

## Complii-mentary RD1 Deal Complete

Complii has completed the acquisition of Registry Direct (RD1). The deal rounds out Complii's service offering by providing the group's AFSL clients and PrimaryMarkets' clients registry services internally. It further supports Complii's goal of providing a toolkit from incorporation all the way to listing, particularly for small to medium sized enterprises. No other provider in Australia provides compliance, capital raising, trading and registry services end-to-end seamlessly all under one roof.

Importantly for RD1 shareholders, who now become CF1 shareholders as part of the full scrip offer, they will realise significant scale benefits of being part of a leading financial services platform with broader capabilities and a broader network. RD1 immediately gains access to 121 AFSL firms (>24% market share of Australian SME financial services market), 3500 registered AFSL members and more than 110,000 private investors through PrimaryMarkets to offer registry services to a direct audience of private and unlisted companies. With a large majority of unlisted/private transactions taking place through Complii's platform, the expanded audience and visibility will help supercharge performance for RD1.

### FY22 Recap: Scale aids profitability

Despite the market wide volatility experienced during this calendar year, Complii's core SaaS platform remains less impacted and has continued to grow recurring annual revenues. Clients are increasingly focusing on efficiency and cost-reducing measures, rather than solely on top line growth, which is a trend that will continue to support Complii's growth. Market volatility also contributes to transactional volume on PrimaryMarkets.

In FY22, business and revenue growth contributed to a net profit for FY22 of \$0.115m, which was a significant improvement on the \$4.19m loss reported for FY21. Given the momentum following the PrimaryMarkets and RD1 deals, we expect Complii to grow total revenue significantly to \$17.7m in FY23, up from \$9.9m this past year. We continue to expect new AFSL clients using Complii's SaaS platform to grow at an annualised rate of 21.5% p.a. to FY25, increasing market share to above 40%. This is significant given our total market estimate for Complii's core platform capability of approximately \$70-\$100m.

### Valuation

We apply an average valuation to Complii based on a DCF and peer revenue multiples basis (equally weighted). Our base case valuation is now \$0.20 per share (up from \$0.19 previously), after increasing our NPV and diluted share count following the RD1 deal. Complii remains well funded given positive operational cashflow, cash on hand following the RD1 deal of ~\$8m, and additional funding to come from existing R&D grants and outstanding options. A key risk to our valuation includes slower than expected uptake of the platform by additional AFSL firms.



Complii FinTech Solutions Ltd (ASX: CF1) is a digital platform providing an electronic centralised framework to manage AFSL holders (Stockbrokers & Financial Planners) and their licenced user centric workflows for compliance, capital raising and operational needs. Complii recently acquired PrimaryMarkets, an independent global trading platform for unlisted companies and funds, and RegistryDirect, a shareholder registry platform.

<https://www.complii.com.au>

Stock	CF1.ASX
Price	A\$0.085
Market cap	\$43m
Valuation	\$0.20 (prev \$0.19)

#### Company data

Net cash: ~\$7.9m

Fully diluted shares on issue:  
682.1m

Code ASX: CF1

#### Next news

Q4 FY22 – Quarterly performance update

2H FY23 – Half year results

#### CF1.ASX share price (A\$) – 1 year



Source: MST Access

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## Exhibit 1 – Financial forecast summary for Complii – year-end 30 June

