AUSIEX deal strengthens partnership

Complii has announced a further partnership with the Australian Investment Exchange (AUSIEX) to develop an enhanced Adviser Customer Relationship Management (CRM) system. The project is initially for three years with an expected value of $1.5m and will contribute to annual recurring revenue (ARR) growth (ARR currently makes up a third of Complii's revenue). This follows an earlier agreement with AUSIEX to develop modules to automate compliance and operational activities, which went live in May 2021. The deal is testament to the strength of Complii's fintech solutions, and its position as a leading compliance and operational tech provider within financial services.

2Q23 Recap: Client volume and ARR growing

The Complii SaaS platform signed 10 additional companies during 2Q23 (vs 21 for all FY22) taking total AFSL firms to 137. Total clients now equate to ~27.4% share of the addressable AFSL target market involving small to mid-tier advisors and brokers. Importantly, annual recurring revenues (ARR) increased for every business segment within the group. ARR was $0.975m in 2Q23, an 83.6% increase on 2Q22. While cash receipts at a group level declined during the quarter, this was not surprising given the holiday season in December (reduced volumes) and the more challenging financial market conditions for both listed and unlisted securities last year, which did impact value traded on the PrimaryMarkets platform.

Investment thesis: leading market position

- Provides strong small cap exposure to financial services in Australia: no other financial service provider in ANZ provides automated compliance, capital raising, trading and registry services via an end-to-end and centralised digital platform;
- Is the leading market provider with a growing client base of AFSL firms having captured more than a quarter of the market share (addressable market of ~500 firms). The group remains on track to reach more than 40% market share;
- Has balance sheet strength to support growth: in addition to ARR growth, cash or cash equivalents of $6.9m on the balance sheet and no debt highlight the group remains self-funded to continue growing its AFSL client base and wallet share through an expanding product footprint and small add on acquisitions when appropriate.

Valuation

We apply an average valuation based on a DCF and peer revenue multiples basis (equally weighted). Our base case valuation is now $0.16 per share (down from $0.20 previously), following updates to our near-term revenue forecasts. Complii remains well funded with positive cashflow likely to return next year, 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 and impacts on trading revenue from broader financial market conditions.

Complii
FinTech Solutions Ltd

Complii FinTech Solutions Ltd (ASX: CF1) provides a digital platform with an electronic centralised framework to manage AFSL holders (Stockbrokers & Financial Planners) and their licenced user centric workflows for compliance, capital raising and operational needs. Following the acquisition and integration of both PrimaryMarkets, an independent global trading platform for unlisted companies and funds, and RegistryDirect, a shareholder registry platform, Complii now provides the end-to-end toolkit necessary for AFSL holders and their licenced users.

https://www.complii.com.au

Stock	CF1.ASX
Price	A$0.046
Market cap	A$26m
Valuation	A$0.16 (previously A$0.20)

Company data
Net cash: ~$6.9m (at 31 Dec 2022)
Fully diluted shares on issue: 721.3m
Code ASX: CF1

Next news
Ongoing – client deals and partnerships
2 months – quarterly update

CF1.ASX share price (A$) – 1 year

Source: MST Access

Michael Youlden
Michael.youlden@mstaccess.com.au

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

Company Overview			
Current price ($)	0.046	Valuation ($)	0.16
Market capitalisation ($m)	25	12 month dividend ($)	-
Shares outstanding (m)	549	Expected return (%)	247.9
Enterprise value	19		

Year to 30 June

Profit & Loss ($m)	2021a	2022a	2023e	2024e	2025e
Sales revenue	2.0	9.0	9.9	15.8	20.8
% change		343.0	10.9	58.6	31.6
Total revenue	2.7	9.9	13.9	16.8	21.8
Gross profit	1.8	7.5	9.0	15.0	19.7
Gross margin (%)	87.4	83.8	90.3	95.0	95.0
EBITDA	(4.1)	0.1	(1.3)	1.7	4.6
EBIT	(4.1)	0.1	(1.3)	1.7	4.6
EBIT margin (%)	(204.7)	1.6	(13.2)	10.5	22.0
Net interest expense	(0.1)	(0.0)	0.1	0.1	0.1
Pre-tax profit	(4.2)	0.1	(1.2)	1.7	4.7
Tax expense	0.0	0.0	0.0	0.0	0.0
Minorities & associates	0.0	0.0	0.0	0.0	0.0
Net profit	-4.2	0.1	-1.2	1.7	4.7
% change		-103.5	-956.1	NA	166.2

