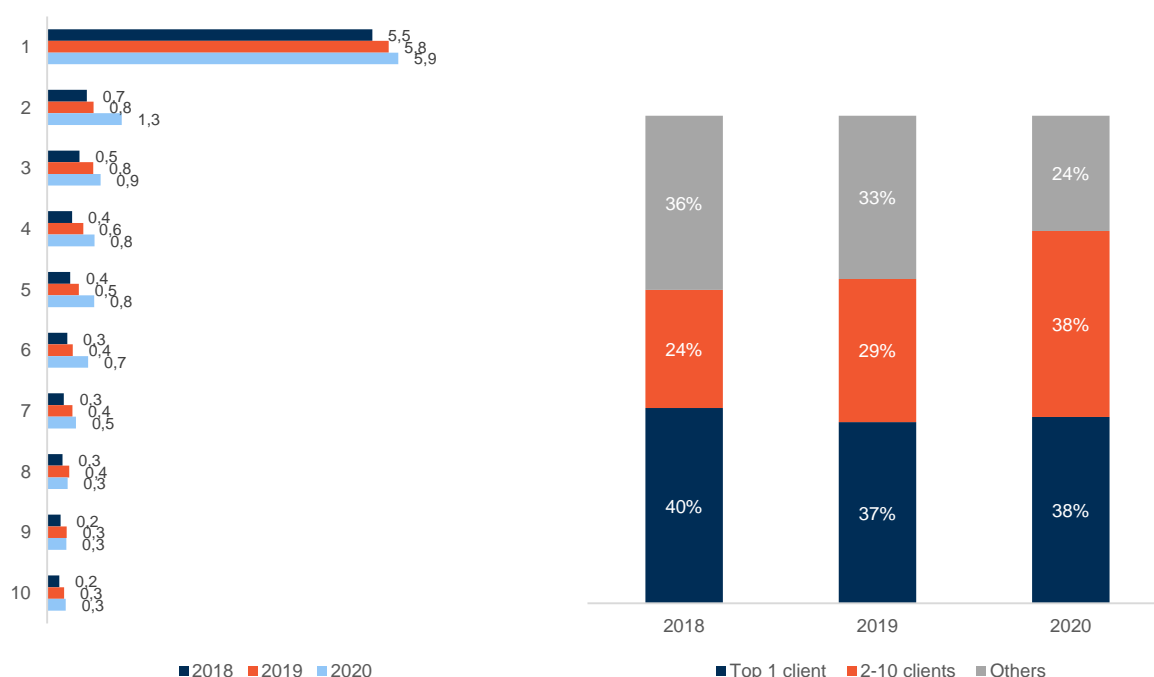
Doxee's Clients



Source: Company

Doxee's top ten clients in 2020 accounted for 76% of revenue, up from 67% in 2019. The top client, which is in the telecommunications sector, accounted for 38% of revenue in 2020, compared with 37% in 2019.

Top ten customers (left) and segmentation of the customer base (right); (2018-2020A)



Source: Company, Midcap

Strategic Partnerships

Thanks to advanced technologies and the development of an integrated technology solutions platform, Doxee has established business and technology partnerships with major players such as Postel, Zuora, Amazon Web Service (AWS), RGI and Capgemini.

Key Partnerships

This is a commercial partnership focused on the development and digitisation of public administration in Italy and the services of the Poste Italiane Group. Doxee is also responsible for training on ix products for more than 500 sales executives of the Poste Italiane Group.

A business partnership to sell px and ix products internationally. Zuora is in fact a technology company focused on the management of payments related to subscriptions of all kinds that operates on a global scale. Thanks to this collaboration, Doxee is able to sell its e-invoicing and interactive communication solutions worldwide.

It represents both a technological and commercial collaboration focused on the insurance sector. In fact, RGI has integrated certain dx and ix solutions into its platform dedicated to the insurance market, offering new digital solutions to its clients.

This is a purely technological partnership focused on the development of solutions based on the cloud and artificial intelligence. As a testimony to its strong ability to innovate, Doxee has been named AWS' first Advanced Technology Partner in Italy.

It is a business partnership focused on the sale of dx and ix solutions to companies in the banking, insurance, and telecommunications sectors.

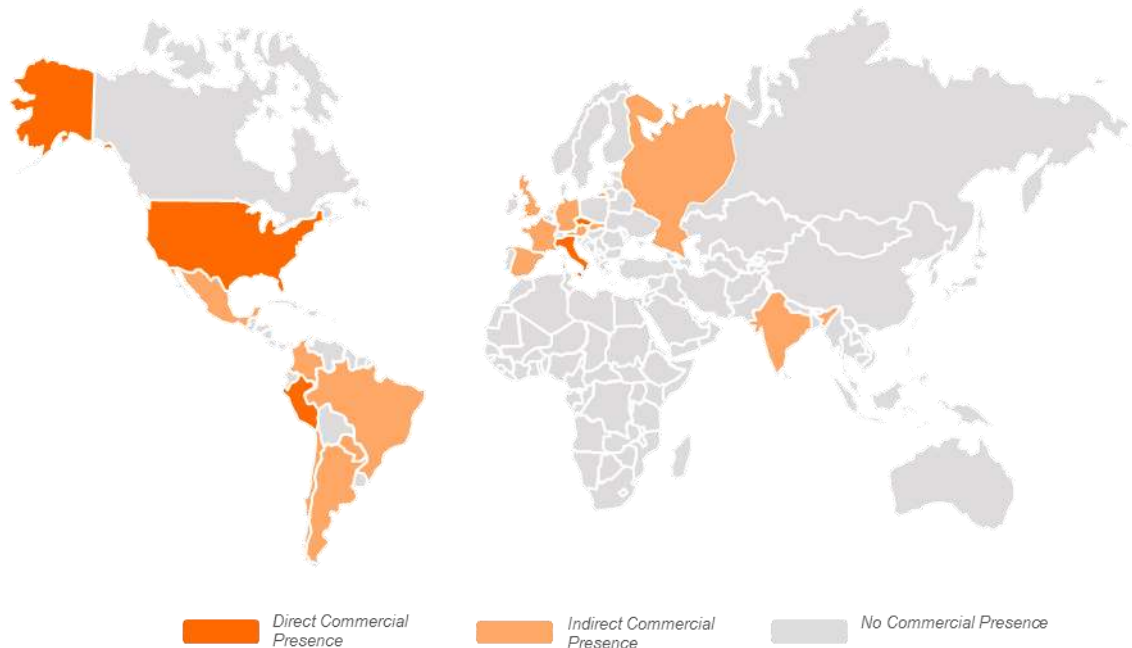
Source: Company

Sales Network

Doxee covers the Italian market with 10 sales agents organised by geographical area and by reference sector. In addition, the company relies on 5 Customer Success Managers for revenue development through up-selling and cross-selling activities.

For markets where Doxee does not have a direct presence, the company relies on partners who work closely with Doxee's management.

Doxee's Commercial Presence in the World



Source: Company

Future Strategy

Doxee's strategic growth is based on three main principles:

1. Market consolidation where Doxee is already present and expansion into new sectors

- ✓ Expansion of markets for products ix through new channels
- ✓ Consolidation of the position as a "paperless" player on the RegTech market (regulatory technology)
- ✓ Development of synergistic solutions between Paperless (px) and Interactive experience (ix) products
- ✓ Technological development of new products for the SME market
- ✓ Revision of the partnership programme in line with the marketing strategy in the sectors: Pharmaceuticals, health, retail, fashion, etc.

2. Regional Expansion

- ✓ Expansion in Europe, particularly through interactive and paperless experience products
- ✓ In the LATAM region, LATAM focuses on the telecommunications and public services sectors.
- ✓ Expansion of electronic invoicing in other European countries

3. M&A focused on "Paperless" (px) and "interactive experience" (ix)



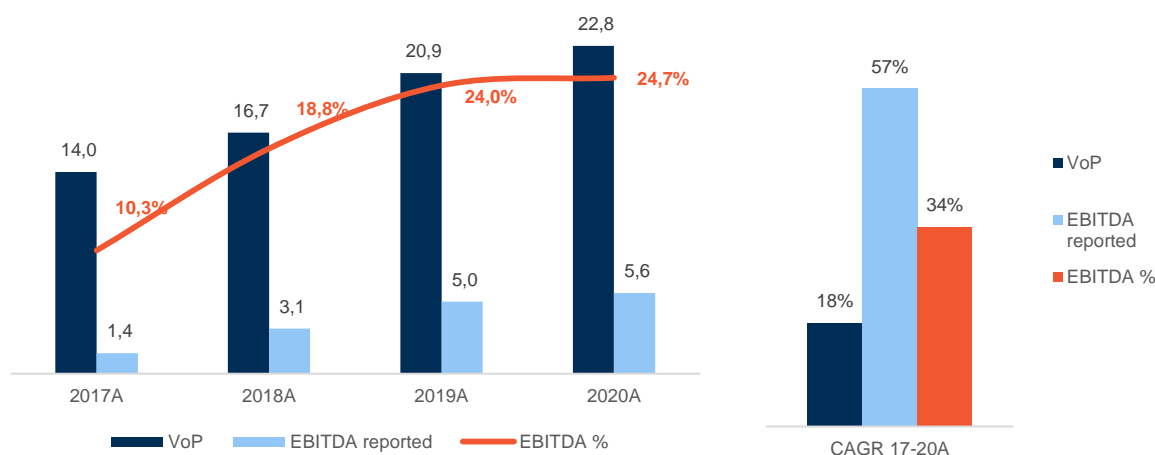
VII. Financial Analysis: Strong Revenue Growth & Steadily Improving Margins

Between 2017 and 2020, **Doxee saw significant growth in Value of Production, rising from €14m to €23m with a CAGR of 18% over the period.**

This strong growth is due to an entirely new marketing strategy, much more focused on "lead generation", the restructuring of the sales force and management's winning ideas to focus on px and introduce ix solutions from 2017 onwards.

EBITDA growth was even stronger, with a 57% CAGR over the same period, more than tripling from €1.4m in 2017 to €5.6m in 2020. At the same time, Doxee's margin more than doubled from an EBITDA margin of 10% in 2017 to 24.7% in 2020 (CAGR of 34%).

Revenue & reported EBITDA trends over 3 years in €M (2017-2020A)



Source: Company

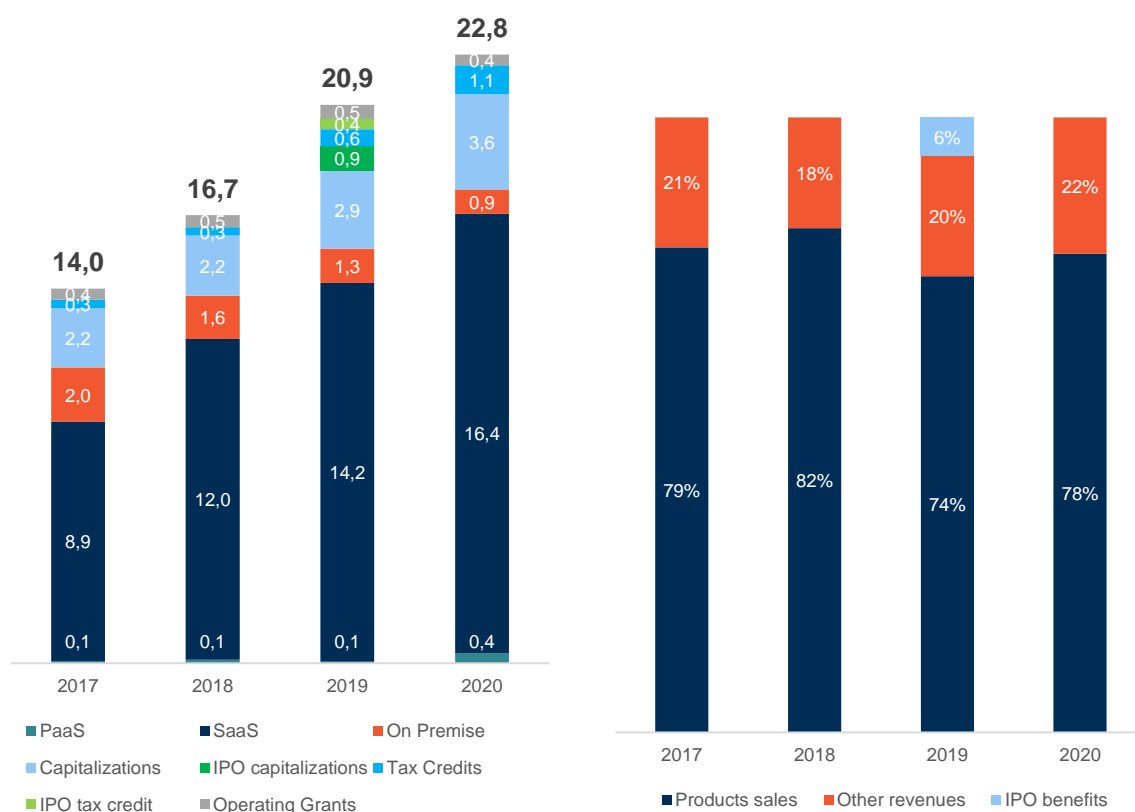
When analysing Doxee's income statement, it is interesting to highlight some particularities. The value of production (VoP) is obtained from the sum of:

1. **Product sales:** which we will use as the basis for our analysis as actual turnover.
2. **Other Revenue**
 - a. **Capitalisation of research and development activities**, under the heading "Assets under construction". Please note that some of the projects undertaken by Doxee may last up to 3 years and are not amortized until completion.
 - b. **Tax credits** related to being an innovative SME and investing in innovative projects.
 - c. **Grants for research and development** resulting from participation in calls for proposals from the Region, the Ministry of Economic Development, etc.