Company Overview					Key metrics						
	2021a	2022a	2023e	2024e	2025e	2021a	2022a	2023e	2024e	2025e	
Current price (\$)	0.085		Valuation (\$)		0.20	<b>EPS - underlying (¢)</b>	<b>(1.5)</b>	<b>0.0</b>	<b>0.6</b>	<b>0.9</b>	<b>1.3</b>
Market capitalisation (\$m)	44		12 month dividend (\$)	-		% change underlying EPS	-	-	2,081.3	40.5	43.9
Shares outstanding (m)	515		Expected return (%)		130.6	EPS - basic (¢)	(2.4)	0.0	0.9	1.2	1.7
Enterprise value	36					Wtd avg ordinary shares (m)	176	374	491	515	515
						Wtd avg diluted shares (m)	288	489	682	682	682
Year to 30 June					DPS (¢)						
Profit & Loss (\$m)	2021a	2022a	2023e	2024e	2025e						
Sales revenue	2.0	9.0	15.7	19.4	23.9	Dividend yield (%)	-	-	-	-	-
% change		343.0	75.1	23.7	23.1	Payout ratio (%)	-	-	-	-	-
Total revenue	2.7	9.9	17.7	20.4	24.9	Franking (%)	-	-	-	-	-
Gross profit	1.8	7.5	14.9	18.5	22.7	PE ratio	-	285.3	13.1	9.3	6.5
Gross margin (%)	87.4	83.8	95.0	95.0	95.0	EV/EBIT (x)	-	132.7	5.9	4.2	2.9
EBITDA	(\$4.1)	0.3	6.1	8.5	12.3	EV/EBITDA (x)	-	132.7	5.9	4.2	2.9
EBIT	-4.1	0.3	6.1	8.5	12.3	EBIT margin (%)	-	3.0	38.7	44.0	51.4
EBIT margin (%)	-204.7	3.0	38.7	44.0	51.4	Tax retention rate	100.0	54.0	73.0	73.0	73.0
Net interest expense	-0.1	0.0	0.0	0.0	0.0	Asset turnover	0.9	1.0	0.8	0.6	0.6
Pre-tax profit	-4.2	0.3	6.1	8.5	12.3	Interest expense rate (%)	2.3	0.0	0.0	0.0	0.0
Tax expense	0.0	-0.1	-1.6	-2.3	-3.3	Financial leverage multiple	1.2	1.2	1.1	1.1	1.0
Minorities & associates	0.0	0.0	0.0	0.0	0.0	Minority interest adj factor (x)	1.0	1.0	1.0	1.0	1.0
<b>Net profit</b>	<b>-4.2</b>	<b>0.1</b>	<b>4.4</b>	<b>6.2</b>	<b>9.0</b>	ROE (%)	-	2.0	23.4	19.5	21.6
% change		-103.5	2,943.5	40.5	43.9	ROIC (%)	-	1.3	16.3	16.7	19.4
Balance sheet (\$m)					Operating metrics						
	2021a	2022a	2023e	2024e	2025e		2021a	2022a	2023e	2024e	2025e
<b>Current assets</b>						Net debt (\$m)	(4.0)	(5.5)	(20.0)	(29.7)	(38.2)
Cash and near cash	4.0	5.7	20.2	29.9	38.5	Debt to equity (%)	0.1	2.2	0.9	0.7	0.5
Receivables	0.2	0.2	0.9	1.1	1.3	Net debt to EBITDA	1.0	(20.3)	(3.3)	(3.5)	(3.1)
Inventory	0.0	0.0	0.0	0.1	0.1	EBIT interest cover (x)	-	-	-	-	-
Other	0.1	0.3	0.3	0.3	0.3	<b>Total AFSL firms in target ml</b>	500	500	500	500	500
Total current	4.2	6.3	21.4	31.4	40.3	Client advisers	99	107	149	180	212
<b>Non-current assets</b>						Mkt share	20%	21%	30%	36%	42%
Property, plant and equipment	0.0	0.0	0.1	0.3	0.4	Ave annual subscription \$k		20.1	25.1	32.7	42.5
Investments	0.0	0.0	0.0	0.0	0.0	<b>Primary Markets</b>					
Right of use assets	0.1	0.6	0.6	0.6	0.6	Companies on platform		35	43	51	57
Goodwill	0.0	6.2	6.2	6.2	6.2	Listing subscription \$k		15	16	17	18
Other intangibles	0.0	0.0	0.0	0.1	0.1	Trading revenue (\$m)		6.1	9.9	10.6	11.2
Other non current	0.0	0.1	0.1	0.1	0.1						
Total non-current	0.1	7.0	7.1	7.3	7.5						
<b>Total Assets</b>	<b>4.4</b>	<b>13.2</b>	<b>28.5</b>	<b>38.7</b>	<b>47.8</b>						
<b>Current liabilities</b>											
Accounts payable	0.4	0.9	0.3	0.4	0.4	<b>Half-year (\$m)</b>	<b>1H22a</b>	<b>2H22a</b>	<b>1H23a</b>	<b>2H23e</b>	<b>1H24e</b>
Short-term debt	0.0	0.2	0.2	0.2	0.2	Sales	3.0	6.0	7.6	8.2	9.4
Lease liabilities	0.1	0.3	0.3	0.3	0.3	EBITDA	(0.2)	0.7	3.4	2.7	4.4
Other	0.2	0.3	0.3	0.3	0.3	EBIT	(0.2)	0.5	3.4	2.7	4.3
Total current	0.7	1.8	1.1	1.2	1.3	<b>EPS - underlying (¢)</b>	<b>(0.0)</b>	<b>0.1</b>	<b>0.4</b>	<b>0.3</b>	<b>0.5</b>
<b>Non-current liabilities</b>						DPS (¢)	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.0	0.0	0.0	0.0	0.0	<b>DCF valuation</b>					
Provisions	0.0	0.1	0.1	0.1	0.1	PV of free cash flows	60		Terminal value ye:		FY33
Lease liabilities	0.0	0.4	0.4	0.4	0.4	PV of terminal value	50		Beta		1.38
Other	0.0	0.0	0.0	0.0	0.0	Enterprise value	111		Cost of equity (%)		12.0
Total non-current	0.0	0.5	0.5	0.5	0.5	Net debt	(26.1)		Cost of debt-AT (%)		5.1
<b>Total liabilities</b>	<b>0.8</b>	<b>2.3</b>	<b>1.6</b>	<b>1.7</b>	<b>1.8</b>	Equity value	137		Debt to EV (%)		0.0
<b>Net assets</b>	<b>3.6</b>	<b>11.0</b>	<b>26.9</b>	<b>37.0</b>	<b>46.0</b>	Shares on issue	682		Equity to EV (%)		100.0
Shareholders' equity	3.6	11.0	26.9	37.0	46.0	<b>DCF valuation per share</b>	<b>\$0.20</b>		<b>WACC (%)</b>		<b>12.0</b>
Outside equity interests	0.0	0.0	0.0	0.0	0.0						
<b>Total equity</b>	<b>3.6</b>	<b>11.0</b>	<b>26.9</b>	<b>37.0</b>	<b>46.0</b>						
Cash flow (\$m)					Comparables						
	2021a	2022a	2023e	2024e	2025e				FY22	FY23	
EBITDA	(4.1)	0.3	6.1	8.5	12.3	Average peer multiple			6.6x	5.9x	
Chg in Working capital	0.4	0.4	(1.3)	(0.2)	(0.2)	Complii Rev forecasts			9.9	17.7	
Net interest	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	Projected EV			65.9	104.6	
Tax	0.0	(0.1)	(1.6)	(2.3)	(3.3)	Less net debt			(26.1)	(26.1)	
Other	1.8	0.5	0.0	0.0	0.0	Equity value			92	131	
<b>Operating cash flow</b>	<b>(2.0)</b>	<b>1.0</b>	<b>3.1</b>	<b>6.0</b>	<b>8.8</b>	Shares on issue			682	682	
Capital expenditure	(0.0)	(0.0)	(0.2)	(0.2)	(0.2)	<b>Comps value per share</b>			<b>\$0.13</b>	<b>\$0.19</b>	
Net acquisitions/disposals	0.0	(0.1)	0.0	0.0	0.0	Equally weighted DCF and					
Other	0.0	0.7	2.2	0.0	0.0	FY23 peer valuation				<b>\$0.20</b>	
<b>Investing cash flow</b>	<b>0.0</b>	<b>0.5</b>	<b>2.0</b>	<b>(0.2)</b>	<b>(0.2)</b>						
<b>Financing cash flow</b>	<b>5.9</b>	<b>0.2</b>	<b>9.3</b>	<b>3.9</b>	<b>0.0</b>						
<b>Net change in cash</b>	<b>3.8</b>	<b>1.7</b>	<b>14.5</b>	<b>9.7</b>	<b>8.6</b>						
<b>Free cash flow</b>	<b>(2.0)</b>	<b>1.5</b>	<b>5.1</b>	<b>5.8</b>	<b>8.6</b>						