Balance sheet ($m)	2021a	2022a	2023e	2024e	2025e
Current assets					
Cash and near cash	4.0	5.7	6.8	19.1	23.0
Receivables	0.2	0.2	1.6	2.3	2.9
Inventory	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.3	0.3	0.3	0.3
Total current	4.2	6.3	8.6	21.7	26.2
Non-current assets					
Property, plant and equipment	0.0	0.0	0.0	0.1	0.2
Investments	0.0	0.0	0.0	0.0	0.0
Right of use assets	0.1	0.6	0.6	0.6	0.6
Goodwill	0.0	6.2	13.9	13.9	13.9
Other intangibles	0.0	0.0	0.1	0.2	0.3
Other non current	0.0	0.1	0.3	0.3	0.3
Total non-current	0.1	7.0	14.8	14.9	15.2
Total Assets	**4.4**	**13.2**	**23.4**	**36.6**	**41.4**
Current liabilities					
Accounts payable	0.4	0.9	0.3	0.4	0.5
Short-term debt	0.0	0.2	0.0	0.0	0.0
Lease liabilities	0.1	0.3	0.3	0.3	0.3
Other	0.2	0.3	0.6	0.6	0.6
Total current	0.7	1.8	1.2	1.3	1.4
Non-current liabilities					
Long-term debt	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.1	0.2	0.2	0.2
Lease liabilities	0.0	0.4	0.3	0.3	0.3
Other	0.0	0.0	1.5	1.5	1.5
Total non-current	0.0	0.5	2.0	2.0	2.0
Total liabilities	0.8	2.3	3.2	3.3	3.4
Net assets	**3.6**	**11.0**	**20.3**	**33.4**	**38.0**
Shareholders' equity	3.6	11.0	20.3	33.4	38.0
Outside equity interests	0.0	0.0	0.0	0.0	0.0
Total equity	**3.6**	**11.0**	**20.3**	**33.4**	**38.0**

Cash flow ($m)	2021a	2022a	2023e	2024e	2025e
EBITDA	(4.1)	0.1	(1.3)	1.7	4.6
Chg in Working capital	0.4	0.4	(1.7)	(0.6)	(0.5)
Net interest	(0.1)	(0.0)	0.1	0.1	0.1
Tax	0.0	0.0	0.0	0.0	0.0
Other	1.8	0.5	1.9	0.4	0.4
Operating cash flow	(2.0)	1.0	(1.0)	1.5	4.6
Capital expenditure	(0.0)	(0.0)	(0.3)	(0.5)	(0.7)
Net acquisitions/disposals	0.0	(0.1)	(0.0)	0.0	0.0
Other	0.0	0.7	1.3	0.0	0.0
Investing cash flow	0.0	0.5	1.0	(0.5)	(0.7)
Financing cash flow	5.9	0.2	1.1	11.3	0.0
Net change in cash	3.8	1.7	1.1	12.3	3.9
Free cash flow	**(2.0)**	**1.5**	**(0.0)**	**1.0**	**3.9**

Key metrics	2021a	2022a	2023e	2024e	2025e
EPS - underlying (¢)	**(1.5)**	**0.0**	**(0.2)**	**0.2**	**0.6**
% change underlying EPS	-	-	-860.7	NA	166.2
EPS - basic (¢)	(2.4)	0.0	(0.2)	0.3	0.7
Wtd avg ordinary shares (m	176	374	550	645	676
Wtd avg diluted shares (m)	288	489	550	721	721
DPS (¢)	-	-	-	-	-
Dividend yield (%)	-	-	-	-	-
Payout ratio (%)	-	-	-	-	-
Franking (%)	-	-	-	-	-
PE ratio	-	154.4	NA	19.0	7.1
EV/EBIT (x)	-	126.8	NA	11.2	4.1
EV/EBITDA (x)	-	126.8	NA	11.2	4.1
EBIT margin (%)	-	1.6	(13.2)	10.5	22.0
Tax retention rate	100.0	100.0	100.0	100.0	100.0
Asset turnover	0.9	1.0	0.5	0.5	0.5
Interest expense rate (%)	2.3	0.0	(0.4)	(0.3)	(0.2)
Financial leverage multiplie	1.2	1.2	1.2	1.1	1.1
Minority interest adj factor (x	1.0	1.0	1.0	1.0	1.0
ROE (%)	-	2.0	(8.0)	6.5	13.0
ROIC (%)	-	1.3	(6.5)	5.0	12.0
Net debt ($m)	(4.0)	(5.5)	(6.7)	(19.1)	(22.9)
Debt to equity (%)	0.1	2.2	0.2	0.1	0.1
Net debt to EBITDA	NA	NA	NA	NA	NA
EBIT interest cover (x)	-	-	-	-	-

