

Streamlining Compliance and Client Management for Better Business

Complii FinTech Solutions (**Complii**) provides a leading end-to-end SaaS (software as a service) solution to Australian financial services companies (AFSL firms) covering compliance, capital raising and other fundamental client management activities. Notable clients include Cannacord Genuity, Shaw & Partners, Euroz Hartleys, AUSIEX, Argonaut and Blue Ocean Equities. The customisable software provides a single desktop solution which automates key compliance and operational needs.

Major Changes in Financial Services Risk and Compliance Underpins Support

The need for electronic compliance and related services has increased dramatically as the Australian financial services industry has evolved following significant policy reform and increased regulatory oversight post GFC. Complii is well positioned to be the leading provider of technology support for firms long term. Following software integration, client reliance on the platform to fulfill fundamental operational needs increases the stickiness of Complii's offering and contributes to its high retention rate.

Enhanced offering - PrimaryMarkets Deal

Complii's acquisition of PrimaryMarkets integrates the capital raising and Trading Platform into Complii's wider suite of operating modules to deliver a scalable, all-in-one product to Complii's customer base, with new capabilities including the ability to trade shares in unlisted companies and funds on a secondary market. This creates additional revenue streams for the Company by compelling AFSL firms (including large-scale aggregators) to subscribe to the Company's integrated advisor management platform, and for existing clients and users to extend and upgrade their subscriptions. Complii's Corporate Highway offering of cross marketing of investment opportunities across all AFSL clients is a major addition to Complii's suite of products.

Financials: Accelerating Revenue Growth

Given the recent momentum following the PrimaryMarkets deal, we expect Complii to surpass the \$10m revenue milestone in FY22, before reaching \$18m in FY23. Complii's high degree of operating leverage should significantly support margin growth, profitability and returns. To drive this growth, we 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%.

Valuation

We apply an average valuation to Complii based on a DCF and peer revenue multiples basis (equally weighted). Our base case valuation is \$0.19 per share. 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 which enables the trading of shares in unlisted companies and funds.

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

Stock	CF1.ASX
Price	A\$0.10
Market cap	A\$42m
Valuation	A\$0.19

Company data

Net cash: \$4.76m

Fully diluted shares on issue: 504m

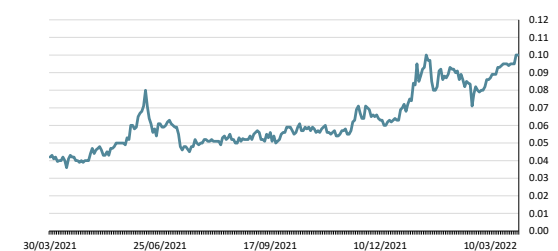
Code ASX: CF1

Next news

Q3 FY22 – Quarterly performance update

2H FY22 – Completion of integration of the PrimaryMarkets trading platform into the Complii platform

CF1.ASX share price (A\$) – 1 year



Source: MST Access

Michael Youlden

Michael.youlden@mstaccess.com.au

Exhibit 1 – Financial forecast summary for Complii

Company Overview					Key metrics						
	2021a	2022e	2023e	2024e	2025e	2021a	2022e	2023e	2024e	2025e	
Current price (\$)	0.10		Valuation (\$)		0.19	EPS - underlying (¢)	(1.5)	0.1	1.0	1.2	1.5
Market capitalisation (\$m)	34		12 month dividend (\$)	-		% change underlying EPS	-	-	756.9	24.5	23.8
Shares outstanding (m)	349		Expected return (%)		93.7	EPS - basic (¢)	(2.4)	0.2	1.4	1.8	2.2
Enterprise value	29					Wtd avg ordinary shares (m)	176	341	349	349	349
						Wtd avg diluted shares (m)	288	497	504	504	504
Year to 30 June											
Profit & Loss (\$m)	2021a	2022e	2023e	2024e	2025e	DPS (¢)	-	-	-	-	-
Sales revenue	2.0	9.6	17.9	20.2	22.7	Dividend yield (%)	-	-	-	-	-
% change		375.2	85.9	12.7	12.7	Payout ratio (%)	-	-	-	-	-
Gross profit	1.8	8.4	17.5	19.7	22.1	Franking (%)	-	-	-	-	-
Gross margin (%)	87.4	87.3	97.8	97.5	97.2	PE ratio	-	84.5	9.9	7.9	6.4
EBITDA	(\$4.1)	0.9	6.9	8.5	10.6	EV/EBIT (x)	-	34.3	4.3	3.4	2.8
						EV/EBITDA (x)	-	34.3	4.3	3.4	2.8
EBIT	-4.1	0.9	6.9	8.5	10.6	EBIT margin (%)	-	8.9	38.4	42.4	46.6
EBIT margin (%)	-204.7	8.9	38.4	42.4	46.6	Tax retention rate	100.0	67.0	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	0.9	0.7	0.6
Pre-tax profit	-4.2	0.9	6.9	8.5	10.6	Interest expense rate (%)	2.3	0.0	0.0	0.0	0.0
Tax expense	0.0	-0.3	-1.9	-2.3	-2.9	Financial leverage multiplier	1.2	1.1	1.0	1.0	1.0
Minorities & associates	0.0	0.0	0.0	0.0	0.0	Net debt to EBITDA	1.0	1.0	1.0	1.0	1.0
Net profit	-4.2	0.6	5.0	6.2	7.7	Minority interest adj factor (x)	-	6.9	25.9	21.7	21.7
% change		-113.7	770.5	24.5	23.8	ROE (%)	-	4.4	19.6	19.6	19.5
						ROIC (%)	-				
Balance sheet (\$m)											
2021a	2022e	2023e	2024e	2025e	Net debt (\$m)	(4.0)	(7.1)	(18.8)	(24.7)	(32.1)	
Current assets					Debt to equity (%)	0.1	0.0	0.0	0.0	0.0	
Cash and near cash	4.00	7.08	18.78	24.71	32.11	Net debt to EBITDA	1.0	(8.2)	(2.7)	(2.9)	
Receivables	0.17	0.55	0.75	0.84	0.95	EBIT interest cover (x)	-	-	-	-	
Inventory	0.00	0.00	0.00	0.04	0.05	Operating metrics					
Other	0.06	0.09	0.09	0.09	0.09	Total AFSL firms in target mkt	500	500	500	500	500
Total current	4.23	7.72	19.62	25.69	33.21	Client advisers	99	107	149	180	212
Non-current assets					Mkt share	20%	21%	30%	36%	42%	
Property, plant and equipment	0.03	0.09	0.23	0.41	0.61	Ave annual subscription \$k	40	40	42	44	46
Investments	0.00	0.00	0.00	0.00	0.00	Primary Markets					
Right of use assets	0.11	0.07	0.07	0.07	0.07	Companies on platform		35	41	47	53
Goodwill	0.00	6.21	6.21	6.21	6.21	Listing subscription \$k		15	16	16	17
Other intangibles	0.01	0.02	0.06	0.11	0.17	Trading revenue (\$m)		5.5	11.6	12.1	12.7
Other non current	0.00	0.07	0.07	0.07	0.07						
Total non-current	0.15	6.44	6.63	6.86	7.12	Half-year (\$m)					
Total Assets	4.38	14.16	26.26	32.55	40.33	Sales	3.0	6.7	8.8	9.1	9.9
Current liabilities						EBITDA	(0.2)	1.1	3.4	3.5	4.2
Accounts payable	0.43	0.53	0.18	0.23	0.29	EBIT	(0.2)	1.0	3.4	3.5	4.2
Short-term debt	0.00	0.00	0.00	0.00	0.00	EPS - underlying (¢)	(0.0)	0.2	0.5	0.5	0.6
Lease liabilities	0.12	0.07	0.07	0.07	0.07	DPS (¢)	0.0	0.0	0.0	0.0	0.0
Other	0.17	0.30	0.30	0.30	0.30	DCF valuation					
Total current	0.73	0.91	0.55	0.60	0.66	PV of free cash flows	38	Terminal value year		FY32	
Non-current liabilities						PV of terminal value	30	Beta		1.40	
Long-term debt	0.00	0.00	0.00	0.00	0.00	Enterprise value	68	Cost of equity (%)		12.8	
Provisions	0.04	0.12	0.12	0.12	0.12	Net debt	(17.3)	Cost of debt-AT (%)		5.1	
Lease liabilities	0.00	0.01	0.01	0.01	0.01	Equity value	85	Debt to EV (%)		0.0	
Other	0.00	0.00	0.00	0.00	0.00	Shares on issue	504	Equity to EV (%)		100.0	
Total non-current	0.04	0.13	0.13	0.13	0.13	DCF valuation per share	\$0.17	WACC (%)		12.8	
Total liabilities	0.77	1.04	0.68	0.73	0.79						
Net assets	3.61	13.13	25.57	31.81	39.54	Comparables					
Shareholders' equity	3.61	13.13	25.57	31.81	39.54	Average peer multiple		FY22		FY23	
Outside equity interests	0.00	0.00	0.00	0.00	0.00	Complii Rev forecasts		5.4x		4.9x	
Total equity	3.61	13.13	25.57	31.81	39.54	Projected EV		10.7		18.4	
Cashflow (\$m)											
2021a	2022e	2023e	2024e	2025e	Less net debt		(17.3)		(17.3)		
EBITDA	(4.14)	0.86	6.87	8.55	10.58	Equity value		76		107	
Chg in Working capital	0.37	(0.17)	(0.55)	(0.09)	(0.06)	Shares on issue		504		504	
Net interest	(0.05)	0.00	0.00	0.00	0.00	Comps value per share		\$0.15		\$0.21	
Tax	0.00	(0.28)	(1.85)	(2.31)	(2.86)						
Other	1.80	0.13	0.03	0.03	0.03	Equally weighted DCF and FY23 peer valuation				\$0.19	
Operating Cashflow	(2.03)	0.54	4.48	6.18	7.70						
Capital expenditure	(0.02)	(0.09)	(0.22)	(0.25)	(0.29)						
Net acquisitions/disposals	0.00	0.00	0.00	0.00	0.00						
Other	0.03	0.66	0.00	0.00	0.00						
Investing Cashflow	0.00	0.58	(0.22)	(0.25)	(0.29)						
Financing Cashflow											
Net change in cash	5.87	1.97	7.43	0.00	0.00						
Free cash flow	(2.03)	1.11	4.27	5.93	7.40						