Source: Company, MST Access

## FY22 Recap: Performance Validates Acquisitive Strategy

### Client Growth

FY22 has marked another significant year of growth for Complii. The group signed 21 additional companies during the year taking total firms using the module platform to 121, which was in line with our expectation for year end. This equates to ~24% share of the addressable AFSL target market involving small to mid-tier advisors and brokers. Within client firms, the total number of licenced users (primarily financial advisers and stockbrokers) increased from 3,000 to 3,500 over the same period.

Beyond Australia, Complii signed its first North American based stockbroking firm as a SaaS client. This is clearly very significant given the potential increase in Complii's addressable market from the US longer term.

Exhibit 2 – Snapshot of various AFSL firms serviced by Complii

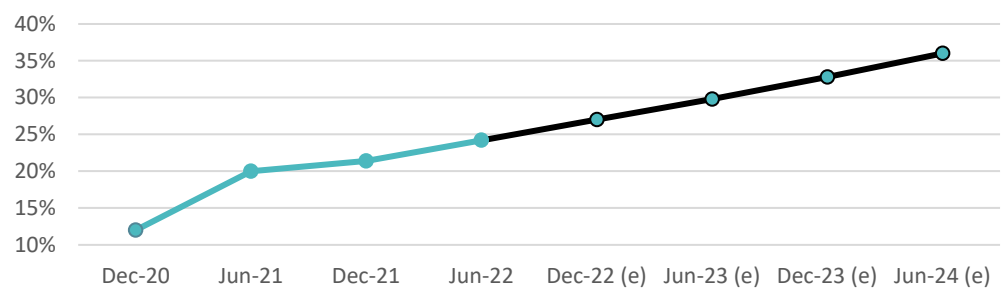


Source: Complii.

### Adviser Adoption Growth: ~76% of Target Market Still Up for Grabs in ANZ

As the leading provider of end-to-end digital compliance solutions, the remaining 76% of the market in ANZ provides an opportunity for continued growth for Complii locally. Management remains steadfast in its ambition of targeting ~40% market share within the next two years. We continue to see this as achievable and forecast market share to almost double to 39.2% by 1HFY25 on continued AFSL client growth (see Exhibit 3).