In 2017 Other revenue represented 21% of Doxee's total revenue, declining to 18% in 2018 before rising to 26% in 2019 and decreasing to 22% in 2020. In 2019 other revenue was especially high thanks to approximately €1.3m of IPO capitalizations, split between (i) €0.9m of capitalised IPO costs and (ii) €0.4m of tax credits.

Of note is the strong revenue growth distributed in SaaS mode, which had a CAGR2017-2020 of 22.4% rising from €8.9M in 2017 to €16.4M in 2020. Similarly, **recurring SaaS revenues reached 93% of product sales, compared to 81% in 2017.** At the same time, the old "On Premise" distribution method, whose limits we have already mentioned, is being increasingly reduced.

Output Value Trends by Segment in €M (2017 – 2020A)



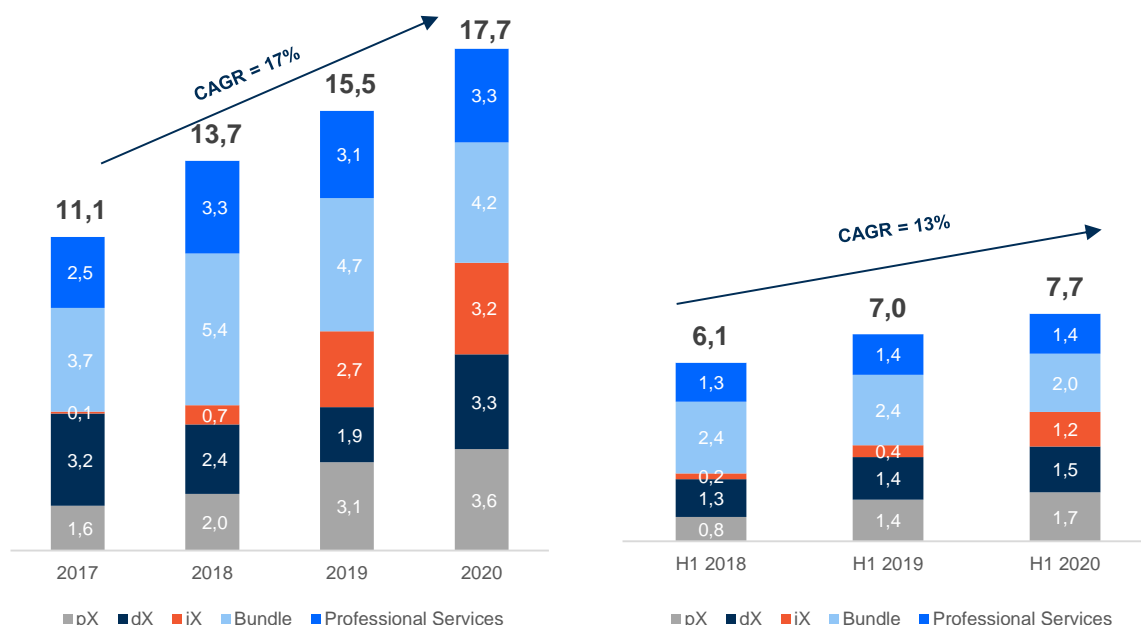
Source: Company

Analysing product sales alone, **Doxee's net sales increased at a CAGR of 17% between 2017 and 2020, from €11.1m in 2017 to €17.7m in 2020.** This growth is largely due to the interactive experience division (ix) which confirms management's forward-looking vision (CAGR of 266% from €0.1M to €3.2M), followed by paperless experience (px) products (CAGR of 31%).

Revenue trends by segment in €M (2017 – 2020A)

	2017	2018	2019	2020	CAGR
pX	1.6	2.0	3.1	3.6	31%
dX	3.2	2.4	1.9	3.3	1%
iX	0.1	0.7	2.7	3.2	266%
Bundle	3.7	5.4	4.7	4.2	5%
Professional Services	2.5	3.3	3.1	3.3	10%
TOTAL	11.1	13.7	15.5	17.7	17%

	H1 2018	H1 2019	H1 2020	CAGR
pX	0.8	1.4	1.7	42%
dX	1.3	1.4	1.5	10%
iX	0.2	0.4	1.2	145%
Bundle	2.4	2.4	2.0	-10%
Professional Services	1.3	1.4	1.4	1%
TOTAL	6.1	7.0	7.7	13%



Source: Company

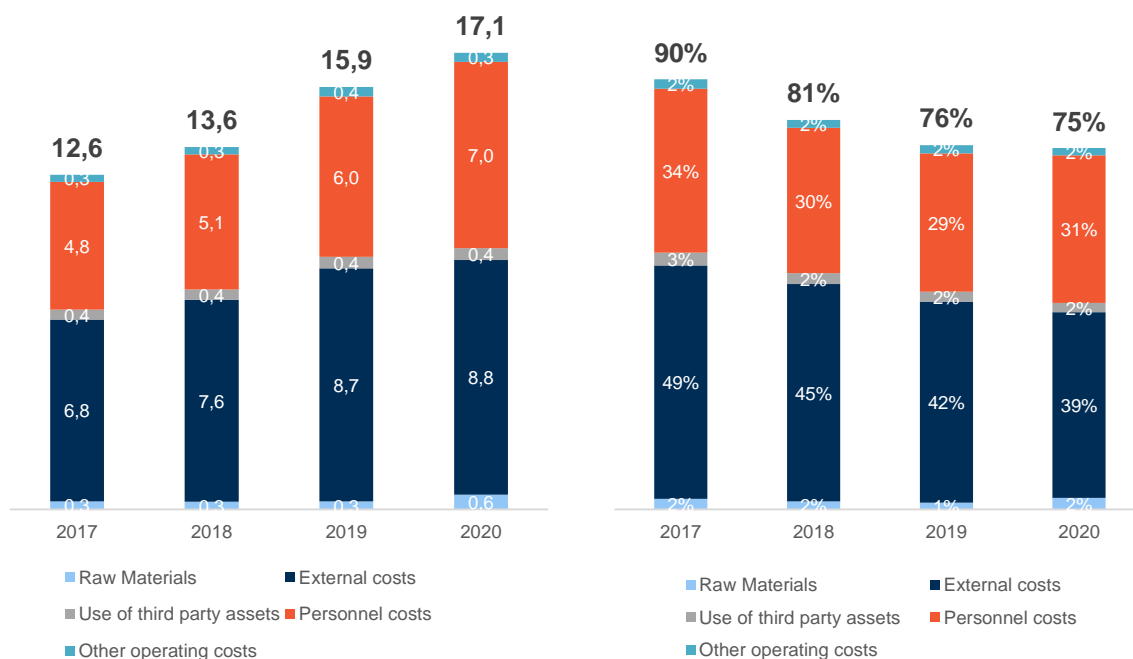
COSTS:

An analysis of Doxee's cost structure shows that the **costs of external services and personnel costs represent more than 90% of total costs** (51% and 41% respectively in 2020).

Between 2017 and 2020, external services costs have increased less than proportionally to revenue growth, due to an improved product mix resulting from the take-off of ix and px products.

- ✓ **External services** costs increased from €6.8m in 2017 to €8.8m in 2020 (+29%), while revenue increased by 36%.
- ✓ **Personnel costs** increased by 46% between 2017 and 2020 (from €4.8m to €7.0m), due to the increase in the workforce from 80 to 128 people. In percentage terms, in 2017, labour costs represented 41% of sales, whereas at the end of 2019, they represented only 39%.

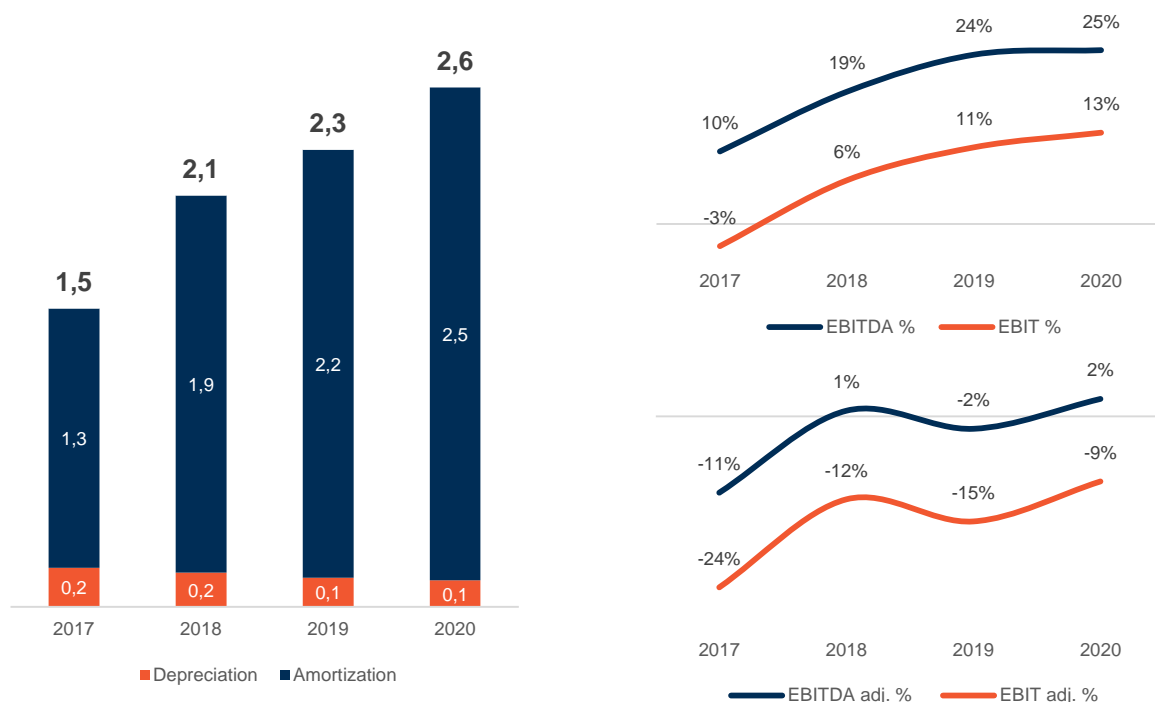
Detailed cost changes: in €m (left), % of net revenue (right) (2017 - 2020)



Source: Company, Midcap

The high level of R&D activity undertaken by Doox leads to a significant amortisation of intangible assets. In 2017, the amortisation of intangible assets was €1.3m, compared with €2.5m in 2020.

EBITDA & EBIT trends for 2015 - 2020

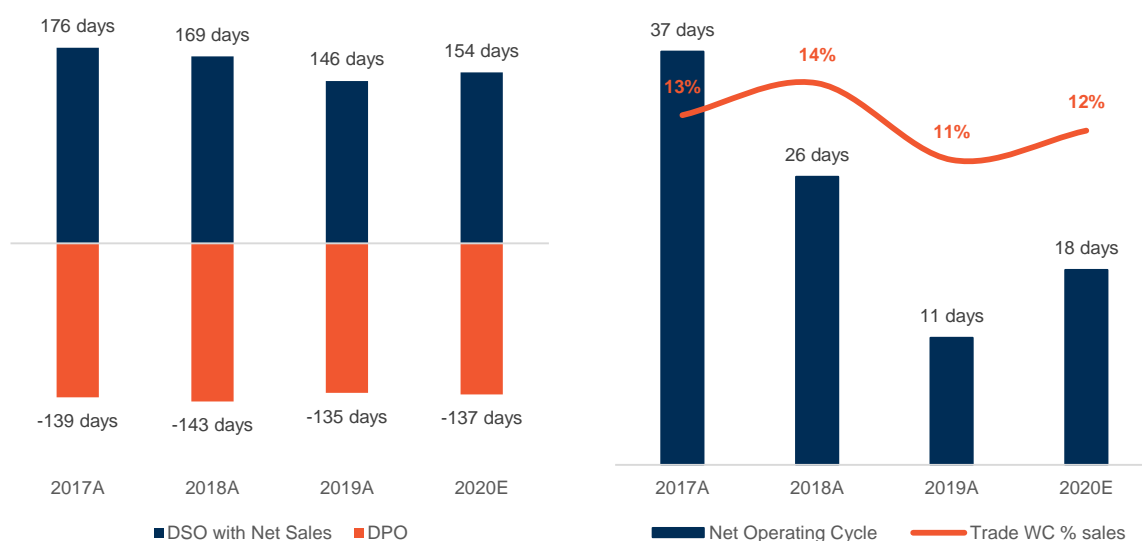


Sources: Company, Midcap

Working Capital: Strongly Improving despite Covid

Net working capital requirements improved sharply from 2017 to 2020, mainly due to better management of trade receivables. Analysing DSO (calculated on net revenues), in 2017 Doox had a figure of 176 days, while in 2020 it was 154 days. Similarly, if we look at the net operating cycle, in 2017 it was down from 37 days in 2017 to just 18 days in 2020 despite the pandemic.