Source: Company reports and Access

Source: Company, MST Access

Investment Thesis: 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 business, and value-accretive acquisitions will continue to drive fundamental value for Complii.

Comprehensive Solution enhanced by PrimaryMarkets Acquisition

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 ~107 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 ~107 AFSL clients, 22 have been added since ASX listing in December 2020, with firm growth coming on a quarterly basis (4 clients added in 2Q22). 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.

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. We estimate a historical average subscription fee of A\$40k per AFSL client. 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.

Valuation

We believe that Complii is undervalued at its current market price. Our base case valuation stands at \$0.19, which is an equally weighted blended average of our discounted cashflow valuation and peer multiple valuation. Both valuation methods complement each other given the intrinsic nature of the DCF method compared to the more market-based approach provided by referencing other publicly listed peers. We believe Complii's underlying value will be well supported post integration with PrimaryMarkets, as it continues to drive market share in providing end-to-end compliance, trading and operational software solutions across the AFSL network, especially in Australia.

Risks

Key risks to our view include:

- slower-than-expected product uptake by customers
- execution risk on new modules
- higher-than-expected customer churn
- lower-than-expected synergies from recent acquisitions
- risk of data breaches
- intellectual property risk
- competition from existing or new companies in the space targeting AFSL firms
- cyber security risk

Company Overview: From Founding to Listing

Founded in 2010 and originally headquartered in Perth, much of Complii's initial focus was on building a compliance software product suitable for financial services clients. Many early customers have remained with Complii (and some are also shareholders) as its technology capabilities have evolved to meet industry demand. Complii's vision is to become the standard in targeted risk, compliance, and business technology for the financial services industry. Complii is now headquartered in Sydney with 38 staff.

New Management and Board

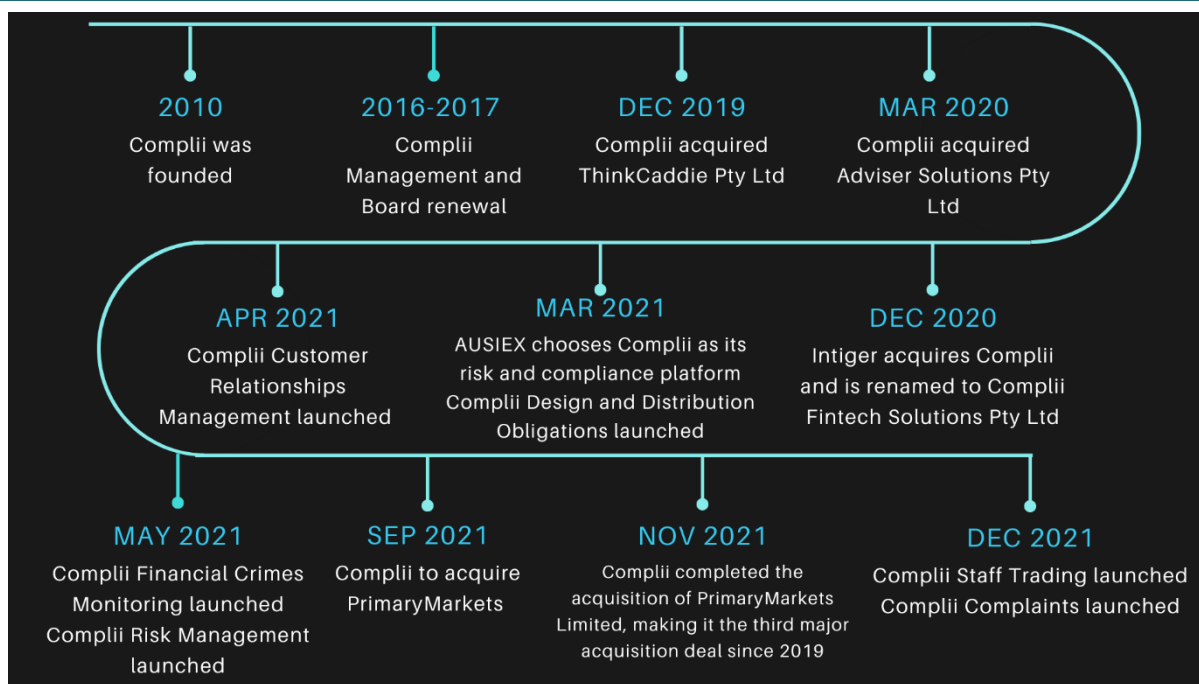
Over the past five years under the leadership of Executive Chairman Craig Mason and Managing Director Alison Sarich, Complii has made significant strides towards fulfilling its vision. Ms Sarich joined the company in 2016 following her time at Pershing Securities Australia. Ms Sarich brings her industry expertise and strong relationship management to the company, with a focus on business development and commercialisation. Mr Mason joined the company in 2017, having previously worked at Pershing Securities alongside Ms Sarich. Early on during his time at Complii, Mr Mason focused on improving the overall structure of the company and developing Complii's software technology to a commercial grade that was scalable. His previous responsibilities and experience (Founding and building the capabilities of Pershing, Merrill's Berndale Clearing - the first clearing business in Australia, and the 3rd Party Execution and Clearing Services business unit at UBS, in addition to consulting to various organisations including the Nomura Research Institute) have equipped Mr Mason to continue executing on the company's strategy.

The Board has also been renewed with the appointment of technology specialist, Nicholas Prosser (Non-executive Director); Gavin Solomon (Executive Director and Founder of PrimaryMarkets); and Greg Gaunt (Non-executive Director).

Listing Raised Profile, Validated Technology, and Provided Scale

The company was listed in December 2020 following a backdoor listing after being taken over by Intiger Group Ltd (ASX:AIM), which renamed the group to Complii FinTech Solutions. Intiger previously offered a software platform, BOOM2, which serviced professional financial planners. The software digitalised and automated the core components of the financial planning process, such as automatically producing statements of advice and tracking key performance indicators of a financial planning company. Intiger also provided back office and administrative processing services to financial planners. The backdoor listing provided Complii with numerous advantages, expediting and halving the timeline of listing publicly. The listing positioned Complii to secure significant contracts with leading brokerage houses more quickly (including AUSIEX), and gave it scale through the successful \$7m capital raise. The ASX listing also allowed Complii to further validate its technology offering with both institutional clients and investors, given the increase in adoption rate by major clients that followed.

Exhibit 2 – Company timeline



Source: Complii.