Exhibit 3 – Actual (blue) and forecast (blue) addressable AFSL market penetration for Complii in ANZ

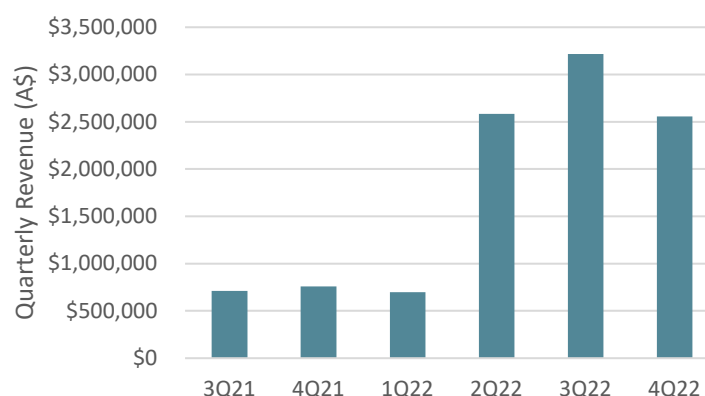


Source: Complii & MST Access

## Financial Performance

Annual group revenue was \$8.97m for FY22 excluding government grants (vs MSTe of \$9.56m), +317% on pcp. This was partly contributed to by a more challenging financial market environment for both listed and unlisted securities, which directly affects PrimaryMarkets with potentially less value traded. The core SaaS Complii platform remains less impacted by market volatility and has continued to grow recurring annual revenues.

Exhibit 4 – Complii quarterly revenue performance

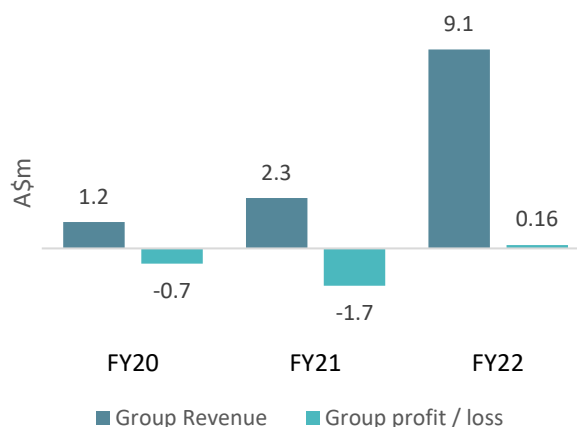


Source: Complii

Other notables include:

- Revenue from existing core business units including Complii, Boom, Think Caddie and Account Fast, grew by 34% to \$2.84m in FY22 from \$2.15m in FY21.
  - The number of corporate deals on Advisor Bid rose slightly to 3,252 in FY21 to 3,339 in FY22. At the same time, the average deal value declined slightly with total value through Advisor Bid totalling \$14.0B in FY22 vs \$14.6B in FY21.
- License fee revenue earned through Complii increased from \$1.26m in FY21 to \$1.84m in FY22, up by 46%. On average, the value of subscriptions rose from \$18.5k per client in FY21 to \$20.1k in FY22. This growth was supported by clients taking on additional Complii modules / functions, particularly as the penetration rate with existing clients grows over time.
- Service fee revenue increased from \$764k in FY21 to \$6.8m in FY22, up by 790%. This was largely impacted by the acquisition of PrimaryMarkets. \$6.128m was contributed by PrimaryMarkets' fees received since settlement was finalised in early November 2021. Following the acquisition by Complii, the PrimaryMarkets platform has grown significantly, especially when considering the previous \$2.18m in revenue for PrimaryMarkets in all FY21 preacquisition.
- Altogether, business and revenue growth contributed to a net profit for FY22 of \$0.115m, which was a significant improvement on the \$4.19m loss reported for FY21. Net operating cashflow was positive at \$0.996m.

## Exhibit 5 – Annual revenues and P&amp;L



Source: Complii

## Balance Sheet & Funding

The Complii Group remains debt free and has not raised any new equity since December 2020. Current cash at bank as of 30 June 2022 was \$5.74m.

The business is likely to receive significant further funding from the exercise of options granted (see Exhibit 15). Total additional funding to FY23 and FY24 likely to be received is over \$13m. These grants relate to consideration paid for the PrimaryMarkets and RD1 acquisitions, in addition to incentive payments granted to management in 2020 at the time of the IPO.

## Exhibit 6 – Unissued shares under option




Expiry Date	Exercise Price (A\$)	Number Under Options	Option Value (A\$)
31 December 2022	0.05	7,500,000	375,000
31 December 2022	0.05	30,307	1,515
31 December 2022	0.05	28,968,232	1,448,412
31 December 2023	0.075	16,000,000	1,200,000
31 December 2023	0.10	21,000,000	2,100,000
31 December 2022	0.10	40,409	4040
31 December 2023	0.10	41,292,926	4,129,292
		<b>119,333,338</b>	<b>\$9,483,334</b>
Options issued to RD1			
31 August 2024	0.125	28,191,026	3,523,878
(Deal consideration options)			
31 May 2023	0.068	1,388,890	87,000
(RD1 – Tranche 1 Options)			
		<b>144,411,790</b>	<b>\$13,223,485</b>

Source: Complii.

## Complii Fintech Module Development

The exhibit below provides an overview of Complii’s wide range of operational support software specifically designed for AFSL holders, including areas of further development achieved during FY22.