Operating metrics	2021a	2022a	2023e	2024e	2025e
Total AFSL firms in target m	500	500	500	500	500
Client advisers	99	107	149	180	212
Mkt share	20%	21%	30%	36%	42%
Ave annual subscription $k		20.1	25.0	32.5	42.3
PrimaryMarkets					
Listing subscription $k		15	16	17	18
Trading revenue ($m)		6.1	4.7	6.5	7.4

Half-year ($m)	1H22a	2H22a	1H23a	2H23e	1H24e
Sales	3.0	6.0	4.2	5.7	7.3
EBITDA	(0.2)	0.7	(0.6)	0.6	1.3
EBIT	(0.2)	0.5	(1.6)	0.4	1.2
EPS - underlying (¢)	**(0.0)**	**0.1**	(0.3)	**0.1**	**0.1**
DPS (¢)	0.0	0.0	0.0	0.0	0.0

DCF valuation			
PV of free cash flows	40	Terminal value yea	FY33
PV of terminal value	37	Beta	1.38
Enterprise value	77	Cost of equity (%)	12.0
Net debt	(23.4)	Cost of debt-AT (%	5.1
Equity value	101	Debt to EV (%)	0.0
Shares on issue	721	Equity to EV (%)	100.0
DCF valuation per share	**$0.14**	**WACC (%)**	**12.0**

Comparables	FY22	FY23
Average peer multiple	8.5x	7.1x
Complii Rev forecasts	9.9	13.9
Projected EV	84.4	99.6
Less net debt	(23.4)	(23.4)
Equity value	108	123
Shares on issue	721	721
Comps value per share	**$0.15**	**$0.17**
Equally weighted DCF and FY23 peer valuation		**$0.16**

Source: Company, MST Access

Complii becoming central to financial services infrastructure

Complii's latest partnership with AUSIEX only strengthens the symbiotic relationship between both groups as key providers of financial service infrastructure in the Australian market. AUSIEX is a wholly owned subsidiary of Nomura Research Institute Ltd (NRI) and is one of Australia's leading providers of trade execution, clearing, settlement and portfolio administration solutions, with major clients including Westpac (services more than 1m users). Complii is becoming increasingly integral to all operational and compliance activities of AFSL firms, as a leading fintech services provider across compliance, capital raising, trading and shareholder registry activities.

The enhanced CRM system to be developed for AUSIEX will become part of AUSIEX's own existing adviser desktop SaaS application, being provided by Complii (and includes existing compliance, reporting and capital raising tools). The solution will enhance Complii's SaaS platform for AUSIEX and its current and future clients as a single application that operates within a compliant framework and provides all client profile, compliance, capital raising, platform and ASX related data.

Previously, financial service firms who use other clearing platforms outside of AUSIEX are generally required to use separate platforms to manage clearing activities and relevant reporting data. With AUSIEX developing a CRM database with additional reporting tools through Complii, clients will be able to centralise all clearing and reporting data needs in one application, effectively making the user experience more friendly and reducing the software licensing costs involved with managing multiple platforms.

Complii estimates that half of its 137 AFSL firm clients currently use other clearing houses and data platforms. This presents a strong opportunity to offer such clients a single centralised solution across clearing and reporting by moving across to AUSIEX. This will potentially strengthen the partnership between AUSIEX and Complii, as they offer complementary services with AUSIEX providing execution and clearing services, while Complii provides compliance, operational and reporting tools through its desktop SaaS application.

The contract is for a minimum of three years at a total value of $1.5m (or $500k p.a.). With just over half of the contract value being related to initial project implementation, at full ramp, Complii expects the CRM system to contribute up to half the current annual value (or ~$250k) on an annual recurring basis, beyond the three years. Complii expects to receive approximately a quarter of the implementation/development costs in FY23.