Product Suite: Uniquely Positioned with Multi-Faceted Digital Compliance Solution

Complii is uniquely positioned in Australia as a full-service software provider for AFSL holders including brokers, advisors and wealth management firms. We believe Complii is well placed versus its competitors, due to the following key characteristics of its product offering:

- **Comprehensive product suite** to meet varied client needs with a range of functionality and 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. The company has extensive experience working with financial services firms, and this know-how is reflected in the quality of its tailored solutions.
- **Efficient workflows created with cost-effective technology:** Complii not only reduces the cost of compliance for clients but also helps brokers and financial advisers achieve significant time savings. Each service module of the Complii platform requires minimal manual intervention, reducing errors and time delays. With Complii solutions automating workflows, such as automatically sending successful bid letters to clients during the capital raising process, financial advisers get more time to focus on the individual needs of their clients.
- **Digital capability:** Complii provides a white-labelled, secure account platform on both the IOS and Android systems through its app. The platform also connects seamlessly to third party systems. We believe that, as financial advisory firms begin to leverage the advantages of technology in their operations, the demand for sophisticated software that automates workflows is bound to rise in tandem, contributing to sustained growth for Complii.
- **Compliant and flexible API solutions:** Complii's offering is customisable with customers able to subscribe to modules individually, providing flexibility for clients as they choose and pay only for what they need. The platform integrates individual client data sets and is cut to fit. The integrated technology solutions also increase the stickiness of Complii's platform, contributing to high customer retention and a strong client base.

- Growth supported by economies of scale:** Complii has witnessed significant growth since the launch of its core Complii platform and has plans to introduce new service modules over time, both organically and through strategic acquisitions which are complementary to the core offering. As the leading end-to-end provider of automated compliance solutions for financial services firms, Complii expects to grow its user base to greater than 200 AFSL clients by doubling its current market share from 20% to more than 40%. The recent acquisition of PrimaryMarkets will further add to top-line growth brought about by transactional revenue as both user bases benefit from the integrated product offerings. This will complement the core and growing recurring revenue stream from subscription payments.

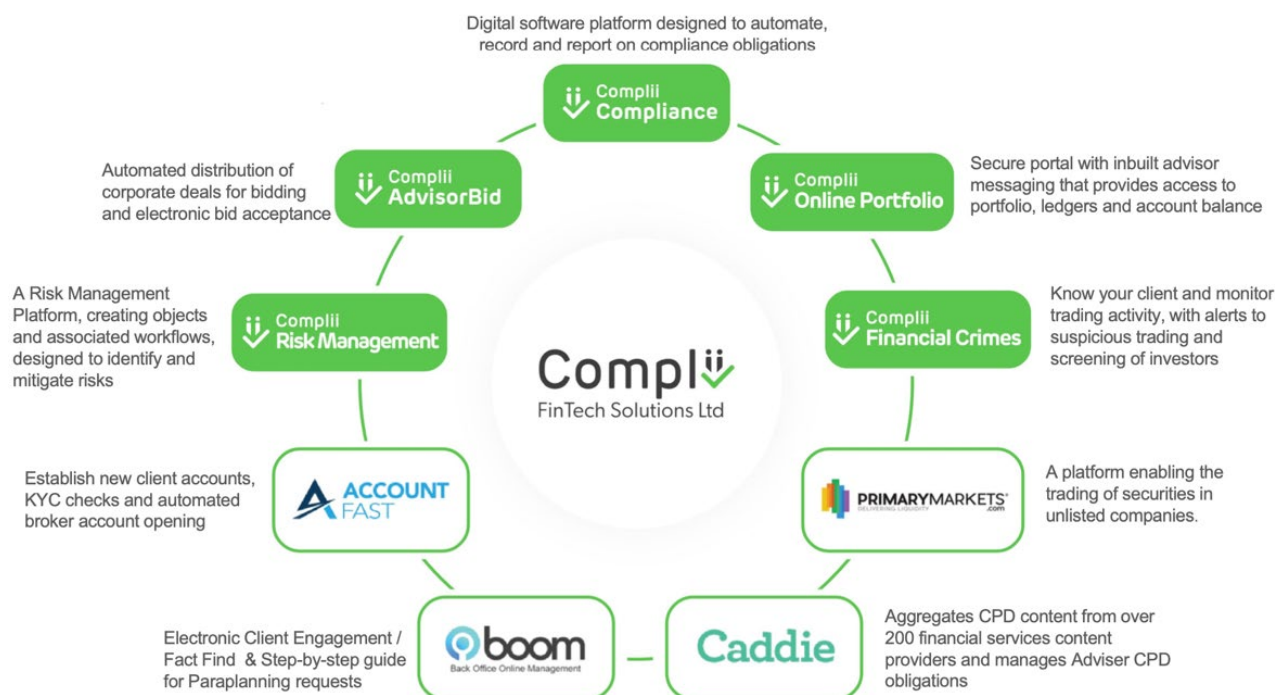
Overview of Existing Product Offering

Complii has a unique position in Australia as the only platform to offer a full suite of compliance and capital raising software for financial services firms across both public and private markets. Complii has multiple fully operational and customisable product offerings (see Exhibit 3).

Complii's platform offers several customisable modules with highlights including:

- client account creation** with automatic anti-money laundering (AML) checking
- back office integration** with full client access available and reporting
- automation, recording and reporting of regulation obligations.** This includes client profiling and ongoing compliance reviews at both the client and organisational levels
- automated end-to-end capital raising solutions** with live client and/or adviser bidding, offer letter generation and electronic client acceptance for both retail and institutional clients
- global trading platform for unlisted securities** including secondary market trading of notable unicorn companies such as Animoca and Virtual Gaming Worlds
- e-learning and CPD management** for financial services firms in line with Treasury (previously FASEA) requirements.

Exhibit 3 – Complii's key modules



Source: Complii.

Details of the Module Product Offerings

AdvisorBid

Advisor Bid empowers Complii's current ~107 AFSL clients (including Canaccord Genuity, Shaw & Partners, Ausiex, Euroz Hartleys, Argonaut, Blue Ocean Equities) and their ~3,500 registered users to maximise exposure of Corporate IPO and capital raising deals amongst their online networks. Adviser bid enables automatic online distribution of offers and acceptance of bids by clients. Adviser Bid provides full transparency of broker and issuer visibility and creates an AFSL mandated audit trail that minimises risks of error or deliberate non-compliance.

Corporate Highway

A key feature of Adviser Bid, the Corporate Highway enables exclusive access to corporate deal flow within the Complii Community by creating a significant advantage of corporate deal spread and investor uptake. Corporate Highways allows subscribed advisers to promote client deals more efficiently, as well as enabling time-efficient access for brokers to review a substantially greater flow of investment opportunities. Corporate Highway ensures that deal exposure is limited to appropriate targets, with no risk of exposure of confidential client account data beyond those represented by subscribing firms.

Electronic Compliance

This module is a secure digital software platform designed to automate recording and reporting on regulatory obligations by profiling ongoing compliance for clients. This includes automatic recording of historical trading activities. Components include:

- **Statements of Advice and Records of Advice:** Complii auto generates and sends Statements of Advice (SOA) and Records of Advice (ROA), documents that must be provided in accordance with the Financial Services Reform Act (2002). An ROA is a document provided to an existing client that confirms advice has been provided by the authorised planner or advisor of the AFSL and is used when there is an advice event that results in a transaction (or advice to hold). An SOA outlines the overall advice given to a consumer, based on the client investor's goals and objectives, by the authorised planner or advisor of an AFSL.
- **Adequate disclosure of conflicts of interest (RG 181.50):** This disclosure provides details to clients on conflicts of interest, allowing clients to consider the potential impact of such conflicts on the service being provided prior to making investment decisions.
- **Digital storage:** Complii provides a digital storage solution that allows documentation and correspondence to be uploaded and maintained in Complii. Documents include Know Your Client (KYC) information, client profiles, 708(8) and 708(10) certificates, SOAs, ROAs, FSGs and T&Cs. This digital document storage technology provides cost savings and efficiencies to Complii users, as it provides a centralised portal for all available client information.
- **Chinese wall:** Complii has a unique in-built electronic Chinese wall register. This is a virtual information barrier that blocks the sharing of information between those who have material, non-public information and those who do not, to comply with securities regulations. Complii is tied into the OMS (IRESS), and thus any orders placed on a stock by advisors will automate an alert to compliance. This functionality can also be used for trade restrictions or blackout periods for corporate or research activity.
- **Breach register:** Complii maintains a comprehensive digital breach register that has been designed off ASIC proforma documentation. This specifies the required information needed for a breach, so the licensee does not need additional information for ASIC. This tool improves visibility and provides reporting mechanisms for ASIC visits.
- **708(8) register and 708(10) register:** The system has a 708 8 register that allows certificates to be stored with an expiry date, and alerts clients when their certificate is nearing expiry or is expired. This compliments the corporate bidding system with 708-exempt deals. Corporate Highway will only accept bids on clients with a valid certificate and inform advisors if the certificate is out of date. In addition, the system has an automated 708 10 register for clients who qualify as experienced investors. This ensures only clients who are entitled to participate in certain offers receive the offer letter.