Exhibit 7 - SaaS platform module summary with development milestones

Primary Value	Complii FinTech module	Core Function	
 <b>ENSURE</b>	<b>Compliance</b>	Fulfill all AFSL related compliance functions (includes SOA3000 released in FY22)	Substantially Updated in FY22
	<b>Financial Crimes</b>	Alert to suspicious trading and screen clients/investors	
 <b>ENABLE</b>	<b>Risk Management</b>	Identify, manage, and control risks across an entire organisation	
	<b>Complaints</b>	Manage resolution, notify, and alert for mandatory obligation deadlines	Added in FY22
 <b>EMPOWER</b>	<b>Adviser Bid</b>	Automated distribution and acceptance of corporate deals (includes Corporate Highway Phase 3 released in FY22)	Substantially Updated in FY22
	<b>Online Portfolio</b>	Portal for Adviser’s clients to access information and download forms	
	<b>AccountFast</b>	Integrated Online Account Opening tool	

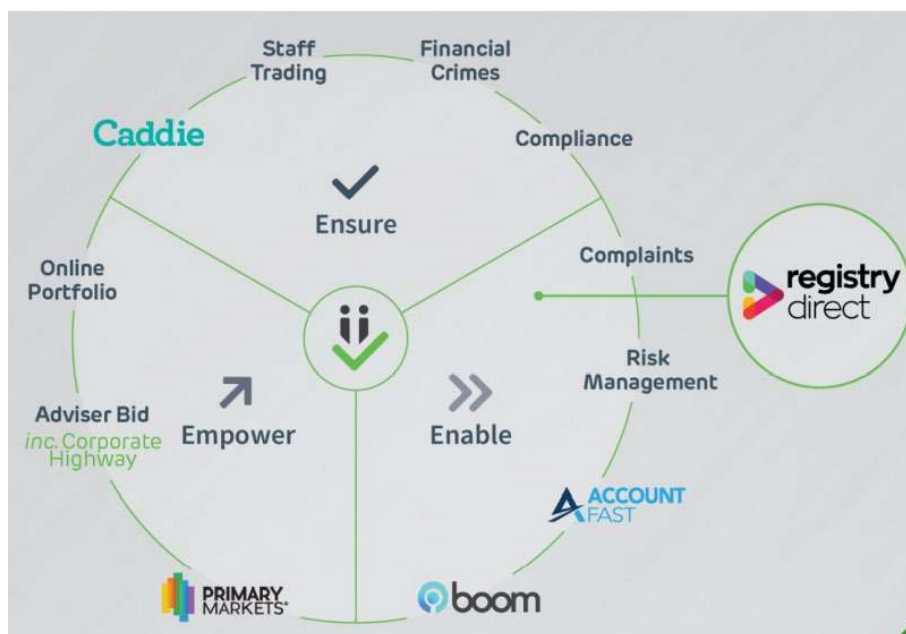
Source: Complii

## RegistryDirect Deal Enhances Offering for Both Parties

Towards the end of last financial year, Complii announced an all scrip off-market takeover offer for Registry Direct (ASX: RD1) on 6 June 2022. Completion of the deal was announced on 31 August 2022 with confirmation that Complii had received acceptances from more than 91% of shareholders.

RD1 provides share and unit registry services with ~100,000+ holdings held by investors, advisers and companies as well as ~700+ unlisted companies and trusts. With the large majority of unlisted/private transactions taking place through Complii domestically, the acquisition significantly increases visibility for RD1 across all industry participants in financial services locally. For Complii, the deal would continue to enhance the end-to-end toolkit it provides companies from one centralized SaaS platform, from incorporation all the way to potential listing.

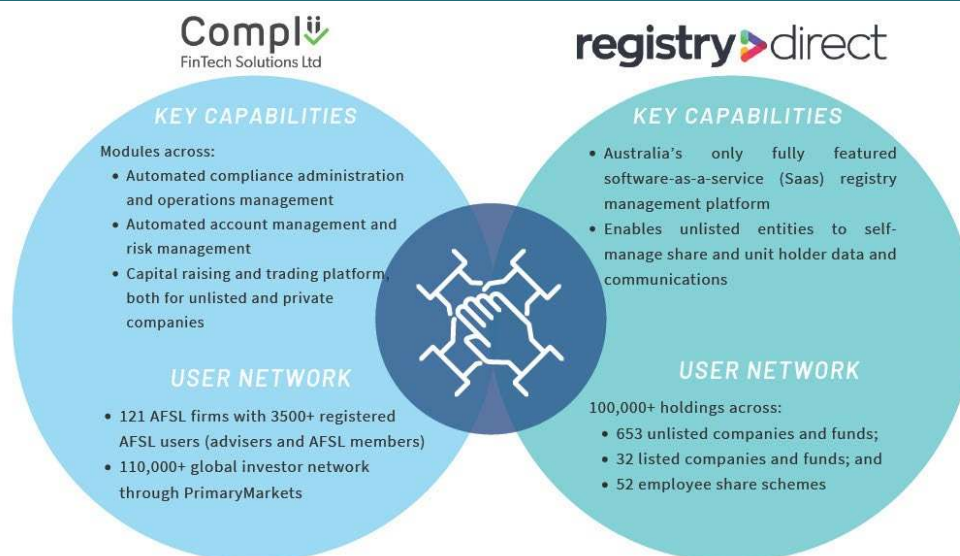
Exhibit 8 – Complii’s service offering components with the addition of RegistryDirect