Client and ARR growth continues to trend up

The most recent quarter saw further significant growth in clients onboarded. Complii signed 10 additional AFSL firm clients (vs 21 for all FY22) taking total firms using the module platform to 137, with client retention continuing to remain at 100%. For the first half of FY23, total clients added were 16. At the current run rate, the company is well on track to meet our target for 149 by end FY23. Total current clients now equate to ~27.4% 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) is now 3,600.

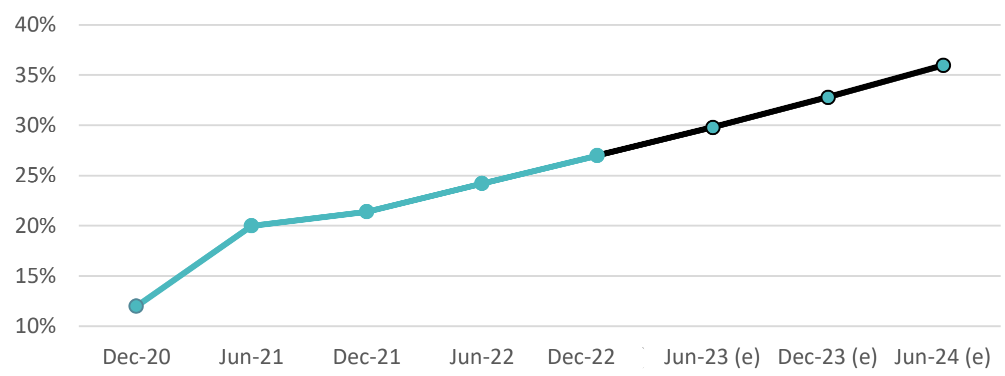
Exhibit 2 – Snapshot of various AFSL firms serviced by Complii

Source: Complii.

~72% of target market still up for grabs in ANZ

As the leading provider of end-to-end digital compliance solutions, the remaining 72% of the market in ANZ provides an opportunity for continued growth for Complii locally. Management is continuing to target ~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 continued AFSL client growth (see below).

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



Source: Complii & MST Access

Given the group's footprint across the financial services landscape in ANZ and the key infrastructure it provides for equity capital market participants, we remain of the view that CF1 is the best way to gain small cap growth exposure to financial services technology (excluding the banks) in Australia. No other financial service provider in Australia provides automated compliance, capital raising, trading and registry services end-to-end and seamlessly on one digital centralised platform through the integration of Complii, PrimaryMarkets and RegistryDirect.

Recent operational and financial performance

During the most recent quarter, annual recurring revenues (ARR) increased for every business segment within the group. Overall growth in ARR was $0.975m in 2Q23, an 83.6% increase on 2Q22. QoQ growth was +45.3% for PrimaryMarkets; +58.2% for Registry Direct (highlighting the value in bringing RD1 within the Complii group); +5.3% for Complii's core business modules; +27.7% for Think Caddie. While Complii's core platform has lagged the rest of the group with +5.3% growth, this is expected to gain significantly more in the second half of FY23, particularly as works from the AUSIEX CRM deal are undertaken.

Overall cash receipts were $1.831m for 2Q23 (vs $2.126m for 1Q23), taking 1H23 cash receipts to $3.957m (or $3.989m in core group revenue excluding R&D grant income of $2.386m, +35% on 1H22).

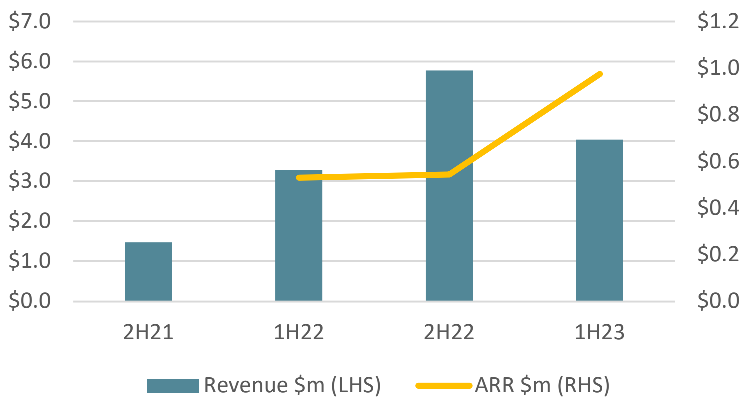
Staff costs continue to be the main cost driver for the business, increasing to $3.61m for the entire first half, up from $2.07m in 1H23. Much of the increase is attributable to the addition of staff following the acquisition of Registry Direct in the first quarter. One off costs from the transaction also contributed to higher than normal consultancy fees for the half ($449k vs $121k in 1H22).