Risk Management

The risk management platform creates objects and associated workflows designed to identify and mitigate risks. This module was launched in May 2021 and is targeted towards registered ASFL holders.

Online Portfolio

This module is a secure portal with inbuilt advisor messaging that provides access to portfolios, ledgers and account balances. It also allows clients to log in online, view and update risk profiles, access statements, contract notes, connect with their advisor, track stock performance and live pricing. The online portfolio is targeted to help end customers of registered AFSL holders, particularly wealth management and stockbroker firms.

CRM and Reporting

Complii has CRM capabilities that allow reports to be generated, printed or sent on for missing client profiles, outstanding SOAs, ROAs, expired/near-expiry 708 certificates, Chinese wall registries and missing contracts.

Financial Crimes

The financial crimes platform helps firms monitor and identify suspicious trading activity according to ASX trading rules. The platform maintains account details and historical activity to build a risk assessment scorecard for each customer. Launched in May 2021, the platform is particularly targeted to registered AFSL holders.

Account Fast

This facilitates client account creation with automatic AML checking, back-office integration and full compliance reporting, all enabled through an app.

Boom

Boom is an electronic client engagement/fact find and step-by-step guide for paraplanning requests.

ThinkCaddie

This module aggregates continuing professional development (CPD) content from over 200 financial services content providers and manages adviser CPD obligations with adherence to Treasury requirements through the provision of e-learning and CPD management services.

PrimaryMarkets

This newly acquired Trading Platform enables Complii's network of AFSL clients and their advisers to trade securities in unlisted companies and funds (see more detail later in this report).

ASG

ASG provides corporate authorised representative (CAR) services and applicable AFSL supervisory functions to financial services firms and their advisers. ASG has recently established trading connectivity to offer domestic ASX trading capability and settlement services to support customers' back-office functions. Clients of ASG are also provided with access to the Complii platform, enabling ASG to actively manage the compliance supervisory functions.

Strategy: User and Product Growth to Drive ARR

Complii’s primary revenue growth drivers will come from adviser adoption growth, greater client penetration and wallet share growth (see Exhibit 4). New technology and module development, as well as global expansion, also have a role to play.

Exhibit 4 – Complii’s three pillar growth strategy to support recurring revenue

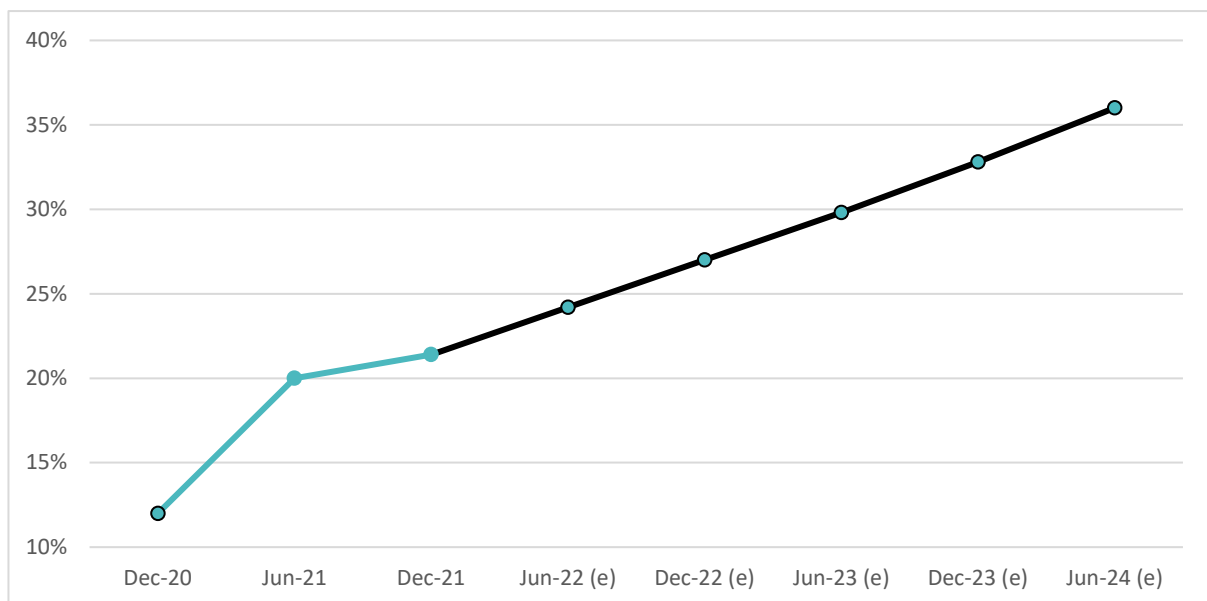


Source: Complii.

Adviser Adoption Growth: ~79% of Target Market Still Up for Grabs

Complii currently services ~21% of the applicable AFSL target market with ~107 adviser clients and ~3,500 registered advisers/users, in addition to other client segments within the Financial Services market through ASG CAR services. As the leading provider of end-to-end digital compliance solutions, the remaining 79% of the market provides an opportunity for continued growth. Management targets ~40% market share within the next two years. We see this as achievable and forecast market share to almost double to 39.2% by 1HFY25 on strong new AFSL client growth (see Exhibit 5).

Exhibit 5 – Actual (blue) and forecast (blue) addressable AFSL market penetration for Complii



Source: Complii & MST Access

At a macro level nationally, the advisor and planner market is expected to consolidate significantly over the next two years by more than 25% (as per the latest Adviser Ratings industry report, April 2021). This is partly in response to further policy and regulatory change following the Hayne Royal Commission. Despite this, given the low take-up of digital compliance technology to date within AFSL firms and financial services, we still expect significant growth for Complii as advisors adopt end-to-end digital compliance solutions to reduce services costs and compliance burdens. In doing so, advisers will also be better positioned to continue improving their client experience.

Some of the consolidation for large AFSL corporates and firms is being partly offset by an increasing number of smaller to mid-market AFSL licensees who are set to provide growth as more disciplined commercial approaches come into focus, lowering barriers to entry. Complii has the capacity to ensure smaller brokerage firms stay fully compliant and financially afloat despite increasing regulatory costs, with investment into affordable compliance solutions set to provide advisors with access to scale benefits, traditionally only available to larger firms.

Market penetration and wallet share growth

We expect further growth for Complii to come from greater penetration and wallet share of addressable AFSL clients with:

- **more users from existing AFSL clients** to adopt the platform and its modules – over the December quarter Complii added an additional 4 AFSL clients
- **more modules adopted per client**, as few client firms have adopted all available modules. Post-COVID, Complii has focused on using its strong relationships with existing customers to engage further and showcase the value achievable from additional modules, with particular attention to users who will benefit most from adding modules
- **more dedicated resources** to funding development work to enhance existing modules, and to be able to offer a premium alternative solution to present and new clients using the system.

Plus: new and extended subscriptions to be driven by PrimaryMarkets integration: Integration of PrimaryMarkets' capital raising and unlisted share trading capabilities into the wider suite of the Complii FinTech operating modules creates a compelling new reason for large-scale aggregators to subscribe to Complii's integrated advisor management platform, and for existing subscribers to extend their subscriptions with additional Complii modules. The number of private companies in operation is many times the number of publicly listed companies in Australia. With only 33 companies currently on the PrimaryMarkets platform, a local leader for unlisted company trading, there is significant scope to continue growing this client base.

Organic and Inorganic Technology Development

Complii will continue to innovate with the creation of more modules either organically or via acquisition. The company will continue to target software solutions that fit well with the current offering, and which can easily be integrated as additional desktop tiles. As an "aggregation vehicle", easier access to new capital will enable the company to continue to grow and develop and take advantage of any sub-scale, synergistic businesses they may identify.

To further deliver on its growth strategy, Complii is focused on investing in targeted R&D to maintain technology leadership, with industry collaboration helping inform the optimisation of the product offering. Complii has historically worked alongside clients to help develop new technologies and applications. Complii typically charges according to resource intensity to build custom products and tech capabilities, allowing Complii to leverage its tech infrastructure. With the benefit of Complii's rapid development cycle for system

enhancements, functional changes for sub-scale businesses are delivered in hours or days, rather than weeks or months.

Post completion, Complii provides ongoing support on a licence fee structure. Importantly, Complii still takes ownership of the intellectual property, which can be licenced and sold to other clients.