Source: Complii

In terms of capability, RD1 is highly complementary as it provides Complii with direct access and engagement to ~200,000 shareholders, advisers and companies. RD1 has ~1,400 unlisted companies and trusts, which should provide Primary Markets with future liquidity and private trading hub opportunities, when these companies look to offer liquidity for shareholders, require additional capital, undertake sell downs and/or progress towards an ASX listing.

Exhibit 9 – Key technological and network synergies



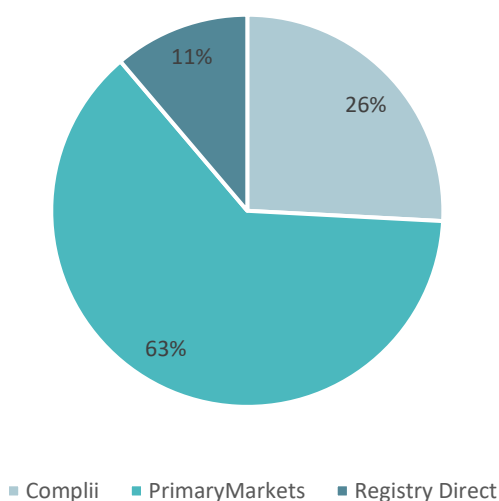
Source: Complii, MST Access

RD1 holds leading technological capabilities as a shareholder registry service and is ready for accreditation to the new DLT CHES Registry. Key advantages include seed raising tools, unlisted trading, listing tools, investor management, and compliance audit management with connectivity to the ASX, ASIC and ATO. RD1 will significantly benefit from Complii’s AFSL network to grow the registry, as Complii has already adopted more than a quarter of Australia’s leading broker and adviser aggregators on the platform.

**Exhibit 10 – Post deal company metrics gives both parties added scale**

Key Metrics	RD1	CF1	Combined Group
Company size (employee)	11	31	42
Revenue base LTM (\$A)	1,146,000	9,057,000	10,203,000
Net Cash from / (used in) operating activities LTM (A\$)	(671,000)	1,319,000	648,000
Cash at Bank (30 June 2022) (A\$)	2,173,000	5,744,000	7,917,000

Source: Complii

**Exhibit 11 – Historical unaudited revenue composition between businesses**


Source: Complii

## Forward Outlook

Looking ahead, Complii is well positioned to continue its growth trajectory while sustaining profitability and positive cashflow. This follows multiple acquisitions and the integration of additional business offerings, which together combine to provide a leading end-to-end financial service platform in the Australian market, particularly for small to mid-tier firms.

Complii will continue to be supported by further adoption of additional service modules by existing clients, increased penetration of significant AFSL holders in the advisory and broker sector and expanded cross-selling opportunities among private equity investors, unlisted corporations, and funds linked through our integrated network of Fintech service users. This will continue to be driven by the merging of Complii, PrimaryMarkets and RegistryDirect all under one umbrella.

In addition, the Group is now ready to broaden their focus onto new client acquisition, supported by a stronger marketing presence. Staff numbers have increased significantly from 20 at the end of FY20 to 43 at the end of FY22. This will give the company the capabilities and resources needed to develop and manage increasingly integrated and customised SaaS solutions for a wide range of clients.



## Valuation: Combining DCF and Peer Multiples for A\$0.20/Share

We apply an average valuation to Complii based on a DCF and peer revenue multiples basis (both equally weighted in the valuation). Our DCF valuation is now \$0.20 per share (from \$0.17 previously) and our peer multiples-based valuation is \$0.19 per share (from \$0.21 previously). This equates to an average valuation of \$0.20 per share, which represents our new base case.

### 50% of Base-Case Valuation = DCF

Key variables from our DCF valuation are shown in Exhibit 11 and expanded on below.