Advertising and promotion expenditure increased ($228k in 1H23 vs $39k in 1H22) on the back of the group's strategy to market the platform's capabilities more aggressively to both new and existing (upsell) clients across all business segments, to create greater awareness of the platform's features across compliance, capital raising, trading and shareholder registry services. This is particularly vital now given the expanded features and services that Complii now provides, following the PrimaryMarkets and RD1 acquisitions.

Altogether, CF1 reported an operating loss of $1.535m, which includes one off costs of $441k relating to the RD1 acquisition mentioned above. The reported loss was also contributed to by the more challenging financial market conditions for both listed and unlisted securities. Lower volumes and less value traded of unlisted securities on the PrimaryMarkets platform, contributed to lower transactional revenues during the half.

The core SaaS Complii platform remains less impacted by market volatility given much of the revenue contribution is recurring.

Exhibit 4 – Complii half yearly revenue performance (LHS) vs ARR growth (RHS)



Source: Complii

Other notables from the most recent quarter include:

- Completed in house development of the PrimaryMarkets platform and integration with Complii Corporate Highway. This now allows all trading and investment opportunities to be made available to all 137 AFSL firm clients through Complii's Corporate Highway module.
- Added trading opportunities to PrimaryMarkets with the inclusion of additional unicorn offerings, particularly from its US broker-dealer partnerships including Forge Securities. Total opportunities on PrimaryMarkets are now 84, up +87% compared to a year ago. These opportunities include secondary trading of securities, unicorns, capital raises and investor centres. The more diversified base of trading

opportunities now, away from just select major contributors previously (e.g. Animoca Brands and Virtual Gaming Worlds), should help increase transactional value for the platform and reduce volume volatility.

Balance sheet & funding

The Complii Group remains debt free and has not raised any new equity since December 2020. We expect this to remain the case with our forecast for the group to return to positive operating cashflow in FY24.

Cash at bank of $1.723m and $5.178m on term deposit, both of which add up to $6.901m vs $6.76m in the prior quarter (aided by the exercise of options struck at $0.05 during the quarter which raised approximately $1.15m in cash). The group expects to receive $1.612m in 3Q23 from R&D grants for FY22 activities for Complii This follows receipt of a combined $0.774m in the most recent quarter for previous R&D activities undertaken by PrimaryMarkets and RegistryDirect.

The business is likely to receive significant further funding from the exercise of options granted (see Exhibit 5). 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 5 – Unissued shares under option

Expiry Date	Exercise Price (A$)	Number Under Options	Option Value (A$)
03 November 2023	0.075	16,000,000	1,200,000
03 November 2023	0.10	21,000,000	2,100,000
31 December 2023	0.05	7,500,000	375,000
31 December 2023	0.10	41,333,335	4,133,334
		85,833,335	**$7,808,334**
Options issued to RD1			
31 August 2024 (Deal consideration options)	0.125	30,966,439	3,523,878
31 May 2023 (RD1 – Tranche 1 Options)	0.068	1,388,890	87,000
		118,188,664	**$11,419,212**

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 the most recent quarter.

Note: The Staff Trading Module is an electronic management system that checks for any conflicts of interest for pre-order staff trading requests. The system establishes Chinese walls and provides electronic approvals followed by post-trade reconciliation. Without the Module, historically this process within firms has been very manual and labour intensive. Already, the new module has been upsold to Complii's existing customer base. The market opportunity is likely to grow with the module suitable for use by any listed company, not just financial service or AFSL firms.