Geographic Expansion

With a portable platform, Complii's management team has reported on the possibility of expanding its overseas reach to places including the UK, Canada, NZ, and Singapore. Global expansion is likely to make most sense through an appropriately placed acquisition or through an existing global customer, given both options provide a way to leverage off either a product or customer already well positioned in a new market for Complii.

Complii + PrimaryMarkets: Synergies and Strong Combined Customer Base

Established Customer Base of AFSL Firms

Complii has a large base of customers in the Australian financial services industry. Exhibit 6 shows a snapshot of this substantial and diverse customer base.

Exhibit 6 – Snapshot of AFSL firms serviced by Complii



Source: Complii.

PrimaryMarkets Acquisition to Grow Client Base with End-to-End Solution

Complii has taken a further substantial step towards assembling Australia’s first end-to-end online platform with the PrimaryMarkets acquisition, given clients, advisers and their customers can now trade privately held securities on a highly intuitive, fully compliant secondary market trading platform with online KYC/AML and third-party Escrow Services. This complements the PrimaryMarkets services offered by AdvisorBid/Corporate Highway to all Complii’s clients and their advisers.

What is PrimaryMarkets?

Founded in 2016, PrimaryMarkets provides an off-market, online trading platform for sophisticated, professional and institutional investors, enabling private unlisted equity trading opportunities via a global network of over 7,500 sophisticated investors who have cleared KYC/AML requirements to trade. More than 110,000 global investors across 119 countries have subscribed to PrimaryMarkets.

Complii completed the all-scrip acquisition on 3 November 2021, the third major acquisition for the company since 2019. Deal consideration included the issuance of 105m Complii shares and 37m Complii options to PrimaryMarkets shareholders, with PrimaryMarkets ownership now equating to ~25% of Complii.

As part of the deal, the Founder and Executive Co-Chairman of PrimaryMarkets, Gavin Solomon, joined the Complii board as Executive Director. Mr Solomon brings over 35 years of experience in Australian and Asian equity capital markets, having previously founded and directed Helmsec Global Capital, which participated

in raising over \$1.7bn in capital for various companies between 2008 to 2015. Helmsec is now a wholly owned subsidiary of Complii.









What benefits does the PrimaryMarkets deal bring?

For advisors – unlisted securities trading: The PrimaryMarkets trading platform gives Complii’s 3,500 existing advisor network access for their investors/customers to trade unlisted securities on a secondary market.

For PrimaryMarkets – growing sophisticated investor base: The deal allows PrimaryMarkets to grow its sophisticated investor base of 7,500 significantly, giving corporate clients greater exposure to existing and potential investors, whilst also growing its global investor network base. PrimaryMarkets has no significant existing competitor in Australasia. Already, PrimaryMarkets led to an uplift in revenues for 2Q22 on the back of more than \$14m in transaction volume on high margin fees.

For corporates – staying private for longer: Given the IPO costs, shareholder demands, and regulatory burden associated with becoming a publicly listed company, many companies choose to stay private or at least delay becoming public. For some, staying private allows founders and management to remain focused longer term. However, many of these companies have shareholders who wish to access liquidity and sell down shares. Some companies find liquidity through private transactions, selling a stake to private equity funds or alternative investors which gives them the benefit of increased capital while maintaining control by limiting the number of shareholders they need to collaborate with. At the same time, the search for counterparties can take significant resources and time. PrimaryMarkets helps overcome this challenge by providing a centralised marketplace, similar to the ASX, for private companies. Since inception, PrimaryMarkets traded \$250m+ in transaction volume.

Exhibit 7: Benefits to PrimaryMarkets Global Trading Platform for Private Companies

 <p>Liquidity & Monetisation Ability for shareholders/directors/founders to sell down positions</p>	 <p>Global Investor Base Enhances connectivity and brand awareness</p>
 <p>Access to New Capital Access to active investors in private markets</p>	 <p>Significant Time/Cost Savings Significantly cheaper and faster than listing on ASX</p>
 <p>Cornerstone Investors Private equity looking to take cornerstone investment positions</p>	 <p>ASX Company Offering Captured investor base provides effective way to promote company</p>
 <p>Diversification of Shareholders New shareholders diversity Expansion of shareholder base and investor spread pre-IPO</p>	 <p>Employee Benefits Allow employees to monetise their equity anytime and to incentivise/attract new talent</p>

Source: Complii.

Integration Synergies: Benefits to Complii and PrimaryMarkets Users

A primary focus for Complii for the rest of FY22 involves fully integrating the PrimaryMarkets platform into Complii’s existing offerings especially Corporate Highway, to maximise current client and adviser uptake of the new share trading capabilities. This integration process is aided by the ease with which the platform is now accessible to advisors and AFSL firms, through the click of a button. Advisors now get an additional constant feed of transactional opportunities through an additional tile provided by the Complii software. These opportunities are also unique by including alternative financial securities including Australian “unicorn” stocks such as Virtual Gaming Worlds and Animoca Brands as well as US “unicorn” stocks.

Diversifying the client base for PrimaryMarkets

Many of the 3,500 AFSL firm advisors and users currently using Complii alone currently are expected to adopt the PrimaryMarkets “tile” on their desktop, underpinning significant volume growth for PrimaryMarkets.

PrimaryMarkets rebuilt its entire underlying platform technology prior to and launching in August 2021 (before the Complii takeover). Since then, the Trading Platform has become more optimised and attracted more clients adding to major names including Animoca Brands and Virtual Gaming Worlds.

Industry Context: Stringent Regulatory Environment, Digitisation

Australian Financial Services Sector Is Highly Regulated, Evolving Quickly

The Australian financial services industry is highly regulated, and the Australian Securities and Investments Commission (ASIC) and the ASX continue to strengthen their regulatory frameworks. Growing regulatory demands are an opportunity for Complii to add new customers who will gain operational benefits from its technology.

Regulations have tightened up post Royal Commission ...

The Financial Services Royal Commission (the 'Royal Commission', 2017–19) placed significant regulatory pressure on industry players to improve compliance standards. The increased regulatory obligations previously driven by the Financial Adviser Standards and Ethics Authority (FASEA), which has now been wound up and replaced by Treasury and ASIC oversight, and the Royal Commission include:

- improved quality of advice
- non-conflicted advice and independent systems
- full disclosure with clear and precise client documentation
- higher licensing and training standards
- a higher standard for investors qualifying as 'wholesale' once they are defined as being 'sophisticated', according to income and asset criteria tests.

... which creates more demand for digital solutions to lower costs, improve efficiency

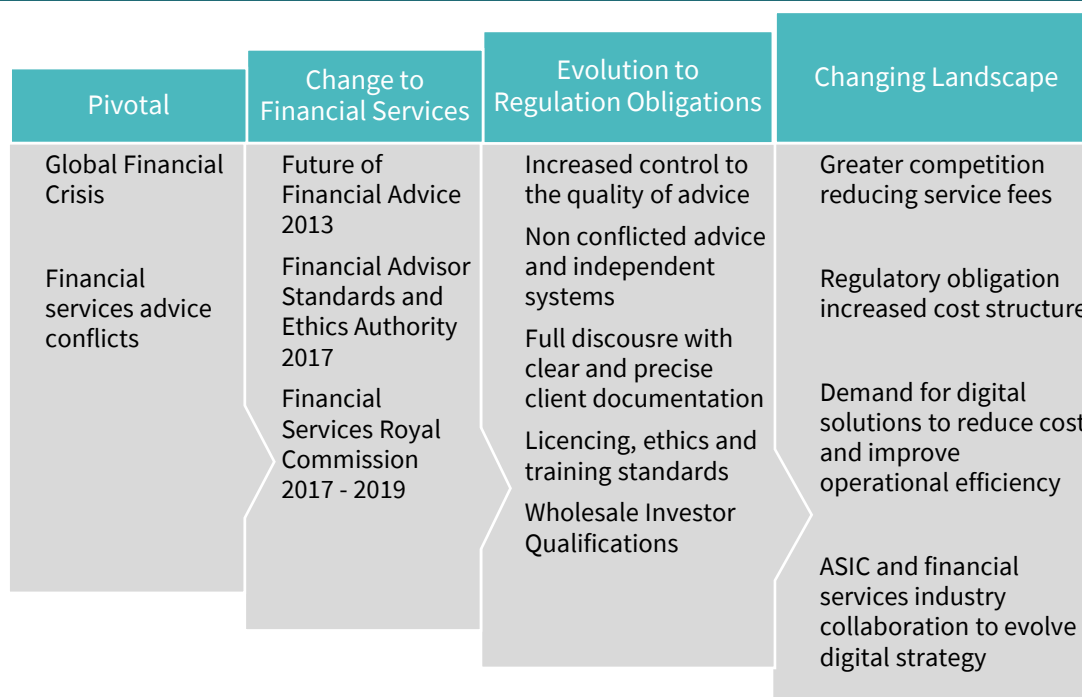
The structural changes in financial services regulation have led to higher demand for digital solutions to reduce costs and improve operational efficiency, and ASIC has been collaborating with the financial services industry to evolve its digital strategy. Complii continues to have a very strong relationship with key stakeholders including ASIC and the ASX. Open dialogue allows Complii to ensure that its product and solutions continue to provide leading solutions in compliance and meeting regulatory obligations.