Exhibit 12 – DCF key assumptions

NPV	\$110.5m
Net cash (incl tax benefit)	\$12.9m
Options	\$13.2m
Equity value	\$136.6m
Diluted shares	682.1
Value per share	\$0.20
CAPM	
Risk-free rate	3.0%
Equity beta	1.40
Equity risk premium	6.5%
Cost of equity	12.0%
Equity	100.0%
Weighted average cost of capital	12.0%

Source: MST Access

- With the addition of RD1, we expect underlying revenues for this segment to accelerate by ~30% over FY23 and 55% in FY24, taking its revenue contribution to \$2.1m over the next two years.
- We assume \$300k in cost synergies including from reduced listing and management costs.
- For the SaaS platform, we continue to assume market share grows from approximately 21.4% currently to 42.4% by FY25, equating to 212 AFSL subscription clients.
- Following Complii's full year results, we adjusted down our average SaaS subscription amount, which is currently ~\$20.1k per client (as reported). We now expect this to grow gradually to \$40k per client over the next 2 to 3 years by 1H25.
- For PrimaryMarkets, companies listed grow at a rate of 4 per half to FY25 (up from 3 previously) before scaling back to 2 per half thereafter. We assume transactional revenue will grow gradually over the forecast horizon (to FY33) by 5-10% per year.
- Other income including R&D grants is expected to be ~\$2m in the coming year from both Complii and RD1. We assume this scales back to \$1m from FY24-FY26.
- We now forecast total revenues of \$17.7m for FY23, which is +61% from FY22 revenues of approximately \$11.0m (across Complii + RD1). This is slightly lower than our original FY23 forecast of \$18.3m given the adjustment to our average subscription revenue per client assumption, as highlighted above. Additionally, we expect FY24 total revenues to be \$20.4m.
- We forecast EBITDA margins of 34.0% in FY23 and 39.5% in FY25.
- We assume a terminal rate of return on invested capital of 20% vs weighted average cost of capital of 12%.
- Retained losses are \$18.4m across the merged group (including RD1). We have added the tax benefit, assuming a tax rate of 27%, to the current net cash balance across the group of \$7.9m.
- Fully diluted shares including 515.4m basic shares, 144.4m of unissued options, and 22.3m performance rights relating to the RD1 acquisition (which involve various vesting conditions).

## 50% of Base-Case Valuation = Peer Comparison

We have narrowed down our selected peer group based on industry background and primary activity and now look solely at other domestic listed technology companies. The updated list includes companies from the information technology sector and associated sub-industries that fall mostly in line with Complii's operational segments including compliance, capital raising and general client management solutions. We also removed Kyckr Ltd given its takeover by RealWise.

The average implied EV/revenue multiple is 5.9x for FY23, as highlighted below. Applying this estimated to our forecasted revenues for Complii FY23 gives a valuation of \$0.19 per share, corresponding to a 124% premium over the current share price.

The FY22 and FY23 multiples highlighted also sit below the broader S&P/ASX All Technology index. As of 31 August, the FY22 EV/revenue multiple was 8.4, compared to 6.6 from the peers list below.

Exhibit 13 – Applying Industry EV/Revenue multiples to our FY23 revenue forecast

NPV of Total FCF EV/Revenue valuation		EV/Rev multiple FY22 earnings	EV/Rev multiple FY23 earnings	Rev FY22	Rev FY23(e)	Current EV
XERO (ASX)	XRO-AU	12.0	9.9	1,033.9	1,254.9	12,450.5
Technology One (ASX)	TNE-AU	10.2	9.3	360.0	395.0	3,659.0
Praemium (ASX)	PPS-AU	4.5	3.8	63.3	74.6	286.2
Ansarada Group (ASX)	AND-AU	2.7	2.5	47.7	51.6	130.3
Income Asset Management (ASX)	IAM-AU	5.0	4.5	7.2	8.0	36.2
Identitii Limited (ASX)	ID8-AU	5.4	5.4	1.5	1.5	7.8
<b>Average EV/Revenue Multiple</b>		<b>6.6</b>	<b>5.9</b>			<b>NA</b>
						<b>Projected EV '23'</b>
<b>Complii EV</b>		<b>6.6</b>	<b>5.9</b>	<b>9.9</b>	<b>17.7</b>	<b>104.6</b>
Less: net debt						-26.1
Equity value						130.7
Shares on issue						682.1
<b>Equity value per share</b>						<b>\$0.19</b>

Source: MST Access

## Key Risks

- **Slower-than-expected product uptake** by customers. Execution risk is associated with the new product modules (e.g. Risk Management System and Financial Crimes Platform) and their acceptance by the existing client base.
- **Higher-than-expected customer churn.** There is a risk that competitive actions or industry pressures in the end market, such as drastic regulatory changes, could result in higher churn.
- **Extent of synergies being realised.** There is a risk that the recently acquired entities witness lower growth and synergies than expected.
- **Risk of data breaches and intellectual property risk.** Given that the company stores critical data on its own systems and networks and with various third parties, there are risks associated with data breaches.
- **Competition risk.** The market in which Complii operates faces the threat of increased competition from new and existing competitors or technology companies. This could affect market share and lead to sales declines. In particular, compliance management software solution companies that operate in different segments of the market may opt to tailor their products towards the Australian financial services industry and AFSL advisors.
- **Complii's smaller scale** can lead to less liquidity. Other sources of market risk include credit and FX risk.
- **Cyber security.** While an increased reliance on information technology systems increases the demand for Complii's services, any sustained and unplanned downtime due to cyber-attacks, system failures, network disruptions and other malicious or non-malicious incidents could have a material adverse impact on Complii's reputation, and its operating and financial performance. To mitigate these risks, Complii has implemented an information security management system as well as undertaken ongoing penetration and vulnerability testing. Complii maintains physical, electronic, and procedural safeguards that are designed to comply with federal standards to guard non-public personal information.