Exhibit 6 - SaaS platform module summary with recent development milestones

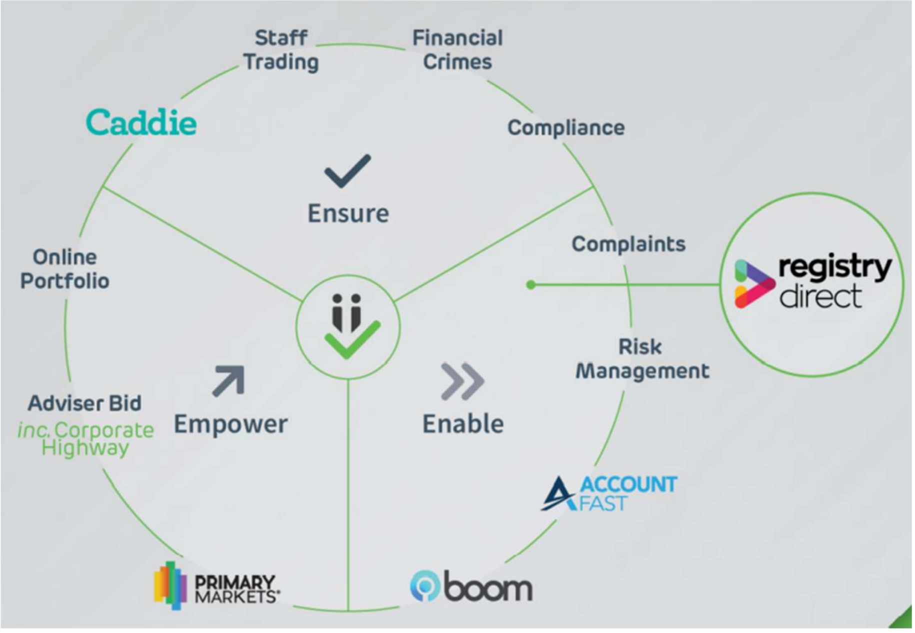
Primary Value	Complii FinTech module	Core Function	2Q23 Milestones
ENSURE	**Compliance**	Fulfill all AFSL related compliance functions (includes SOA3000 released in FY22)	Completed the Staff Trading Module and onboarded new clients.
	Financial Crimes	Alert to suspicious trading and screen clients/investors	
ENABLE	**Risk Management**	Identify, manage, and control risks across an entire organisation	
	Complaints	Manage resolution, notify, and alert for mandatory obligation deadlines	
EMPOWER	**Adviser Bid**	Automated distribution and acceptance of corporate deals (includes Corporate Highway Phase 3 released in FY22)	Updated with more complex deal capabilities, improved user experience and greater user efficiency. Completed integration of PrimaryMarkets
	Online Portfolio	Portal for Adviser's clients to access information and download forms	
	AccountFast	Integrated online client account opening and management tool	

Source: Complii

RegistryDirect integration shows growth post acquisition

Complii completed its all scrip off-market takeover offer for Registry Direct (ASX: RD1) on 31 August 2022. RD1 provides share and unit registry services to Australian and international companies and trusts operating in Australia, all through a SaaS registry management platform to manage data and communications. Since onboarding RegistryDirect, the share registry business has seen a 58% increase in the revenue run rate. This growth is contributed to by the increased visibility for RD1 post takeover across all industry participants (including leading adviser and broker firms) in financial services locally, with a significant share of unlisted/private transactions already taking place through Complii. RD1 should continue to benefit as it leverages this network further to attract more ASX listed companies.

Exhibit 7 – Complii's service offering components with the addition of RegistryDirect, enhancing the end-to-end toolkit provided to companies on one centralised SaaS platform, from incorporation to potential listing



Source: Complii

Forward outlook

Looking ahead, Complii is well positioned to continue its growth trajectory given a strong balance sheet, and a clear pathway back to positive cashflow, with ARR expected to continue trending up. 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 and features by existing clients, increased penetration of significant new AFSL holders in the advisory and broker sector and expanded cross-selling of trading opportunities among private equity investors, unlisted corporations, and funds linked through an integrated network. This will continue to be driven by the merging of Complii, PrimaryMarkets and RegistryDirect all under one umbrella.

The business remains committed and well positioned given balance sheet strength to explore further value accretive opportunities to continue strengthening its position as the key service provider to the AFSL and Equity Capital Markets industry.

Valuation: Combining DCF and Peer Multiples for A$0.16/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 $0.14 per share (from $0.20 previously) and our peer multiples–based valuation is $0.17 per share (from $0.19 previously). This equates to an average valuation of $0.16 per share (rounded up), which represents our new base case.

50% of Base-Case Valuation = DCF

Key variables from our DCF valuation are shown in Exhibit 8 and expanded on below.