Working capital requirements (2017 - 2020)



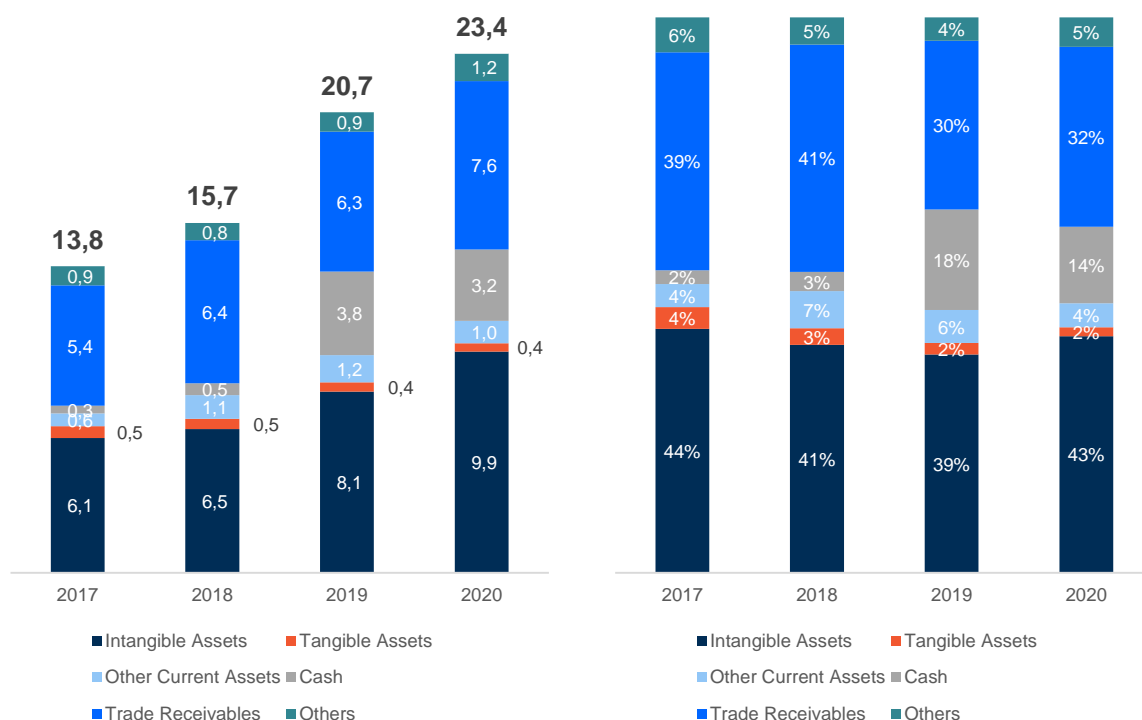
Sources: Company, Midcap

Composition of the Capital:

Historically, Doxee's assets have consisted mainly of intangible assets and receivables, which together represented more than 75% of the assets on its balance sheet. Tangible assets are minimal, approximately €0.4 million over the last three years.

At the end of 2019, thanks to the IPO, intangible assets and receivables had fallen to around 70%, while cash had reached 18%.

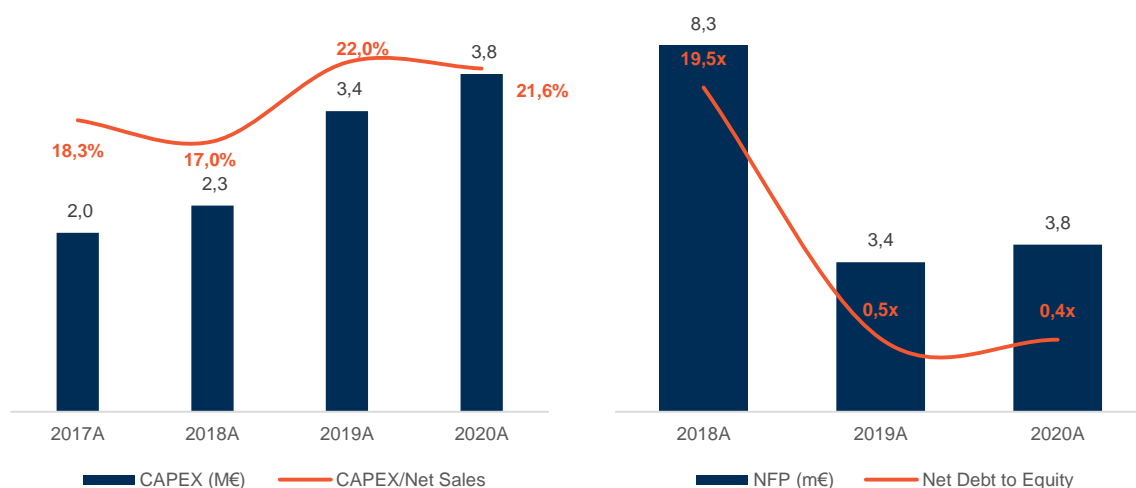
Composition of the capital (2017- 2020A)



Sources: Company, Midcap

This asset mix underlines Doxee's relatively high capital intensity, which invests heavily in the development of its proprietary technology solutions. In recent years, Doxee has invested between 17% and 22% per annum of its net revenues. Despite heavy investment in research and development, Doxee has a very strong balance sheet, with a net debt to capital ratio of 0.4x, thanks to the resources raised during the IPO in addition to the generation of positive cash flow.

Evolution in Capex between 2017 and 2020 (left) and Net Financial Position (right), (€M)



Sources: Company, Midcap



2020: Growth Despite the Covid-19 Crisis

Doxee ended 2020 with very good results despite the recession caused by the pandemic.

Net product sales were €17.7m, an increase of 14.3% compared to 2019 (€15.5m) and production value was €22.8m compared to €20.9m in 2019 (+9% year-on-year). Revenue growth was primarily driven by a 16% year-on-year increase in SaaS products, driven by growth in all segments: the dx segment to €2.7m (+139% year-on-year), ix segment to €2.9m (+8% year-on-year), px segment to €3.6m (+15% year-on-year).

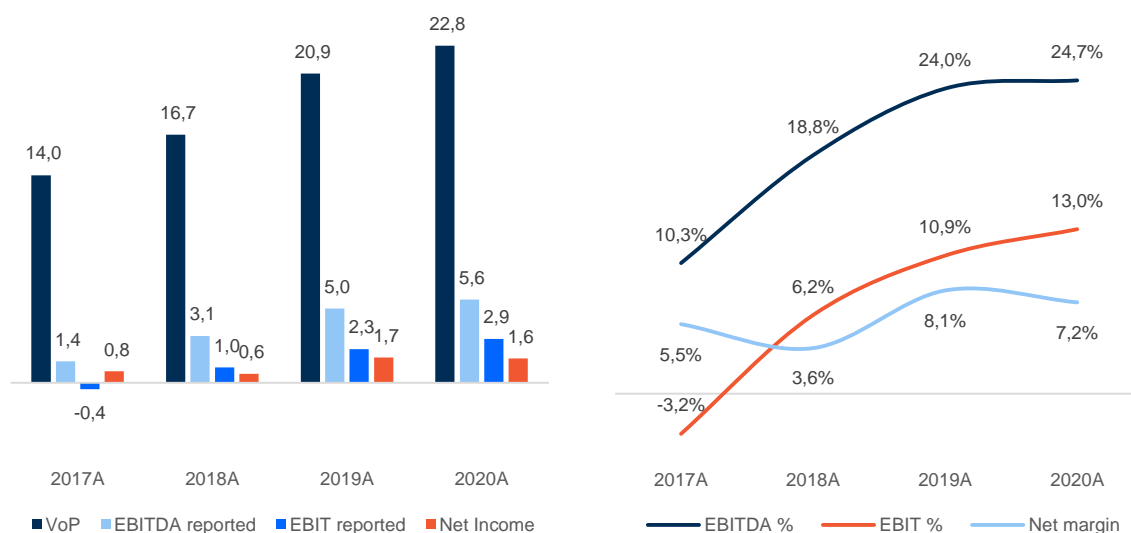
EBITDA reported was €5.6m (compared to €5.0m in 2019, up 11.9%), with a margin on production value of 24.7% compared to 24.0% in the same period last year (+64bps). This increase in margin was driven by improved operating efficiency, a better product mix and lower external service costs.

Reported EBIT was €2.9m, compared with €2.3m in 2019 (up 29.8% yoy), and net income was €1.6m compared with €1.7m, down 4.4% due to higher negative fx and tax rate impacts.

If we analyse adjusted EBITDA, this measure also improves from € -0.4m (-2,4% of sales) in 2019 to € 0.6m (3,2% of sales) in 2020.

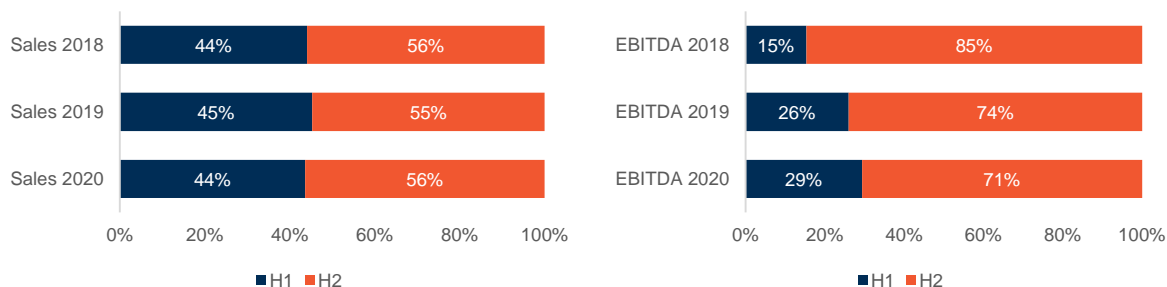
Adjusted EBIT followed a similar trend, improving from -€3,1m (-20,1% of sales) in 2019 to -€2,1m (-11,9%) in 2020 due to increased product sales.

EBITDA, EBITDA %, EBIT, EBIT %, Net Results, Net Margin (2017 – 2020A)



Sources: Company, Midcap

When analysing Doxee's half-year figures, it is important to note that **there is a certain seasonality in its business**. Historically, revenues in the first half of the year have always represented around 44-45% of annual revenues, while revenues in the second half of the year have been in the range of 55-56%. This trend means that even in terms of margins, the first half of the year has lower margins than the second half of the year.



Sources: Company, Midcap



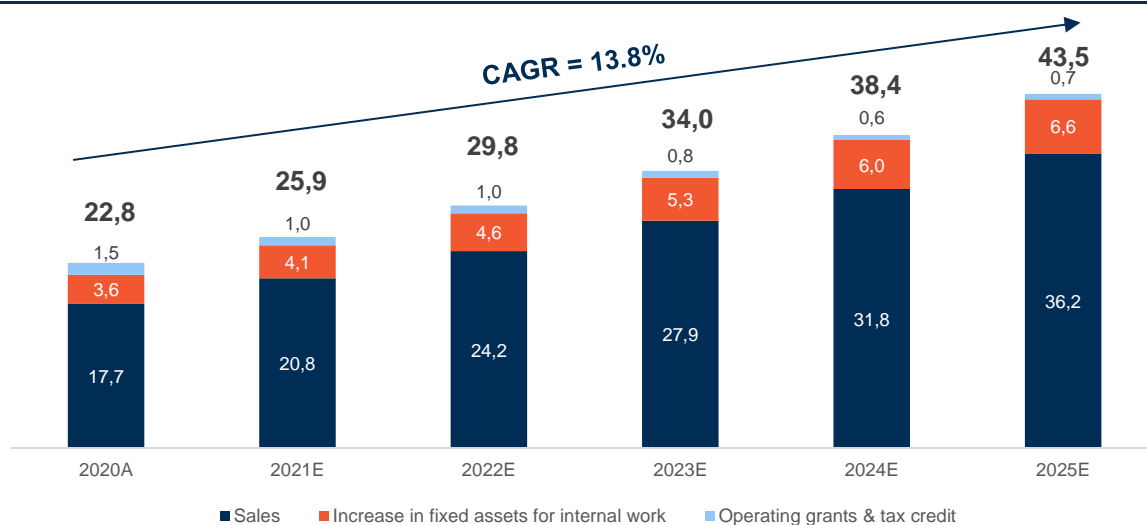
VIII. Estimates: ix & px Will Drive Growth

The development of ix solutions from 2017 onwards has changed the growth and profitability trajectory for the company, as it has enabled Doxee to be the only company in the market to offer its clients a truly comprehensive portfolio of solutions.

The complete integration and interoperability of the dx, px and ix solutions will be the driving force behind the growth of the Modena-based group in a context where all companies and public administrations tend to increasingly digitise their processes.