This changing regulatory landscape is prompting financial services providers to undergo major changes in order to maintain a strong level of competence and remain trustworthy, honest, fair and diligent towards investors in line with regulatory guidance.

Digitalising routine compliance tasks critical to stay on top of requirements

In order to keep pace with the requirements of ASIC and ASX, a cost-effective solution, such as intelligent digital compliance technology, is crucial. The advantages of technologically automated compliance in advisory services increase quality and efficiency by replacing processes that are prone to error. Furthermore, the upfront costs of digitalisation are recouped by savings associated with preventing potential misconduct as well as replacing manual processes.

Exhibit 8: Australia’s evolving regulatory landscape for financial services firms since 2008 – an increasingly stringent regulatory framework is well suited to Complii



Source: Complii.

Workplaces Are Digitalising to Reduce Costs and Work Smarter

As well as the burden of increasing regulations in the Australian financial services industry, workplaces are digitalising to reduce cost and improve operational efficiency. To meet this demand, Complii was designed to support an organised, paperless and cost-effective compliance process.

The key drivers of the evolution to a digital workplace

- **Cost** – reducing expenditure associated with physical documents, such as printing costs
- **Efficiency** – dramatically improving how data is produced and processed, while facilitating better document organisation
- **Productivity** – increasing firms’ ability to close transactions, contracts and agreements, regardless of distance
- **Environment** – reducing carbon footprints
- **Competitiveness** – digital solutions also offer financial institutions the opportunity to anticipate changing customer behaviour, thus enabling them to differentiate themselves from their competitors. In order to thrive in a consolidating financial sector, it is essential for financial institutions to replace repetitive processes, particularly in resource-intensive areas such as compliance, with digital solutions. COVID-19 has accelerated the adoption of digitisation and automation technologies. Unprecedented restrictions on travel, physical interactions, and changes in consumer behaviour have forced companies and consumers to change the way they operate, spurring digital transformations and an uptake in digital compliance solutions.

Competition: Mostly with Legacy Systems, but New Entrants Could Emerge

The primary source of competition for Complii's platform solution remains the legacy systems and manual processes still undertaken by many small to medium-sized AFSL firms. Many of these systems are bespoke and not fit for purpose. However, more traditional or conservative firms can be slower to deploy new technology in general. Additionally, the automation associated with Complii's system can displace particular skillsets and roles, which can create some resistance to take-up.

Complii's competitors are predominantly technology companies that already provide other service functions to the financial services industry. However, none currently have competitive advantages that we think threaten Complii's end to end offering short term. Many of these are also focused outside of Complii's primary market in Australia. There does not appear to be any direct competitor to PrimaryMarkets in Australasia. In Exhibit 9, we examine three criteria to identify the close competitors to Complii, highlighting companies that:

- provide compliance software solutions within the financial services industry as one of the target markets
- are small cap public companies
- have key operations in developed economies.

Exhibit 9 – Competitive landscape

Company	Ticker	Country	Mkt cap (A\$m)	About
Fintel Plc	AIM: FNTL	UK	423	Fintech company specialising in research and operational services to financial product providers, intermediaries and end users to help inform financial decisions. Through the intermediary segment, Fintel provides compliance and regulation services.
Ansarada Group Ltd	ASX: AND	Australia	203	Application software provider catering to M&A, fundraising and tender offering clients.
Nukkleus Inc	OTCPK: NUKK	US	106	Fintech firm with software solutions enabling operational activities including sales, marketing and risk management for brokers and other market participants.
Grow Capital Inc	OTCPK: GRWC	US	35	Provides software solutions specifically for financial services clients, including back office compliance, multi pay commission processing and new client onboarding.
KRM22 plc	AIM: KRM	UK	16	Offers risk management solutions to the financial services industry. Its Risk Cockpit application suite provides a holistic view of a company's compliance risks. Its Risk Monitor Application helps clearing houses, traders, brokers and other financial institutions manage risk.
Kycker	ASX: KYK	Australia	26	Provides technology that helps businesses (including wealth managers, accountants and legal clients) verify and monitor customers. Its perpetual KYC platform supports the early detection of compliance issues, allowing clients to be proactive in their risk management practices.
Complii	ASX: CF1	Australia	30	

Source: MST Access

Financials

Business Model

Current revenues: both subscription and transactional

Complii's core business charges its customers (advisors) a monthly or annual subscription fee (ARR) for using its services. Each client's subscription fee depends on the number of modules included. Historically, we estimate that average annual subscription fees have been approximately \$40k per AFSL client. This 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, trading fees, administration fees and share registry services.

Commissions paid to PrimaryMarkets vary depending on whether the lead comes through the advisor or directly to the Trading Platform. For advisor generated leads, PrimaryMarkets pays a proportion of its seller's commission of circa 4%-6%. For direct leads to PrimaryMarkets, the platform retains the whole seller's commission on transaction volume.

PrimaryMarkets recurring revenue comes from the ~10 private or unlisted companies and funds (Private Trading Hubs) which are currently listed on the platform with their securities available for trading. Annual maintenance fees for each of these corporates are circa \$15,000.

Revenue growth outlook

Complii

We expect revenue for Complii's platform to be primarily driven by AFSL firm growth over price growth. Management expects total AFSL firm subscribers to approximately double over the next two years, growing market share to 40% from 21.4% currently.

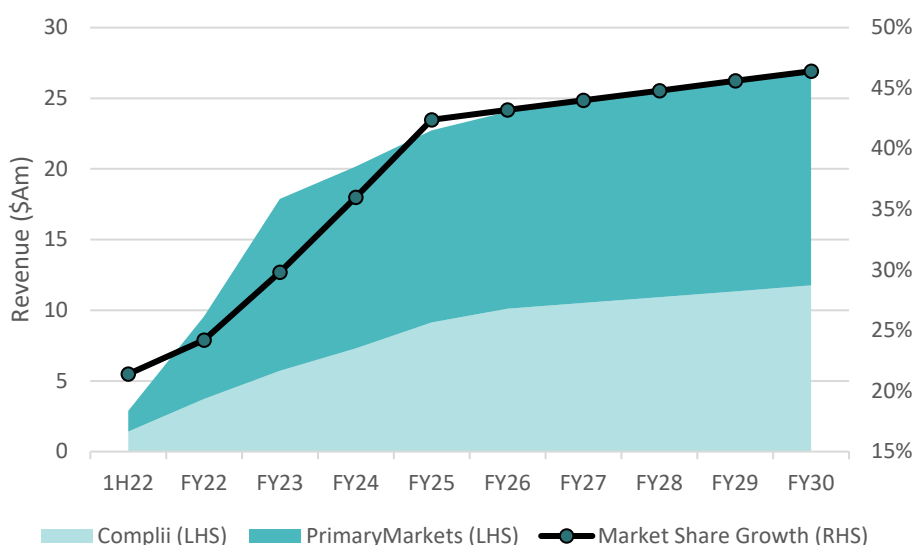
We take a more conservative approach to growth in AFSL firm numbers by pushing out the market share target by a year, with our forecast of 180 by FY24 and 212 by FY25, compared to 107 currently. This assumes approximately 15 new AFSL firms are acquired each half. Our estimate of market share by FY25 is 42.4%, assuming the total number of firms remains constant as consolidation continues in the industry.

These market share gains will drive subscription revenue. We assume the current average annual subscription of \$40k per firm will grow 5% per year out to FY25 and 2% p.a. after that. Average price growth should be aided by more module adoption per firm over time.

PrimaryMarkets

Projecting transactional revenue on the back of trading activity is inherently difficult. However, given the broader synergies between PrimaryMarkets and Complii and the greater network reach for trading opportunities on the platform, we use recent transactional volume as a guide and assume further growth of 5% p.a. to FY25 (and 2% thereafter).