## Investment Thesis Recap: End-to-End Platform, Helping Clients Stay on Top of Regulatory Obligations and Client Management

Complii provides a comprehensive web-based SaaS (software as a service) solution that digitises compliance, capital raising and operational functions for AFSL firms, including advisers, brokerage firms and wealth management platforms. Complii's software automates multiple routine activities so that clients can better meet their regulatory obligations, while giving them more scope to better service clients in a targeted way. We believe new client growth, further innovation through new software modules, additional higher-margin revenue streams from the recently acquired PrimaryMarkets and RegistryDirect businesses, and value-accretive acquisitions will continue to drive fundamental value for Complii.

### Execution of PrimaryMarkets Acquisition Enhances Platform

In November 2021, Complii secured a key acquisition with the full scrip purchase of PrimaryMarkets, which has led to a step change in growth for the company. In addition to raising funds for ECM transactions, Complii now provides a Trading platform through PrimaryMarkets for its ~107 AFSL client firms and ~3,500 advisors to trade securities in unlisted companies and funds. PrimaryMarkets is the leading and primary provider of trading services for equity of unlisted companies and funds.

The PrimaryMarkets platform has now been integrated into Complii's core SaaS platform which provides significant savings in time and staff costs compared to more manual legacy systems. Complii has continually expanded its product offerings by developing and introducing additional modules. AdvisorBid/Corporate Highway provides Complii's customers with a capital raising function to enable advisers to share listed and unlisted bid offers across a range of ECM transactions including IPOs and placements. To date, Complii has helped raise more than \$14.7b in funds for its AFSL clients.

### Substantial Customer Base with Healthy Growth Continuing

Post the PrimaryMarkets acquisition, Complii services over 10,500 sophisticated advisers and investors with an additional global network of more than 110,000 users and investors.

Complii's software platform currently services 121 investment and advisory firms which have an AFSL licence and who have an active subscription, with additional non AFSL holding (Corporate Authorised Representatives) Financial Services professionals using Complii products to assist in the development of their businesses. Of the 121 AFSL clients, 36 have been added since ASX listing in December 2020, with firm growth coming on a quarterly basis. The total number of advisers and users working at these AFSL firms who use Complii's platform is approximately ~3,500. This equates to an average of 33 advisor users per firm.

On the PrimaryMarkets side, the platform services more than 7,000 sophisticated investors who are registered and have received KYC/AML compliance clearance to trade.

### Software Advantage – End-to-End, Flexible, Growing, Efficient

Complii is uniquely positioned in Australia as a full-service software provider for AFSL holders including brokers, advisers and wealth management firms. Key parameters that set the company apart include:

- **Comprehensive product suite:** The product offering can meet varied client needs with a range of functionality and tailored, high-quality solutions. Core services include electronic compliance, capital raising, online portfolio management, digital investor account opening, compliance e-learning solutions and secondary market trading of unlisted securities
- **Efficient workflows created with cost-effective technology:** Each service module of the Complii platform requires minimal manual intervention, reducing errors and time delays. These automated workflows reduce costs of compliance and save time
- **Digital capability:** Complii has a white-labelled secure account platform on both IOS and Android systems through its app and connects seamlessly to third party systems

- **Compliant and flexible API solutions:** Complii's offering is customisable, allowing clients to choose the modules to which they want to subscribe and pay only for what they need. The platform integrates individual client data sets. The integrated technology solutions increase the stickiness of the platform
- **Growing suite of modules:** Complii plans to introduce new service modules over time both organically and through strategic acquisitions which are complementary to the core offering.

For a more detailed overview of the product suite and growth strategy, please access our initiation [here](#).

## Financials

### Business model has both subscription and transactional revenues

Complii's core business charges its customers (AFSL holders including brokers, advisors and wealth management firms) a monthly or annual subscription fee for using its services. Each client's subscription fee to Complii depends on the number of modules included. In its full year results, Complii reported average subscription fees of A\$20.1k per AFSL client, which we expect to grow to \$40k over the next 2-3 years. Complii's annuity-style recurring revenue provides greater visibility into the future earning potential of the company, particularly given its high retention rate and the stickiness of the AFSL client base.

PrimaryMarkets' revenue is derived from a mix of one-time and recurring sources including upfront listing fees, set-up fees, monthly maintenance fees, high-margin trading fees, administration fees and share registry services.

### Supportive Trends – Regulation and Digitalisation of the Workplace

The Australian financial services industry has faced significant policy reforms and increased regulatory oversight following the 2008 Global Financial Crisis. Many changes within the industry have been introduced following the Future of Financial Advice reforms (2013), and the Royal Commission into Financial Services (completed in 2019). As compliance requirements and rules for financial advisers become more stringent, the need for electronic compliance and related services has increased. An evolving regulatory environment should continue to lend support to the growth outlook for Complii.

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