For this reason, **we expect production value to increase from €22.8M in 2020 to €43.5M in 2025 with a CAGR of 13.8% over the period.**

Revenue trends for 2020A – 2025E (€M)

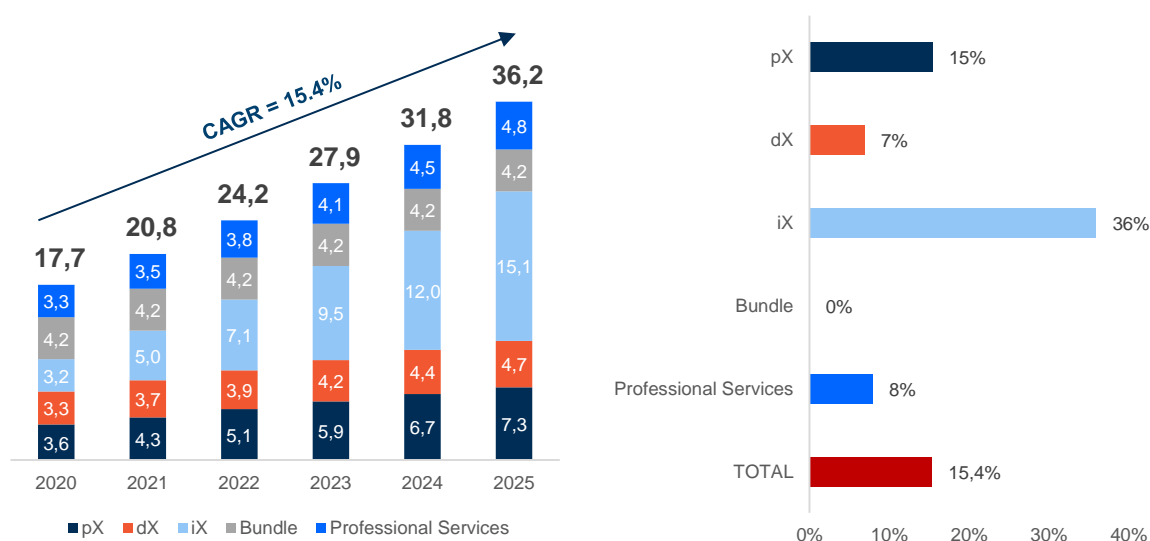


Sources: Company, Midcap

We estimate a CAGR of net product sales of 15.4% over the period 2020-2025, thanks to ix solutions (CAGR of 36%), notably pVideo, including the integration of LittleSea, and px solutions (CAGR of 15% over the period).

We estimate that the weight of ix should increase from 18% in 2020 to 42% in 2025, while that of px should remain stable at around 20% of net sales.

2020A – 2025E revenue trends (€M)



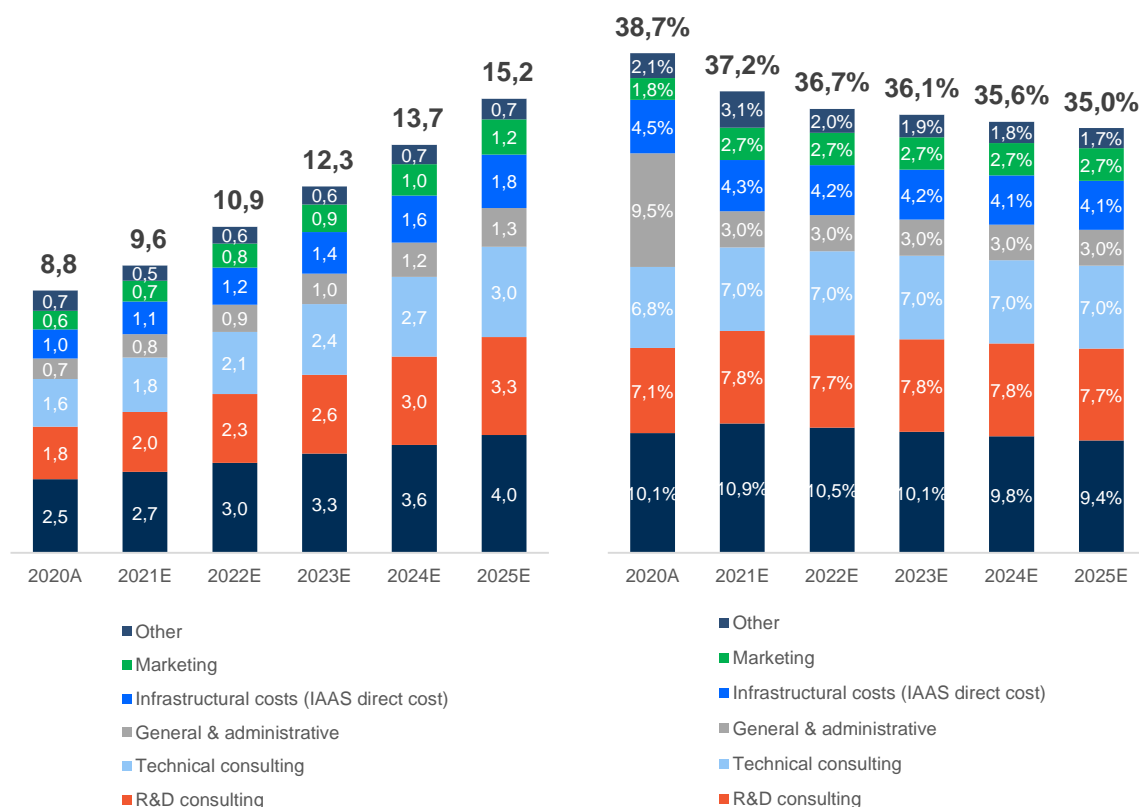
Sources: Company, Midcap



Analysing Doxee's cost structure, we expect the total cost of external services, which represented 38,7% of the value of production in 2020, to gradually decrease to 35.6% in 2025. This trend is expected to follow the following dynamics:

1. **Printing and delivery costs** are expected to increase due to the higher number of customers, but at the same time, the path towards an increasingly gradual digitisation of processes is expected to continue. We therefore estimate that the share of production value will decrease from 10.9% in 2020 to 9,4% in 2025.
2. **R&D and technical consultancy costs** are expected to be around 14.6% of the value of production (- 20bps). A value that we believe is consistent to remain stable in view of investments in increasingly innovative solutions with higher added value.
3. **General and administrative costs**, after a surge in 2019 due to the IPO process, as expected normalised to around €0.7 million in 2020 and will remain at around 3% of production value until 2025.
4. **Infrastructure costs** are expected to increase less than proportionally to revenues, remaining fairly stable at around 4.1% of production value.

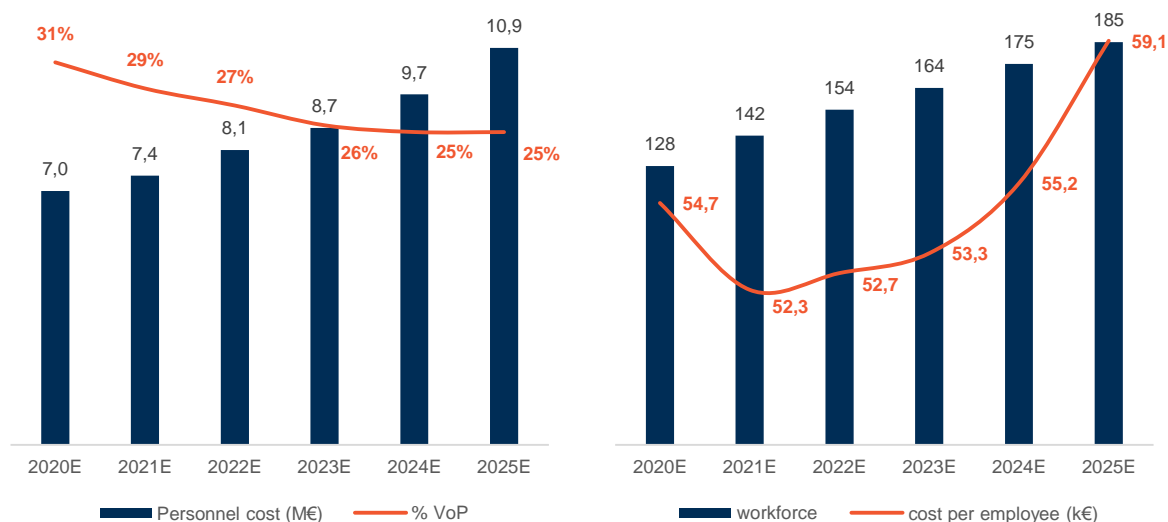
External services cost trends in €M and % of VoP (2020A-2025E)



Sources: Company, Midcap

Personnel costs deserve a special mention. Since in 2020, they represented 31% of the value of production or €7M for 128 people in total. We estimate that Doxee will add 14 people to its workforce in 2021 and will reach 185 in 2025 (+43 people compared to 2020). As a result, personnel costs are expected to **rise from €7m in 2020 to €11m in 2025**, with a much **lower impact on the value of production, from 31% in 2020 to 25% in 2025**.

Personnel costs trends 2020A - 2025E (€M)



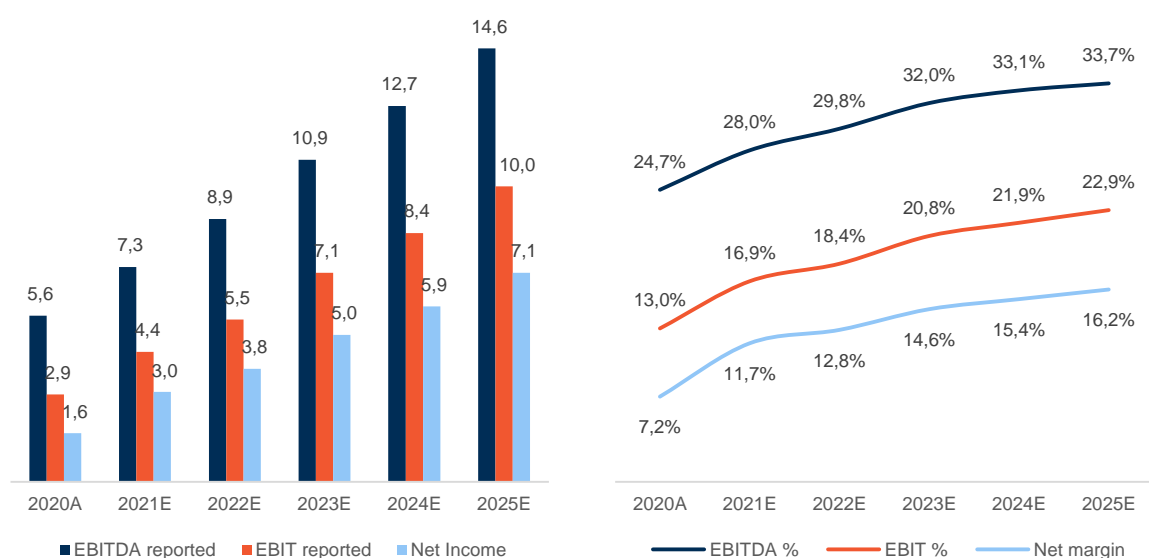
Sources: Company, Midcap

EBITDA is expected to continue to grow more than proportionally to revenue, thanks to an increasingly favourable product mix and increasingly visible economies of scale. As a result, we estimate that reported EBITDA will increase from €5,6m in 2020 (24,7% margin) to €14.6m in 2025 (33.7% margin) with a CAGR of 21.1% over the period.

Due to the high level of investment in research and development, depreciation is expected to continue to be a significant non-cash expense in Doxee's income statement, resulting in a significant difference between EBIT and EBITDA.

We expect EBIT to increase from €2.9m in 2020 (13.0% margin) to €10.0m in 2025 (22.9% margin), with a CAGR of 27.6% over the period.

Change EBITDA, EBIT and Net Income 2020A – 2025E (€M)

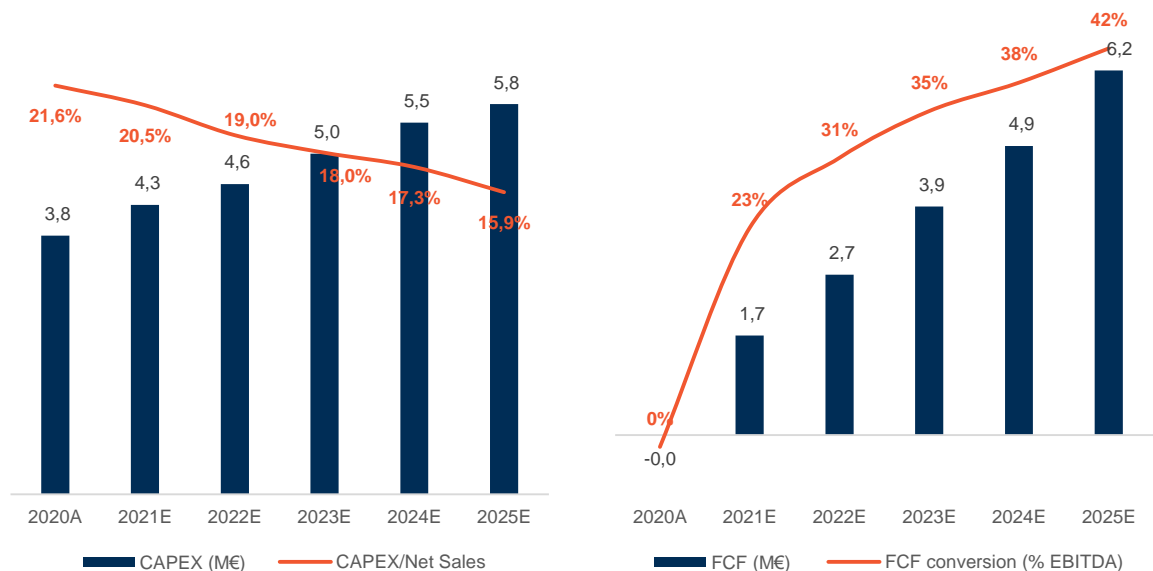


Sources: Company, Midcap

Assuming that R&D activity will remain fairly intense over the next 5 years, also thanks to the resources mobilised at the time of the IPO, we expect capital expenditure to rise from €3.8M in 2020 (21,6% of net sales) to €5.8M in 2025 (15,9% of net sales). **Between 2020 and 2025, we therefore forecast a total amount of €25,2M.**

Given the importance of the investments, we are convinced that Dooee will be able to increase its cash flow considerably thanks to the ever-increasing marginality of its solutions and the constant improvement of its working capital. We expect Dooee to reach FCF of 6,2M€ in 2025, compared to €0.0m in 2020.