Exhibit 10 – MSTe of Complii revenues (LHS), PrimaryMarkets revenues (LHS) and market share (RHS)

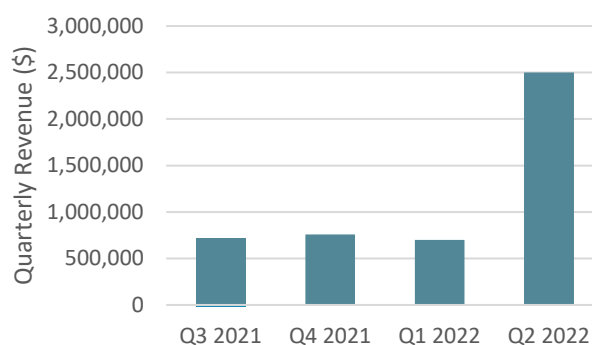


Source: Complii and MST Access

Capturing momentum

As seen in Exhibit 11, Complii’s quarterly revenue increased by 370% in 2Q22 compared to the first quarter following the PrimaryMarkets deal (with the PrimaryMarkets business only contributing revenue from November 3, 2021). At the current rate, we expect Complii to surpass the \$10m revenue milestone in FY22, before reaching \$18m in FY23. This includes annual recurring revenue and trading revenue. According to management guidance, ARR is expected to make up 50–60% of revenue. Complii reported \$2.15m in ARR in FY21.

Exhibit 11 – Complii quarterly revenue growth



Source: Complii.

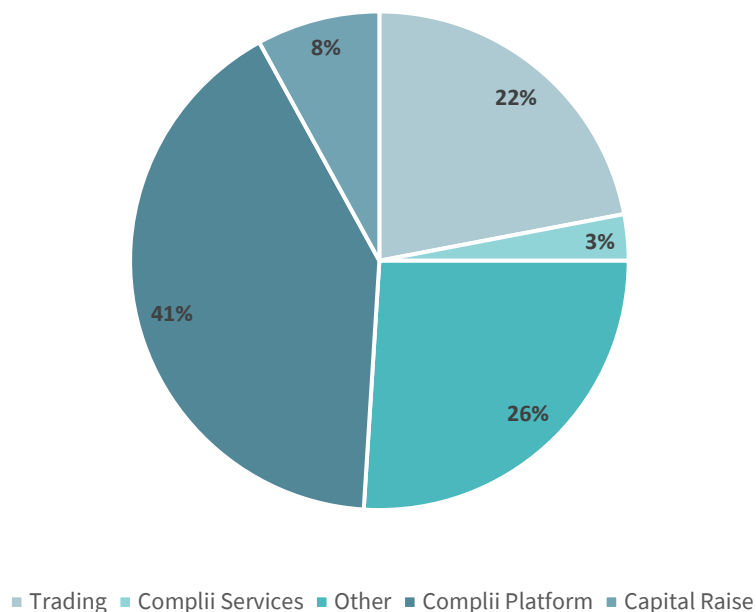
Exhibit 12 – Complii QoQ revenue growth from 2Q22

Reported P&L	Movement	%	31 Dec 21 (\$)	31 Dec 20 (\$)
Revenues from Ordinary Activities	Increase	313.4	2,958,779	717,774
Loss from Ordinary Activities after tax attributable to Group	Decrease in loss	93.3	(189,944)	(2,845,202)

Source: Complii.

Following the acquisition of PrimaryMarkets, the breakdown and split of revenue for Complii (see Exhibit 13) highlights the step change in total revenues and increased scale for the business.

Exhibit 13 – Complii business activity revenue breakdown



Source: Complii.

Costs/Margins

Outside of typical corporate expenditure, the primary cost driver for Complii is employee costs, accounting for ~70% of total costs.

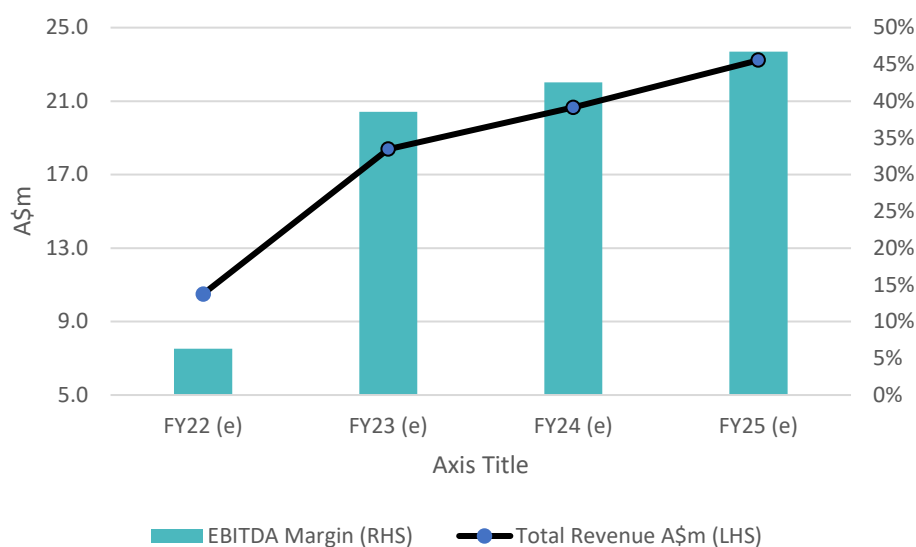
While we expect total employee costs to grow consistently by 10.2% p.a. over the next few years to FY25 because of additional hiring and some wage pressure, we forecast a steady trajectory for employment costs as there is no commission paid for sales.

Control over staffing costs is aided by staff specialisation in core compliance skills and knowledge. Few firms provide a specialised service comparable to Complii's. Furthermore, new management has invested significant time and resources to providing a suitable cultural fit for staff, to encourage staff retention and loyalty towards the business.

Separately, we continue to expect a small contribution from licensing fees, growing marginally as a percentage of sales. We assume 5% growth as a percentage of sales over the forecast horizon out to FY32.

Overall, Complii stands to benefit from considerable operating leverage within the business. We expect positive EBITDA of ~\$0.7m in FY22 growing to ~\$10.9m by FY25, as top-line advisor and revenue growth considerably outweighs the slight growth in costs. This equates to an EBITDA margin of 46.7%, which we expect to remain consistent long term. We forecast Complii to become cashflow positive and profitable in FY22.

Exhibit 14 – Complii total revenue and EBITDA margin forecast



Source: MST Access

Funding

Complii is well funded with cash on hand of \$4.76m as of 31 December 2021. We expect this to grow in the current half with positive cash flow generation.

Looking ahead, the business is likely to receive significant further funding from the exercise of options granted (see Exhibit 15). Total additional funding to FY23 likely to be received is almost \$10m. These grants relate to consideration paid for the PrimaryMarkets acquisition, in addition to incentive payments granted to management in 2020 at the time of the IPO.

Exhibit 15 – Unissued shares under option

Expiry Date	Exercise Price (A\$)	Number Under Options	Option Value (A\$)
31 December 2022	0.05	10,000,000	500,000
31 December 2022	0.05	30,307	1,515
31 December 2022	0.05	30,969,696	1,548,484
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
		119,333,338	\$9,483,334

Source: Complii.

Valuation: Combining DCF and Peer Multiples for A\$0.19/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 \$0.17 per share and our peer multiples-based valuation is \$0.21 per share. This equates to an average valuation of \$0.19 per share, which represents our base case.

50% of Base-Case Valuation = DCF

Key variables from our DCF valuation are shown in Exhibit 16.

Exhibit 16 – DCF key assumptions

NPV	\$67.50m
Net cash (incl tax benefit)	\$7.87m
Options	\$9.48m
Equity value	\$84.85m
Diluted shares	504.5
Value per share	\$0.17
CAPM	
Risk-free rate	3.0%
Equity beta	1.40
Equity risk premium	7.0%
Cost of equity	12.8%
Equity	100.0%
Weighted average cost of capital	12.8%

Source: MST Access

DCF sensitivity analysis

Exhibit 17 – DCF scenarios

Assumptions	Timeline	AFSL total firms	Mkt share	EBITDA %	DCF outcome
Base Case	FY25	212	42.4%	46.7%	\$0.17
Downside scenario for Complii only	FY25	160	32.0%	42.0%	\$0.14
Base case excl retained losses tax benefit & cash from options	FY25	212	42.4%	46.7%	\$0.14

Source: MST Access

Other key assumptions include:

- Market share grows from approximately 21.4% currently to 42.4% by FY25, equating to 212 AFSL subscription clients.
- For PrimaryMarkets, companies listed grow at a rate of 3 per half to FY25 and 1 per half thereafter.
- Other income including R&D grants is \$0.5m per year.
- Total revenues reach \$10.5m for the current full year before growing by 75% in FY23 to \$18.3m.
- EBITDA margins grow to 38.5% by FY23 and to 46.7% by FY25 remaining consistent thereafter.
- We assume a terminal rate of return on invested capital of 20% versus weighted average cost of capital of 12.8%.