Capex estimates (left) & FCF generation (right) 2019A – 2024E (€M)



Sources: Company, Midcap

IX. Valuation

Methods Used to Determine the Valuation

To determine the intrinsic value of Doxee, we have mainly used the discounted free cash flow method (70%) and relative valuation (30%). Our relative valuation methodology considers:

- ✓ EV/Sales of Italian peers: 10%
- ✓ EV/Sales International peers: 10%
- ✓ EV/Sales M&A transactions: 10%

Our valuation does not consider any M&A transactions that would have a positive impact on the group's growth and valuation.

DCF Discount Method

For this approach, we use the following assumptions:

Normal flows

- A normative EBITDA margin rate of 33.7% by 2030E
- Capital expenditure (Capex) stable at 12.0% of revenue.
- WCR stable at 7.0% of revenue
- Corporate tax modelling in line with the Italian rate of 27.9%.

Discount rate

- A risk-free rate of 0.6% (10-year Italian BTP)
- A share risk premium of 8.0%.
- A beta re-levered of 0.71x integrating a 55% equity and 45% debt financing.
- A long-term growth rate of 2.5%.
- A WACC at 9.1%.

DCF discounting method: Flow chart

DCF Valuation - FCFF (All figures in K EUR millions)	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Sales	25,914	29,774	34,016	38,425	43,513	47,332	50,495	52,814	54,134	55,488
% YoY	5.0%	14.9%	14.3%	13.0%	10.9%	8.8%	6.7%	4.6%	2.5%	2.5%
EBITDA recurring	7,255	8,879	10,881	12,702	14,643	15,942	17,018	17,808	18,257	18,719
% margin	28.0%	29.8%	32.0%	33.1%	33.7%	33.7%	33.7%	33.7%	33.7%	33.7%
Depreciation & Amortization	2,866	3,396	3,819	4,297	4,659	5,353	5,743	6,040	6,225	6,381
% of Sales	11.1%	11.4%	11.2%	11.2%	11.2%	11.3%	11.4%	11.4%	11.5%	11.5%
EBIT	4,389	5,483	7,063	8,405	9,984	10,589	11,275	11,768	12,032	12,337
EBIT Margin	16.9%	18.4%	20.8%	21.9%	22.9%	22.4%	22.3%	22.3%	22.2%	22.2%
Marginal tax rate	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%
NOPAT	3,164	3,953	5,092	6,060	7,199	7,634	8,129	8,484	8,675	8,895
Add: Depreciation & Amortization + NCC	2,866	3,396	3,819	4,297	4,659	5,353	5,743	6,040	6,225	6,381
Less: Capital Expenditures	4,276	4,585	5,034	5,495	5,765	6,333	6,524	6,581	6,496	6,659
% of Sales	16.5%	15.4%	14.8%	14.3%	13.8%	13.4%	12.9%	12.5%	12.0%	12.0%
Net Working Capital	2,303	2,497	2,683	2,839	2,997	3,423	3,613	3,738	3,789	3,884
% of Sales	8.9%	8.4%	7.9%	7.4%	7.3%	7.2%	7.2%	7.1%	7.0%	7.0%
Less: Working Capital Changes	167	194	186	156	158	426	190	125	51	95
% of Sales	0.6%	0.7%	0.5%	0.4%	0.4%	0.9%	0.4%	0.2%	0.1%	0.2%
Unlevered Free Cash Flow	1,588	2,570	3,691	4,706	5,934	6,228	7,159	7,819	8,353	8,523
Cash conversion on EBITDA	22%	29%	34%	37%	41%	39%	42%	44%	46%	46%
Discount Period	1	2	3	4	5	6	7	8	9	10
Discount Factor	92%	84%	77%	71%	65%	59%	54%	50%	46%	42%
Present Value of Free Cash Flow	1,455	2,158	2,841	3,320	3,836	3,690	3,887	3,891	3,810	3,562

Source : Société, Midcap

Valuation Summary

Terminal Value Calculation:		WACC CALCULATION	
Perpetuity Growth Rate	2.5%	Risk free rate (10 YR Italian Bond)	0.64%
Terminal Year Free Cash Flow	8,523	Size, liquidity, place premium	3.00%
Terminal Value	132,064	Beta	0.71
TV as a % of EV	63%	Equity premium	8.5%
Implied Terminal EBITDA Multiple	7.1 x	Cost of equity	9.7%
Terminal Free Cash Flow Multiple	15.5 x	Interest rate	3.0%
Discount Factor	42%	Tax rate	27.9%
NPV of Terminal Value	55,199	Cost of debt (after tax)	2.2%
Cumulative NPV of Free Cash Flow	32,451	% equity	93%
NPV of Terminal Value	55,199	% debt	7%
Enterprise Value	87,650	Indirect Method WACC	9.1%
Less : Bridge	-2,891		
Equity Value	90,542		
Shares Outstanding	8,591		
Price Per Share	€ 10.5		
Potential upside	71.4%		

Sources: Company, Midcap

Sensitivity analysis

Equity Value (in €m)		WACC				
		8.1%	8.6%	9.1%	9.6%	10.1%
Perpetuity growth rate	1.5%	€ 97.2	€ 89.5	€ 82.8	€ 77.0	€ 71.9
	2.0%	€ 102.4	€ 93.8	€ 86.4	€ 80.0	€ 74.5
	2.5%	€ 108.5	€ 98.8	€ 90.5	€ 83.5	€ 77.4
	3.0%	€ 115.9	€ 104.7	€ 95.3	€ 87.4	€ 80.7
	3.5%	€ 124.8	€ 111.7	€ 101.0	€ 92.1	€ 84.5

Enterprise Value (in €m)		WACC				
		8.1%	8.6%	9.1%	9.6%	10.1%
Perpetuity growth rate	1.5%	€ 94.3	€ 86.6	€ 79.9	€ 74.1	€ 69.0
	2.0%	€ 99.5	€ 90.9	€ 83.5	€ 77.1	€ 71.6
	2.5%	€ 105.6	€ 95.9	€ 87.7	€ 80.6	€ 74.5
	3.0%	€ 113.0	€ 101.8	€ 92.5	€ 84.6	€ 77.8
	3.5%	€ 121.9	€ 108.8	€ 98.1	€ 89.2	€ 81.6

Sources: Company, Midcap

According to the DCF method, the company's EV is €87,7m and the equity value is €90,5m, including warrants effect, **representing a per share valuation of €10.5.**

Market Peer Comparable Method

Description of Italian peer companies

	<p>Circle SpA provides process and management consulting services as well as digital marketing solutions for the transport and logistics sector. It specialises in the development of software for port and terminal optimisation and tools for specialised marketing. Its products include Milos and SVM Smart Visual Merchandising. The company was founded in 2012 and is headquartered in Genoa, Italy.</p>
	<p>Expert System SpA is committed to the development of semantic technology. It provides solutions for online activities such as search and exploration, tagging and categorisation, intelligence, natural language understanding and advertising. The company was founded in Modena, Italy, but has largely focused on the US market.</p>
	<p>MailUp SpA is committed to providing a digital platform for the professional management and sending of large quantities of e-mail, professional newsletters, short message services and faxes without the need to install any software or hardware. The company was founded in 2002 and is headquartered in Milan.</p>
	<p>Maps SpA deals with the design, production, and distribution of software solutions for data analysis for large companies. The Large Enterprise unit focuses on data integration solutions, semantic and predictive analytics under the Smartaggregator brand, and cloud data sharing systems under the Smartnebula brand for high-income companies in various industries. The Healthcare business unit provides software for patient management within the institution, including health information and software for patient care and support. The Gzoom unit specialises in the development of software for public administrations that enables institutions to evaluate performance, objectives, and implementation plans.</p>
	<p>Neosperience SpA develops and operates a software platform for the digital experience. It is a cloud of digital experiences that enables organisations to understand, engage and satisfy digital customers. The company offers business and conversational applications to enhance the experience of its brand and products. The company was founded in 2006 and is headquartered in Milan, Italy.</p>
	<p>Piteco SpA is committed to providing proprietary solutions for cash management and corporate financial planning. It operates through the following three segments: Corporate treasury and financial planning, digital payments and clearing house, and IT solutions for risk management. The company was founded in 1980 and is headquartered in Milan, Italy.</p>
	<p>Relatech SpA is committed to providing digital solutions. It offers solutions, projects, and services in the areas of digital customer experience, large data, artificial intelligence, block chains and IoT through its digital platform RePlatform. The company was founded by Pasquale Lambardi in 2001 and is headquartered in Milan, Italy.</p>
	<p>Reply SpA is committed to the conception, design and development of solutions based on new communication channels and digital media. It supports leading European industrial groups in the definition and development of new business models using large data, cloud computing, customer relationship management, mobile, social media, and Internet of Things paradigms. The company also offers consulting, systems integration, and application management services, as well as business process outsourcing. The company was founded in June 1996 and is headquartered in Turin, Italy.</p>

Sources: Company, Factset, Midcap

Among Italy's digital companies, Doxee is expected to experience revenue growth between 2019 and 2023 that is line with peers' average.

At the same time, however, the group has one of the lowest EV/Sales multiples in the industry at 2,1x in 2021E and 1,9x in 2022E compared to an average of 2.5x in 2021E and 2.2x in 2022E.

Sales evolution 2019A-2023E and EV/Sales of Italian Peer Companies

Company Name	Ticker	Country	Market Value (M€)		Sales (M€)						EV/Sales		
			Equity	EV	2019A	2020E	2021 E	2022E	2023E	CAGR 19-22E	2021E	2022E	2023E
Circle SpA	CIRC-IT	Italy	10	10	4	5	6	8	9	21%	1.6 x	1.3 x	1.1 x
Expert System SpA	EXSY-IT	Italy	152	103	28	30	33	46	66	24%	3.1 x	2.2 x	1.6 x
MailUp SpA	MAIL-IT	Italy	65	62	65	64	75	87	95	10%	0.8 x	0.7 x	0.7 x
Maps S.p.A.	MAPS-IT	Italy	22	24	18	20	24	28	33	17%	1.0 x	0.8 x	0.7 x
Neosperience SpA	NSP-IT	Italy	43	45	14	20	24	31	40	30%	1.9 x	1.5 x	1.1 x
PITECO SpA	PITE-IT	Italy	222	206	23	25	37	40	43	17%	5.5 x	5.1 x	4.8 x
Relatech S.p.A.	RLT-IT	Italy	92	107	18	24	31	36	44	24%	3.5 x	3.0 x	2.4 x
Reply S.p.A.	REY-IT	Italy	4,254	4,032	1,250	1,250	1,446	1,588	1,722	8%	2.8 x	2.5 x	2.3 x
			Mean		178	180	210	233	257	19%	2.5 x	2.2 x	1.8 x
			Median								2.3 x	1.8 x	1.3 x
			Harmonic Mean								1.8 x	1.5 x	1.2 x
Doxee S.p.A. - MCP Estimates vs. Peers' average					15	18	21	24	28	16%	2.1 x (15.2%)	1.9 x (12.8%)	1.6 x (11.4%)

Sources: Companies, Midcap, FactSet

Valuation of Peers: EV/Sales

2021E	EV/Sales 21E	EV/Sales 22E	EV/Sales 23E
Figure	20.8	24.2	27.9
Multiple	2.5 x	2.2 x	1.8 x
Enterprise Value	52.5	52.1	51.5
Bridge 2020E	2.9	2.9	2.9
Equity	55.4	55.0	54.4
Diluted Number of shares 2020E	8.6	8.6	8.6
Price/share	6.4	6.4	6.3
Average		6.4	
% upside (downside)		4.0%	

Sources: Companies, Midcap, FactSet

Taking the average of the years 2021E, 2022E and 2023E, we have obtained a **relative valuation of €6.4**, with a potential upside of 4.0%.