- Retained losses are \$11.47m. We have added the tax benefit, assuming a tax rate of 27%, to the current net cash balance.

50% of Base-Case Valuation = Peer Comparison

We have selected a peer group based on industry background, primary activity and global comparables. They include companies from the information technology sector and associated sub-industries that fall in line with Complii's operational segments including compliance, capital raising and general client management solutions. Given Xero's size and scale, we discounted its multiple by a third from 14.2x to 9.5x.

The average implied EV/revenue multiple is 4.9x for FY23. Applying this estimated to our forecasted revenues for Complii FY23 gives a valuation of \$0.21 per share, corresponding to a 114% premium over the current share price.

Exhibit 18 – Applying Industry EV/Revenue multiples to our FY23 revenue forecast

Comparables EV/Revenue valuation	EV/Rev multiple FY22 earnings	EV/Rev multiple FY23 earnings	Rev FY22(e)	Rev FY23(e)	Current EV
XERO Limited (ASX) (33% disc)	9.5	7.6	1,086.2	1,351	15,390.0
ForgeRock, Inc. (NYSE)	6.7	5.4	213.9	269	1,440.0
ReadyTech Holdings Limited (ASX)	4.9	4.2	74.8	88	364.3
Fintel Plc	3.7	3.5	62.3	65	227.3
Ansarada Group Limited (ASX)	3.5	3.1	49.7	57	174.5
Nukkleus, Inc.	4.6	4.6	19.3	19.3	87.8
8Common Limited (ASX)	7.8	7.8	3.5	3.5	27.2
Kyckr Limited (ASX)	6.1	5.9	2.9	3	17.9
KRM22 Plc	2.2	1.8	7.1	8	15.4
Average EV/Revenue Multiple	5.4	4.9			0
					Projected EV 23'
Complii EV	5.4	4.9	9.6	18	87
Less: net debt					-18
Equity value					105
Shares on issue					504.5
Equity value per share					\$0.21

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 customer 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 as well as 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 risk 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.

Appendix 1 – Board and Management

Directors

Craig Mason – Executive Chair: Mr Mason is the Executive Chairman of Complii. He has over 35 years' experience in the finance industry in various capacities and has worked closely with the ASX, ASIC and APRA to help shape the industry, specifically in the areas of custody, third-party trade execution and clearing associated services. Mr Mason was previously an active director of the Stockbrokers and Financial Advisers Association (SAFAA) and sat on the SAFAA Retail Broker Advisory Committee. He is the former Country Head of BNY Mellon Australia and Non-executive Chairman of Pershing Securities Australia Pty Ltd, a BNY Mellon company. He established the first true third-party clearing business in Australia in 2000 (Berndale Securities, a wholly owned subsidiary of Merrill –Bank of America) and a subsequent trade execution and clearing services business for UBS in 2005. In 2009 he founded Penson Financial Services Australia as an independent provider of third-party trade execution, clearing, international market access, custody and nominee services to small and mid-tier broking participants and AFSL holders – one of the fastest-growing segments of the Australian market. Penson was acquired by Pershing in 2011.

Alison Sarich – Managing Director: Ms Sarich has been instrumental in the commercialisation of Complii into Sydney and Melbourne. Prior to joining Complii, she was in the Relationship Management Team at Pershing Securities Australia, experiencing firsthand its growth to industry leader status. Ms Sarich has strong relationship management and operations experience in the industry.

Gavin Solomon - Executive Director: Mr Solomon is the Founder of PrimaryMarkets Limited (Australia). He has over 35 years' experience in the Australian and Asian equity capital markets. Mr Solomon was previously the Founder and Managing Director of Helmsec Global Capital, a pan-Asian ECM house which participated in new capital raisings of over \$1.7bn from 2008 to 2015. He holds degrees in Commerce and Law, is a Notary Public and is a Fellow of the Australian Institute of Company Directors. Mr Solomon recently retired as a long-standing Non-Executive Director of the Bradman Foundation and International Cricket Hall of Fame.

Greg Gaunt – Non-executive Director: Mr Gaunt is a former Executive Chairman of the law firms Lavan and HHG Legal Group and has longstanding law firm management experience with broad business experience across many different sectors. He graduated from the University of Western Australia and currently sits on the Curtin Business School Asia Business Advisory Board and the Advisory Board of the Catholic Development Fund.

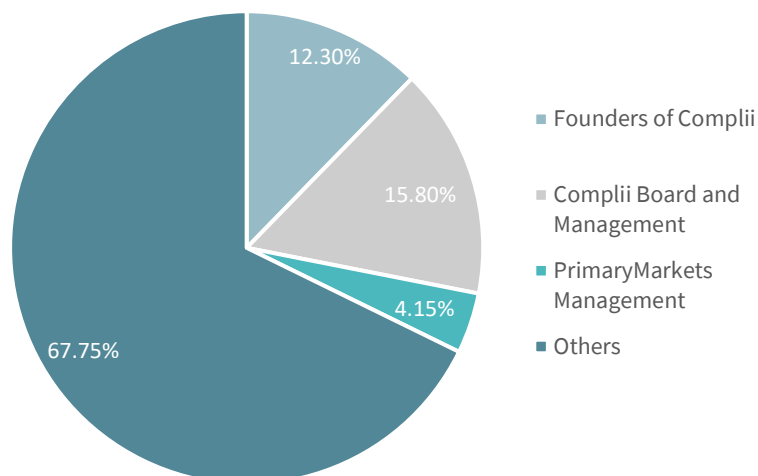
Nicholas Prosser – Non-executive Director: Mr Prosser combines over 20 years of experience in the ICT sector and over 10 years as a founder, entrepreneur and private investor. From 2007 to 2016, he was involved with Canberra Data Centre (subsequently sold to Infratil), which was the largest provider of data centre services to the Australian Federal Government. Mr Prosser founded ThinkCaddie in 2017, a business providing training and compliance solutions via a centralised cloud-based professional development hub. ThinkCaddie was sold to Complii in 2019. Mr Prosser is a Director of a number of companies including Advanced Human Imaging (ASX:AH1), formerly MyFiziq (ASX:MYQ); Voodoo, a global pioneer of interactive video technology; and Vega Blue, which assists early-stage online businesses to become investment-ready and access expansion capital.

Karen Logan – Company Secretary: Ms Logan has extensive compliance, capital raising, mergers and acquisitions, IPO and backdoor listing experience in a diverse range of industries including technology, media, resources, healthcare and life science. For over 13 years, she has assisted a substantial number of private start-up and established businesses transition to being publicly listed companies. Ms Logan is company secretary of a number of ASX-listed companies.

Appendix 2 – Shareholders, Director Holdings, Performance Rights

Key Shareholdings Post-PrimaryMarkets Transaction

Exhibit 19 – Substantial shareholders and director holdings post-PrimaryMarkets transaction



Total shares on issue = 417m

PrimaryMarkets shareholders represent circa 25% of post-transaction shareholding in Complii

Source: Complii.

Exhibit 20 – Director holdings

Director holdings	Ordinary shares	Percentage holdings
Gavin Solomon	27,014,502	6.49%
Craig Mason	23,189,607	5.57%
Alison Sarich	12,306,750	2.96%
Nick Prosser	8,667,061	2.08%
Greg Gaunt	1,500,000	0.36%

Source: Complii.

Performance Rights

Complii has granted performance rights to certain key management and board personnel (Craig Mason, Alison Sarich and Gavin Solomon). These performance rights provide a share-based performance incentive for key management personnel and help align the objectives of management and shareholders.

Exhibit 21 – Performance rights

Key management personnel	Number of rights
Craig Mason	17,000,000
Alison Sarich	6,000,000
Gavin Solomon	1,800,000

Source: Complii.

Appendix 3 – Remuneration

Executive Directors and Other Senior Executives

Remuneration is structured around the usual base salary, short term incentives (STIs) and long-term incentives (LTIs) involving share-based compensation. No STIs in the form of cash bonuses were granted during FY21. Regarding the LTI scheme, the Complii Board has a policy of granting incentive options to executives with exercise prices above the current share price. As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted.

Complii's remuneration policy for executive directors and senior management is designed to promote superior performance and long-term commitment to the company. Executives receive a base remuneration which is market related and may receive performance-based remuneration. The Board reviews Executive packages annually by reference to the company's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries. Executives are also entitled to participate in employee share and option schemes.

Non-executive Directors

The total aggregate fixed sum per annum which may be paid to Non-executive Directors is \$300,000.

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