Description of international peer companies

	<p>Adobe, Inc. is committed to providing marketing and digital media solutions. It operates across the following segments: Digital Media, Digital Experience and Publishing. The Digital Experience segment provides solutions including analytics, social marketing, targeting, media optimisation, digital experience management and multi-channel campaign management, as well as the delivery and monetisation of high-quality video. The Publishing segment includes existing products and services for e-learning solutions, technical publishing, web application development and high-end print. The company was founded in December 1982 and is headquartered in San Jose, CA.</p>
	<p>BusinessOn Communication Co. provides electronic document issuance and data management services. Its services include issuing electronic tax invoices, composing, and managing electronic chain contracts, electronic certification of commercial purchases, customer risk management, analysis of actual transaction data, online advertising, and others. The company was founded in December 2007 and is headquartered in Seoul, South Korea.</p>
	<p>Blackbaud, Inc. is committed to providing cloud-based and on-premise software solutions and related services for the global philanthropic community. It offers solutions for fundraising and donor relationship management, marketing, advocacy, accounting, peer fundraising, corporate social responsibility (CSR), school management, ticketing, financial management, payment processing and analytics. The company was founded in 1981 and is headquartered in Charleston, SC.</p>
	<p>DocuSign, Inc. provides cloud-based electronic signature solutions. Its cloud based electronic signature platform helps companies and individuals securely collect information, automate data workflows and sign documents. DocuSign's solutions automate manual, paper-based processes allowing users to manage all aspects of documented business transactions include identity management, authentication, digital signature, forms and data collection, collaboration, workflow automation and storage. DocuSign was founded in 2003 and is headquartered in San Francisco, CA.</p>
	<p>Heeros Oyj offers cloud-based financial management solutions. It offers fully automated solutions for purchase invoice workflow, OCR invoice processing, e-invoicing, e-archiving, SEPA payments, accounts payable and receivable ledgers, general accounting and mobile applications. The company was founded in 2000 and is headquartered in Helsinki, Finland.</p>
	<p>Esker SA is committed to providing scanning solutions based on artificial intelligence technologies. It operates through the following segments Automation of document processes, fax servers and host access. The company was founded in 1985 and is headquartered in Villeurbanne, France.</p>
	<p>Open Text Corp. designs, develops, markets and sells enterprise information management software and solutions. It offers solutions in customer experience management (CEM), digital process automation, enterprise networking, enterprise content management, discovery, security, artificial intelligence (AI) and analytics. It also offers consulting, management and learning services. The company was founded in 1991 and is headquartered in Waterloo, Canada.</p>
	<p>Pharmagest Interactive SA develops management software for pharmacies. Its services include employee training, assistance and technical support for the software, supply of hardware and technical expertise services. The company was founded in 1996 and is headquartered in Villers-les-Nancy, France.</p>
	<p>Quadiant SA is committed to providing customer experience management, business process automation, mail and parcel rack solutions. The company was founded in 1924 and is headquartered in Bagneux, France.</p>
	<p>UnifiedPost is a Belgium-based international provider of technology and services that enable the optimization of business processes across a variety of markets and industries. Its solutions power customers across a wide range of markets and industry verticals – from banks to insurance, media, utility and travel companies, to name but a few. UnifiedPost continually expands its offering, which now includes solutions for document exchange, financial supply chain, credit management, mandate management and e-identity.</p>
	<p>Workiva, Inc. is committed to providing cloud-based regulatory compliance and reporting solutions designed to solve business challenges at the intersection of data, processes, and people. Its platform, Wdesk, offers controlled collaboration, data binding, data integration, granular permissions, process management and a complete audit trail. The</p>

	company was founded in August 2008 and is headquartered in Ames, IA.
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Source : Société, Factset, Midcap

Doxee is expected to experience strongest revenue growth between 2019 and 2023, than the average of international peers.

The comparable companies we have selected in international markets, mainly in the US market, are structurally very successful and on average much larger than Doxee. For this reason, we have prudently decided to apply a 50% reduction to these multiples.

2019-23E revenue growth and EV/Sales multiples of international peers

Company Name	Ticker	Country	Market Value (M€)		Sales (M€)						CAGR 19-23E	EV/Sales		
			Equity	EV	2019A	2020E	2021E	2022E	2023E			2021E	2022E	2023E
Adobe Inc.	ADBE-US	United States	199,173	201,046	10,031	10,609	13,105	14,992	17,207	14%		15.4 x	13.4 x	11.7 x
BusinessOn Communication Co.,Ltd	138580-KR	South Korea	201	143	12	13	13	27	30	26%		11.0 x	5.2 x	4.8 x
Blackbaud, Inc.	BLKB-US	United States	2,956	3,402	827	755	764	776	800	-1%		4.5 x	4.4 x	4.3 x
DocuSign, Inc.	DOCU-US	United States	32,517	32,495	880	1,217	1,666	2,132	2,683	32%		19.5 x	15.2 x	12.1 x
Heeros Oyj	HEEROS-FI	Finland	30	32	9	9	9	10	11	7%		3.4 x	3.1 x	2.8 x
Esker SA	ALESK-FR	France	1,184	1,141	104	112	127	149	170	13%		9.2 x	7.8 x	6.9 x
Open Text Corporation	OTEX-CA	Canada	11,299	13,229	2,584	2,638	2,839	2,914	2,932	3%		4.7 x	4.6 x	4.5 x
Pharmagest Interactive SA	PHA-FR	France	1,513	1,362	159	172	191	211	250	12%		7.8 x	7.0 x	5.4 x
Quadient SA	QDT-FR	France	771	1,257	1,142	1,029	1,013	1,040	1,065	-2%		1.3 x	1.3 x	1.3 x
Unifiedpost Group SA	UPG-BE	Belgium	578	467	47	95	160	186	222	47%		2.9 x	2.5 x	2.1 x
Workiva Inc. Class A	WK-US	United States	3,288	3,662	275	291	348	404	473	15%		10.5 x	9.0 x	7.7 x
Mean					1540	1840	2077	2349		15%		8.2 x	6.7 x	5.8 x
Median					291	348	404	473				7.8 x	5.2 x	4.8 x
Harmonic Mean					49	52	70	78				4.6 x	4.1 x	3.8 x
Doxee S.p.A. - MCP Estimates vs. Peers' average					15	18	21	24	28	16%		2.1 x (73.9%)	1.9 x (72.0%)	1.6 x (71.7%)

Valuation by international comparables: EV/Sales

Discount applied to multiple	50%
Valuation year	2021E

2021E	EV/Sales 21E	EV/Sales 22E	EV/Sales 23E
Figure	20.8	24.2	27.9
Multiple	8.2 x	6.7 x	5.8 x
Multiple at -50% discount	4.1 x	3.4 x	2.9 x
Enterprise Value	85.3	81.0	80.7
Bridge 2020E	2.9	2.9	2.9
Equity	88.2	83.9	83.6
Diluted Number of shares 2020E	8.6	8.6	8.6
Price/share	10.3	9.8	9.7
Average		9.9	
% upside (downside)		61.4%	

Source: Company, Facset, Midcap

Taking the average of the years 2021E, 2022E and 2023E, we obtain **a relative valuation of €9,9**, i.e. a potential increase of 61,4%. This valuation is perfectly in line with our DCF.

Comparable transaction methods (M&A)

The digital and cloud services sector is also booming in terms of mergers and acquisitions. Investors and key players in the sector, particularly thanks to the covid that has forced a rapid digitisation of business and public administration processes, have understood the benefits of the cloud to improve their relationships with customers, governments, and employees. In particular, SaaS-based business models with recurring revenues are the most popular on the market. Companies that meet these criteria and can sustain double-digit revenue growth can achieve very high valuation multiples.

TRANSACTION MULTIPLES (in M\$)						
Announcement Date	Target	Target Country	Acquirer	Enterprise Value	Sales	EV/Sales
Dec-20	Upserve, Inc.	United States	Lightspeed POS, Inc.	359.6	33.4	10.8x
Sep-20	10th Magnitude, Inc.	United States	Cognizant Technology Solutions Corp.	112.0	15.1	7.4x
Aug-20	VitalWare LLC	United States	Health Catalyst, Inc.	129.4	11.9	10.9x
Jul-20	Openet Telecom Ltd.	Ireland	Amdocs Ltd.	155.3	60.4	2.6x
Jul-20	GlobalSCAPE, Inc.	United States	Pamplona Capital Management LLP; Help/Systems LLC; HGGC LLC	187.2	35.4	5.3x
Jul-20	Liveoak Technologies Inc	United States	DocuSign, Inc.	38.0	0.5	76.0x
Jun-20	Eggplant Group Ltd.	United Kingdom	Keysight Technologies, Inc.	342.6	48.9	7.0x
Jun-20	Eclipse (Hardware) Ltd.	United Kingdom	Access UK Ltd.	62.5	6.1	10.3x
Feb-20	Seal Software, Inc.	United States	DocuSign, Inc.	173.0	22.5	7.7x
Jan-20	Modern Message Holdings LLC	United States	RealPage, Inc.	58.3	5.2	11.2x
Jan-20	Content IQ LLC	United States	Perion Network Ltd.	55.7	35.0	1.6x
Jan-20	GastroFix GmbH	Germany	Lightspeed POS, Inc.	111.6	11.2	10.0x
Dec-19	Telaria, Inc.	United States	The Rubicon Project, Inc.	301.7	61.2	4.9x
Dec-19	Nasstar Plc	United Kingdom	Mayfair Equity Partners LLP	87.4	30.2	2.9x
Dec-19	VividCortex, Inc.	United States	SolarWinds Corp.	106.0	4.7	22.6x
Nov-19	Sogelink SASU	France	Keensight Capital SAS; Sogelink SASU /Private Group/	330.0	38.0	8.7x
Oct-19	Astea International, Inc.	United States	IFS Americas, Inc.	64.2	23.7	2.7x
Sep-19	StatPro Group Plc	United Kingdom	TA Associates Management LP; Confluence Technologies, Inc.	217.8	65.3	3.3x
Sep-19	Changyou.com Ltd.	China (People's Republic)	Sohu.com Ltd.	717.4	439.3	1.6x
Sep-19	RMDY Health	United States	OptimizeRx Corp.	41.7	2.7	15.3x
Sep-19	Deus Technology SRL	Italy	Apax Partners (UK) Ltd.; Engineering Ingegneria Informatica SpA	40.0	5.4	7.4x
Sep-19	Verimatrix SA/Silicon Ip, Secure Protocols, Provisioning Bus/	France	Rambus, Inc.	59.3	20.1	3.0x
Aug-19	Catalis SE	Netherlands	NorthEdge Capital LLP	94.6	24.9	3.8x
Aug-19	Sanderson Group Plc	United Kingdom	TA Associates Management LP; Vista Equity Partners Management LLC; Aptean, Inc.	95.8	40.8	2.3x
Aug-19	Knight Point Systems LLC	United States	Perspecta, Inc.	224.5	135.3	1.7x
Aug-19	Delta Systems Kft	Hungary	EST MEDIA Holding Plc	87.8	14.7	6.0x

Jul-19	GBST Holdings Ltd.	Australia	FNZ (UK) Ltd.; FNZ (Australia) Pty Ltd.	148.4	59.2	2.5x
Jun-19	Thoughtonomy Ltd.	United Kingdom	Blue Prism Group Plc	89.7	11.0	8.2x
Jun-19	AIM Software AG	Austria	SimCorp A/S	60.0	15.5	3.9x
Jun-19	International TechnoGroup, Inc.	United States	Wipro Ltd.	40.1	20.7	1.9x
Jun-19	Shenzhen Securities Times Media Co. Ltd.	China	Shenzhen Securities Times Co., Ltd.; Shenzhen Century Times Industrial Development Co. Ltd.	106.9	110.3	1.0x
Jun-19	KIXEYE, Inc.	United States	Stillfront Group AB	107.7	12.1	8.9x
May-19	Microgen Financial Systems Ltd.	United Kingdom	Silverfleet Capital Partners LLP	57.8	18.0	3.2x
May-19	Amber Road, Inc.	United States	Insight Venture Management LLC; E2open LLC	354.2	76.7	4.6x
May-19	Sigma Systems Canada LP	Canada	Hansen Technologies Ltd.	104.1	48.5	2.1x
Apr-19	Independent News & Media Group Ltd.	Ireland	Mediahuis NV	61.9	201.8	0.3x
Apr-19	Bluesoft Sp zoo	Poland	Orange Polska SA	46.6	28.6	1.6x
Apr-19	wvd Vereinigte Wirtschaftsdienste GmbH	Germany	Infront ASA	130.0	68.3	1.9x
Apr-19	BSM Technologies, Inc.	Canada	Geotab, Inc.	72.7	41.5	1.8x
Apr-19	EG A/S	Denmark	Francisco Partners Management LP	490.5	163.5	3.0x
Apr-19	Xevo, Inc.	United States	Lear Corp.	286.7	44.3	6.5x
Mar-19	Ipswitch, Inc.	United States	Progress Software Corp.	200.0	66.7	3.0x
Mar-19	Beijing Zhi You Wang An Technology Co. Ltd.	China (People's Republic)	Shenzhen Cau Technology Co., Ltd.	223.3	16.5	13.6x
Mar-19	Tactical Communications Group LLC	United States	Curtiss-Wright Corp.	44.1	13.2	3.3x
Mar-19	Figure Eight Technologies, Inc.	United States	Appen Ltd.	267.0	26.3	10.1x
Mar-19	PrescribeWellness LLC	United States	Tabula Rasa Healthcare, Inc.	132.5	25.6	5.2x
Feb-19	Namshi General Trading LLC	United Arab Emirates	Emaar Malls PJSC	233.0	203.8	1.1x
Feb-19	Attunity Ltd.	Israel	QlikTech International AB	415.8	76.0	5.5x
Oct-18	Marketo	USA	Adobe	1,800.0	122.0	14.8x
Average				198.51	54.32	7.2x
Median				111.61	30.16	4.6x

Source: Factset

In order to consider, the expected rapid change in the Group's results over the next three financial years, we use the arithmetic average of the valuations obtained for 2021E, 2022E and 2023E.

Discount		25%		
Comparable valuation		2021	2022	2023
Sales		20.8	24.2	27.9
EV with average (25% disc.)		113.1	131.4	151.7
EV with median (25% disc.)		72.1	83.8	96.8
Equity Bridge		-	2.9	-
Number of shares		8.6	8.6	8.6
Equity Value with AVG		13.5	15.6	18.0
Upside/Downside		119%	154%	193%
Equity Value with MED		8.7	10.1	11.6
Upside/Downside		42%	64%	89%
Price per share with AVG		15.7		
Price per share with MED		10.1		
% upside (downside)		65%		

Source: Companies, Factset, Midcap

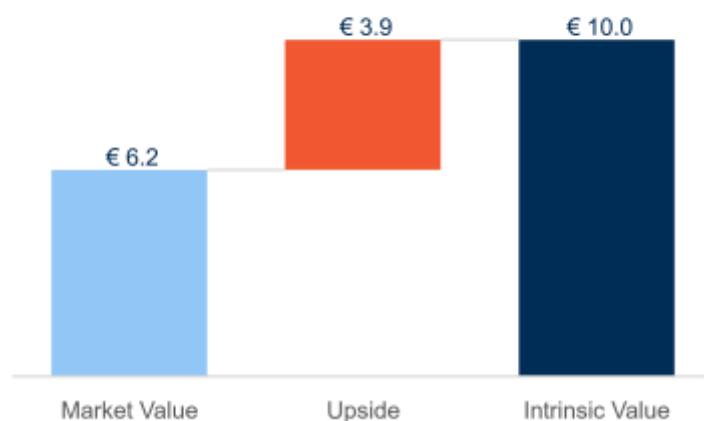


Valuation summary

Method	Price/share	Coefficient
Discounted FCFF	€ 10.5	70.0%
EV/Sales Italy	€ 6.4	10.0%
EV/Sales International	€ 9.9	10.0%
M&A Transactions	€ 10.1	10.0%

Method	Price/share	Coefficient
Discounted FCFF	€ 10.5	70.0%
EV/Sales Italy	€ 6.4	10.0%
EV/Sales International	€ 9.9	10.0%
M&A Transactions	€ 10.1	10.0%
Target Price	€ 10.0	
Upside	61.6%	

Market Value vs Intrinsic Value



Source : Company, Factset, Midcap

By weighting our DCF at 70% with the EV/Sales of Italian peers multiple at 10%, the EV/Sales of International peers multiple at 10% and our transactional multiples method at 10%, we achieve our price target of €10.0, which implies a potential upside of 62.0%.

At our target price, Doxee would have a multiple of 4,3x for the 2021E EV/Sales, which we believe is appropriate for a high-tech, albeit still small, company.

X. Key Questions

Q: What is Doxee's competitive advantage?

Doxee's competitive advantage comes mainly from three sources:

- ✓ Doxee was the first company in Italy to offer digital products in the field of documents and invoicing, totally in the cloud with distribution mainly in SaaS mode. The company therefore enjoys a so-called first-mover advantage, which is reflected in the calibre of customers who have adopted its solutions. These multinationals will potentially be able to easily adapt the Doxee solutions in all the countries where they operate.
- ✓ The only company on the Italian scene to offer document experience, e-invoicing and digital customer experience solutions in an integrated manner through a single cloud platform that is easily extensible even abroad ("Doxee Platform®").
- ✓ As far as e-invoicing is concerned, being based in Italy is a key asset as the country was one of the first in the world to adopt this process. In addition, Italian security and compliance requirements are the strictest in the world, which will allow Doxee to export px solutions abroad with relative ease.

Q: Why does Doxee show such a large difference between net product sales and production value?

This difference is due to the capitalisation of R&D and, to a lesser extent, to the receipt of subsidies from the State and the regions linked to technological innovation.

To include all of Doxee's R&D investments as an expense in the income statement would excessively penalise the company's balance sheet and would not be appropriate, as Doxee has created and continues to develop new digital solutions that generate increasing revenues. In addition, the absence of an appropriate R&D capitalisation policy would underestimate the amount of assets and capital invested.

We agree that capitalisation policies tend to have elements of uncertainty and subjectivity, but we do not see any risk of "impairment" in the specific case of Doxee.

Q: What did the LittleSea acquisition bring to Doxee?

Littlesea is a company specialised in the production of interactive and automated videos that exploit data analysis and artificial intelligence. The acquisition of Littlesea is part of Doxee's IPO strategic plan to become the leading provider of products in the areas of customer communications management (CCM), digital customer experience and paperless. The technological integration of the platforms has enabled Doxee to enter sectors such as publishing and advertising and to offer personalised videos also in SaaS mode, launching a new offer aimed at supporting communication processes based on data-telling, in new markets both in Italy and abroad.

The transaction is strategically important as it allows Doxee to position itself as the leading European technology provider, in terms of revenue, in the market for personalised and automated video.

Babee, LittleSea's technological platform, is designed to be automated thus used even by non-expert operators. In addition, Doxee's Pvideo platform was originally based on Adobe Animate, and therefore only supported animations. Babee, on the other hand, is based on Adobe Premiere, which allows real-time editing of real images as well as the integration of data from databases using AI.

XI. Management



PAOLO CAVICCHIOLI – PRESIDENT of the CDA & FOUNDER

With a degree in computer engineering from the University of Modena and Reggio Emilia, from 1996 to 2001 he was COO of a major company operating in the field of typography and industrial printing. In 2001 he founded Ebilling Spa, which changed its name in 2012 to Doxee Spa, in collaboration with Sergio Muratori Casali. Since 2011 he has held various institutional positions, including member of the technical and scientific council of the E. Fermi Technical Institute of Modena, member of the board of directors of the University of Modena and Reggio Emilia, member of the executive board of Confindustria Modena, Confindustria Digitale Regionale and the Commissione Università Imprese. In 2015 he was appointed President of the Fondazione Cassa di Risparmio di Modena.



SERGIO MURATORI CASALI – CEO & FOUNDER

A graduate in Economics from the University of Modena and Reggio Emilia, he began his career holding various positions in the sales and marketing departments of a leading company in the field of printing and industrial printing, becoming in 1996 the Commercial Director of the Services Division. In 2001 he founded Ebilling S.p.A. (which became Doxee S.p.A. in 2012) with Paolo Cavicchioli and became its strategic leader, guiding the company towards expansion into new markets.



GUIDO SPAGNOLI – CFO

A graduate in Economics from the University of Bologna, from September 1996 to 2011 he held the positions of Director of Finance and Control, CFO and Group Financial Controller in major ICT companies such as Sysdata and Think3. In 2011, he became CFO of Doxee Spa.



ENRICO CELOTTO – CMO

Graduate of the University of Naples in Political Science, he obtained a Master's degree in Communication and Marketing for the Web and New Media at the Ateneo Impresa Business School in 2006. Since 2006, he has held various positions in the marketing and digital field in several multinational companies in the sectors of telecommunications, cloud, e-commerce, artificial intelligence and e-learning. In 2018, he joins Doxee as Global Marketing Director, responsible for CRM, marketing automation and the implementation of online and offline marketing solutions.



ROBERT DOSEN - CTO

Passionate about technology in the broadest sense with a focus on the Cloud, he has been with Doxee for over 10 years and has held positions of increasing responsibility in technical areas. Today, he leads the Doxee Group's product development and technological innovation team. He has many years of experience in the field of IT architectures, IT security, networks and operating systems. Over the years, he has obtained countless certifications in the technology industry.



ANDREA RAMPOLDI – COO

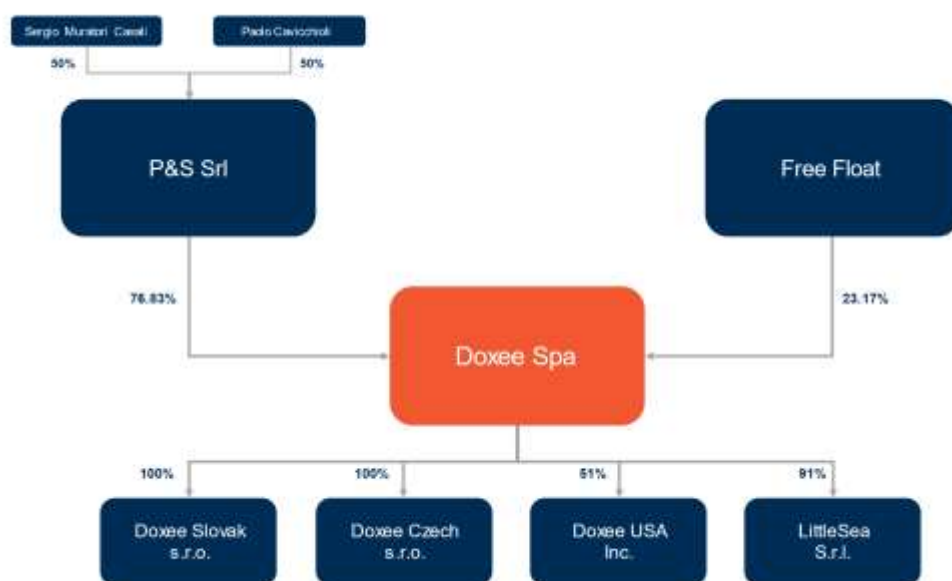
His career at Doxee began in 2013 with the role of Service Desk Manager dedicated to the organisational restructuring of the area in line with the strategic business decision to centralise the provision of application services in the new Doxee proprietary platform. Since then, he has continued the mission of ensuring a consistently excellent service to our customers. Prior to joining Doxee, he held positions at several IT and TLC companies, from SAP Italia to Omnitel, and finally at Vodafone Italia as Application Operations Manager.

XII. IPO & Group Structure

To date, Doxee's share capital amounts to €1,597,880.18, with 7,201,100 ordinary shares with no par value. No other shares have been issued.

The company is listed on the AIM segment of the Italian Stock Exchange on 19.12.2019, with a price per share of €3 and a market capitalisation of €21.6m. For the IPO, the company received 5x more applications than the offer, which consisted of a capital increase of 1,666,500 new shares and an over-allotment option of 175,000 fully exercised shares. The capital raised reached approximately €5 million, with a final free float of 23.17%.

Group Structure



Sources: Company, Factset

Doxee Warrants 2019-2022: IT00053944769.

For the IPO in December 2019, 7,191,500 warrants were issued. The regulations stipulate that all five warrants can be exercised for one new Doxee share, for a potential total of 1,438,300 new shares.

The warrants can be exercised in three windows:

	Start	End	Strike Price	Warrant exercised	New shares issued	New Capital	Final number of shares	Potential new shares remaining
Exercise windows	01/12/2020	15/12/2020	€ 3.300	48,000	9,600	€ 31,680	7,201,100	1,390,300
	01/12/2021	15/12/2021	€ 3.630					
	01/12/2022	15/12/2022	€ 3.993					

Sources: Company, Midcap

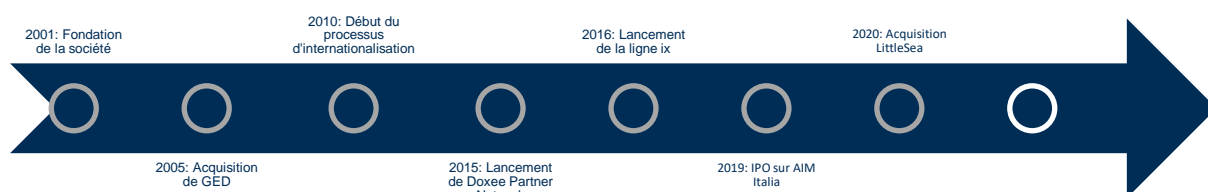
Between 1 December 2020 and 15 December 2020, during the first warrant exercise window, only 48,000 warrants were exercised, resulting in the issue of 9,600 new shares and a contribution of €31,680. The number of shares thus increased to 7,201,100.

Since the current Doxee share price is above the strike price of the next warrant exercise window, we have assumed a full exercise of the warrants. The outstanding Warrants, if exercised, would potentially increase the number of shares by 1,390,300 to **8,591,400 total shares**, resulting in a 5.3M€ capital increase (no dilutive effect on capital).

XIII. History

Main events in the company's history:

- ✓ **2001:** The company was founded to support other companies in the field of digital communication and archiving.
- ✓ **2005:** Acquisition of the EDM business unit of Data Service Technology Spa, with the aim of reducing the risk component by broadening the customer base through migration to the SaaS model to develop electronic storage and invoicing services.
- ✓ **2010:** the company's internationalisation begins with the opening of branches in California in San Jose (Doxee US), the acquisition of Print Soft CZ in the Czech Republic (now Doxee CZ s.r.o.) and Print Soft SK (now Doxee SK s.r.o.) from "Australian Post».
- ✓ **2015:** Launch of the Doxee Partner Network programme and PaaS distribution model
- ✓ **2016:** Launch of the "interactive experience" product line (ix)
- ✓ **2019:** IPO on AIM Italia
- ✓ **2020:** LittleSea acquisition (Babelee technology)



XIV. Certifications

AgID Accreditation

Over the years, Doxee has been accredited as a curator by AgID (Agency for Digital Italy) and has been recognised for its high value in terms of quality and security. The company's processes are perfectly aligned with the new technical rules for the preservation of electronic documents. Doxee is accredited for the preservation of electronic documents in accordance with article 44-bis paragraph 1 of Legislative Decree 7 March 2005, n.82 and subsequent amendments and is included in the list of accredited conservators in article 1 of AgID circular n.65 of 10 April 2014.

Information security management system - CSQ - ISO/IEC 27001: for the "Design of solutions and provision of managed services in SaaS and PaaS mode in the areas of customer communication management, customer experience, electronic invoicing, standard digital storage and long-term storage". The certification was obtained with the ISO/IEC 27017 and 27018 extensions. This ISO/IEC 27001 certification is required by regulation for AgID accreditation.

Quality management system - CSQ - ISO 9001: for the "Design of solutions and provision of managed services in the field of customer communication management and dematerialisation". This CSQ - ISO 9001 certification is not required by regulations for accreditation, so it was an additional choice for quality certification by Doxee.

Certification as a provider of network access points - PEPPOL: Doxee is able to manage the procedures for receiving and dispatching orders, in particular for Italian and European public administrations, to and from the NSO - Nodo Smistamento Ordini (Order Sorting Node) - in the manner required by law. Consequently, Doxee acts as an intermediary through the PEPPOL communication channel, assuming the roles of Access Point (AP) and Service Metadata Editor (SMP), accredited both to AgID (PEPPOL authority for Italy) and to the NSO itself.



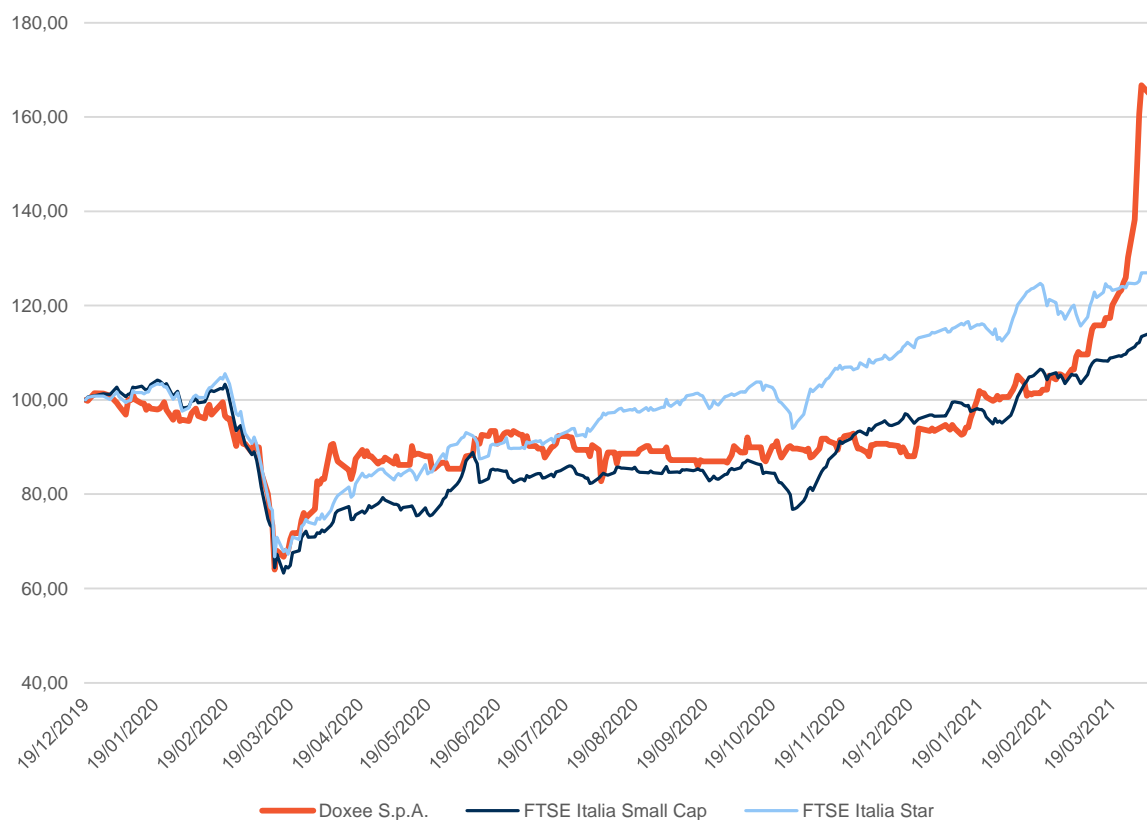
Doxee was the first ISV in Italy to obtain **AWS Advanced Technology Partner** certification and since then it has been successfully providing solutions based on the AWS platform with a high level of commercial and technical support, marketing and market launch. Doxee uses its experience in the cloud to help its clients in the digital transformation and dematerialisation processes, supporting them at every step of their journey towards an efficient, innovative and engaging digital customer experience.

Doxee has achieved another important recognition by becoming a certified **AWS technology partner for the public sector in Italy**. Doxee has long and successfully supported the Italian public sector in improving and simplifying communication with citizens by promoting the use and appreciation of digital channels to offer high levels of personalisation of services and valuable content.

Source: Company

XV. Market Performance

Stock market performance since IPO (Doxee vs FTSE Italia Small Cap and FTSE Italia STAR)



Source: Factset

Since its IPO in December 2019, Doxee has outperformed the Italian Small Cap Index and the FTSE Italia STAR index with a **performance of 64%** vs 14% and 27% respectively.

XVI. Financial Data (1/2)

Income statement									
€M	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E
Sales	11.1	13.7	15.5	17.7	20.8	24.2	27.9	31.8	36.2
Change	0.0%	24.3%	12.8%	14.3%	17.6%	16.2%	15.4%	13.9%	13.7%
Increase in fixed assets for internal work	2.2	2.2	3.8	3.6	4.1	4.6	5.3	6.0	6.6
Operating grants & tax credit	0.7	0.8	1.6	1.5	1.0	1.0	0.8	0.6	0.7
Total sales	14.0	16.7	20.9	22.8	25.9	29.8	34.0	38.4	43.5
Raw materials and consumables	(0.3)	(0.3)	(0.3)	(0.6)	(0.6)	(0.7)	(0.8)	(0.9)	(1.0)
External charges	(6.8)	(7.6)	(8.7)	(8.8)	(9.6)	(10.9)	(12.3)	(13.7)	(15.2)
Personnel costs	(4.8)	(5.1)	(6.0)	(7.0)	(7.4)	(8.1)	(8.7)	(9.7)	(10.9)
Other Operating costs	(0.3)	(0.3)	(0.4)	(0.3)	(0.4)	(0.4)	(0.5)	(0.6)	(0.7)
Use of third party assets	(0.4)	(0.4)	(0.4)	(0.4)	(0.6)	(0.7)	(0.8)	(0.9)	(1.0)
EBITDA reported	1.4	3.1	5.0	5.6	7.3	8.9	10.9	12.7	14.6
% of revenue	10.3%	18.8%	24.0%	24.7%	28.0%	29.8%	32.0%	33.1%	33.7%
EBITDA adjusted	(1.5)	0.1	(0.4)	0.6	2.2	3.3	4.8	6.1	7.3
% of revenue	-10.8%	0.8%	-1.8%	2.5%	8.3%	11.1%	14.1%	15.8%	16.8%
Net depreciation, amortization and provisions	(1.9)	(2.1)	(2.7)	(2.7)	(2.9)	(3.4)	(3.8)	(4.3)	(4.7)
EBIT	(0.4)	1.0	2.3	2.9	4.4	5.5	7.1	8.4	10.0
% of revenue	-3.2%	6.2%	10.9%	13.0%	16.9%	18.4%	20.8%	21.9%	22.9%
EBIT adjusted	-3.4	-2.0	-3.1	-2.1	-0.7	-0.1	1.0	1.8	2.6
% of revenue	-24.3%	-11.8%	-14.9%	-9.3%	-2.7%	-0.3%	2.8%	4.6%	6.0%
Financial result	1.3	(0.0)	(0.2)	(0.6)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Income tax	(0.1)	(0.4)	(0.4)	(0.7)	(1.2)	(1.5)	(1.9)	(2.3)	(2.7)
Tax rate	-11.3%	-39.9%	-19.4%	-29.9%	-27.9%	-27.9%	-27.9%	-27.9%	-27.9%
Net income group share	0.8	0.6	1.7	1.6	3.0	3.8	5.0	5.9	7.1
Net Income adjusted	(1.9)	(1.2)	(2.6)	(1.9)	(0.6)	(0.2)	0.6	1.2	1.8
Balance sheet									
€M	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangible fixed assets	6.1	6.5	8.1	9.9	11.2	12.4	13.6	14.8	15.7
Tangible fixed assets	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.6	0.8
Financials assets	0.4	0.4	0.0	0.2	0.2	0.2	0.2	0.2	0.2
Deferred tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	0.5	0.3	0.9	1.1	1.1	1.1	1.1	1.1	1.1
Current assets	6.0	7.5	7.5	8.6	9.5	10.7	11.9	13.1	14.6
Cash	0.3	0.5	3.8	3.2	10.6	13.3	17.1	22.0	28.2
Assets	13.8	15.7	20.7	23.4	33.1	38.1	44.4	51.8	60.4
Shareholder's equity	0.0	0.4	6.5	8.6	16.6	20.5	25.4	31.3	38.4
Minority	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Provisions	0.9	1.0	1.1	1.3	1.3	1.3	1.3	1.3	1.3
Deferred tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial debt	6.9	7.9	6.1	5.7	6.3	6.3	6.3	6.3	6.3
Other non-current liabilities	0.5	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	5.5	6.4	6.6	7.8	8.8	10.0	11.4	12.8	14.4
Liabilities	13.8	15.7	20.7	23.4	33.1	38.1	44.4	51.8	60.4
Cash-flow statement									
€M	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E
Operating cash-flow	0.4	1.1	4.1	3.4	5.8	7.1	8.7	10.2	11.8
ΔNWC	0.0	0.5	(0.2)	0.4	0.2	0.2	0.2	0.2	0.2
Cash-flow from operating activities	0.4	1.6	3.9	3.8	6.0	7.3	8.9	10.4	11.9
CAPEX	(2.0)	(2.3)	(3.4)	(3.8)	(4.3)	(4.6)	(5.0)	(5.5)	(5.8)
FCF	(1.6)	(0.7)	0.5	(0.0)	1.7	2.7	3.9	4.9	6.2
Net acquisition of financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	(2.0)	0.0	(0.4)	0.1	0.0	0.0	0.0	0.0	0.0
Other change in scope	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash-flow from investing activities	(0.0)	(2.4)	(3.0)	(4.0)	(4.3)	(4.6)	(5.0)	(5.5)	(5.8)
Capital increase	0.0	0.0	3.2	0.0	5.0	0.0	0.0	0.0	0.0
Share repurchase	(0.2)	0.0	0.9	(0.0)	0.0	0.0	0.0	0.0	0.0
Change in borrowings	(0.5)	0.9	(1.8)	(0.5)	0.6	0.0	0.0	0.0	0.0
Dividends	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
Cash-flow from financing activities	(0.7)	0.9	2.3	(0.4)	5.7	0.0	0.0	0.0	0.0
Currency effect	(0.1)	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0
Change in cash	(0.4)	0.2	3.2	(0.5)	7.4	2.7	3.9	4.9	6.2

XVII. Financial Data (2/2)

KEY RATIOS

	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E
Revenue growth	0.0%	24.3%	12.8%	14.3%	17.6%	16.2%	15.4%	13.9%	13.7%
Reported EBITDA margin	-10.8%	0.8%	-1.8%	2.5%	8.3%	11.1%	14.1%	15.8%	16.8%
Adjusted EBITDA margin	-10.8%	0.8%	-1.8%	2.5%	8.3%	11.1%	14.1%	15.8%	16.8%
EBIT margin	-3.2%	6.2%	10.9%	13.0%	16.9%	18.4%	20.8%	21.9%	22.9%
Net margin	5.5%	3.6%	8.1%	7.1%	11.7%	12.8%	14.6%	15.4%	16.2%
Reported EPS	0.8	0.6	0.2	0.2	0.4	0.4	0.6	0.7	0.8
Dividend per share	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividende Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NWC as a % of Revenue	10.0%	11.3%	8.2%	9.4%	8.9%	8.4%	7.9%	7.4%	6.9%
DSO	141.1	140.4	110.2	121.6	119.7	117.9	116.1	114.3	112.4
DPO	139.1	142.8	135.0	136.5	142.5	146.7	151.9	154.6	341.8
FCF	-1.6	-0.7	0.5	0.0	1.7	2.7	3.9	4.9	6.2
FCF yield									
Conversion rate (FCF/EBITDA)	-112%	-22%	10%	0%	23%	31%	35%	38%	42%
CAPEX/Sales	14.5%	13.9%	16.3%	16.8%	16.5%	15.4%	14.8%	14.3%	13.3%
ROE	7052.8%	141.0%	26.0%	19.1%	18.2%	18.7%	19.5%	18.9%	18.4%
ROA	5.6%	3.8%	8.2%	7.0%	9.2%	10.0%	11.2%	11.4%	11.7%
Gearing, net	n.m.	1720.4%	41.6%	34.8%	-26.3%	-34.7%	-43.1%	-50.5%	-57.3%
Financial leverage	4.8x	2.3x	0.5x	0.5x	-0.6x	-0.8x	-1.0x	-1.2x	-1.5x
EV/Sales				2.2x	1.9x	1.6x	1.4x	1.3x	1.1x
EV/EBITDA				8.7x	6.8x	5.5x	4.5x	3.9x	3.3x
EV/EBIT				16.6x	11.2x	8.9x	6.9x	5.8x	4.9x
PE				27.2x	14.7x	11.7x	9.0x	7.5x	6.3x



Disclaimer

This document 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.

Rating structure

- Buy: expected to outperform the market by more than 10% over a 6 - 12 months horizon
- Hold: expected performance between -10% and +10% compared to the market in a 6 - 12 months horizon
- Sell: expected to underperform the market by more than 10% over a 6 - 12 months horizon

The history of ratings and the target price for the Issuers covered in this report are available on request at marketing@midcapp.com.

Conflict of Interests

Issuer	Closing price (€)	Rating	Warning
Doxee	6.20	Buy	G

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Rating distribution

As of 01/02/2021, the ratings issued by the Midcap research team were as follows:

Rating	Global coverage universe	of which "Corporate" Issuers *
Buy	75%	80%
Hold	19%	18%
Sell	3%	0%
Under reviewed	1%	0%
Tender	2%	2%

* "Corporate" Issuers: Issuers to whom Midcap has provided Investment Services over the last 12 months

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