Exhibit 8 – DCF key assumptions

NPV	$77.2m
Net cash (incl tax benefit)	$12.0m
Options	$11.4m
Equity value	$100.6m
Diluted shares	721.3
Value per share	$0.14
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

- 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 last full year results, we adjusted down our average SaaS subscription amount, which was ~$20.1k per client (as reported). We continue to expect this to grow gradually to at least $40k per client over the next 2 to 3 years by 1H25.
- For PrimaryMarkets, we expect revenues (especially transactional revenues) to normalise from ~$2.2m in the most recent half towards levels achieved in FY22 (recorded $4.8m in rev in 2H22) over the next 12-18 months. A growing base of major traded securities on PrimaryMarkets will help diversify opportunities.
- With the addition of RD1, we expect underlying revenue for this segment to continue accelerating to ~$1.4m for FY23.
- Other income including R&D grants is expected to be ~$1.6m in the current half, in addition to $2.4m already received in 1H23. We assume future R&D reimbursements scale back to $1m from FY24-FY26.
- We have updated our total revenue forecast to $13.9m for FY23 (from $17.7m previously), and $16.8m for FY24 (from $20.4m). This is partly driven by lower base effects and reduced YTD trading revenue from the PrimaryMarkets platform. Growing ARR will continue to make up a greater share of future revenues, reducing the volatility from trading revenue going forward.
- Our gross profit margin forecast growing to 95% from 84% in FY22. The only cost of sales item we account for above the line currently is licensing costs. The largest cost driver currently below the line is employment costs (approximately two thirds).
- Given our updated revenue forecasts, we now expect EBITDA margins of 17.1% in FY24 and 32.3% in FY25. We expect Complii to return to positive operating cashflow in FY24.

- We assume a terminal rate of return on invested capital of 20% vs weighted average cost of capital of 12%.
- Retained losses are $12.7m across the merged group. We have added the tax benefit, assuming a tax rate of 27%, to the current net cash balance across the group of $6.9m.
- Fully diluted shares including 549.5m basic shares, 118.2m of unissued options, and 53.6m performance rights (which involve various vesting conditions).

50% of Base-Case Valuation = Peer Comparison

We have updated our selected peer group based on industry background and primary activity, including only domestic listed technology companies. The 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 removed Identitii Ltd given its small size, but have added other suitable comps including HUB24, Netwealth Group and Iress.

The average implied EV/revenue multiple is now 7.1x for FY23, up from 5.9x previously. Applying this higher multiple is more than offset by our lower expected revenue forecast for Complii for FY23e, which is now $13.9m from $17.7m previously. This has been primarily driven by lower expected contributions in trading revenue from the PrimaryMarkets segment. Applying the updated multiple to our forecasted revenues for Complii FY23e gives a valuation of $0.17 per share, corresponding to a 2.7x premium over the current share price.

A useful reference, particularly given the broader macro environment and the shift away from relying too heavily on revenue multiples, is to apply an average EV/EBITDA multiple to our future EBITDA forecast for Complii. We forecast FY24e EBITDA of $2.7m. Applying an average FY23 multiple of 25.1x (see below) to this forecast, implies an EV of $67.8m. Adding the same net debt value of $23.4m gives an equity value of $91.2m or approximately $0.13 per share.

Exhibit 9 – 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)	EBITDA FY23(e)	EV/EBITDA Multiple FY23	Current EV
XERO (ASX)	XRO-AU	11.7	9.0	998.0	1,293.0	253.0	46.0	11,630.0
Technology One (ASX)	TNE-AU	12.2	10.8	369.4	416.5	179.0	25.2	4,505.0
Praemium (ASX)	PPS-AU	3.9	4.3	79.7	71.9	21.3	14.4	306.9
Ansarada Group (ASX)	AND-AU	1.8	1.7	48.9	52.1	4.0	22.5	90.1
Income Asset Management (ASX)	IAM-AU	5.3	4.8	7.2	8.0		NA	38.2
HUB24 (ASX)	HUB-AU	11.4	8.0	189.5	269.0	99.9	21.5	2,151.0
Netwealth Group (ASX)	NWL-AU	18.7	15.4	173.3	211.0	102.1	31.8	3,242.0
Iress (ASX)	IRE-AU	3.2	3.2	617.3	617.3	140.8	14.2	2,000.0
Average EV/Revenue Multiple		**8.5**	**7.1**				**25.1**	**NA**
								Projected EV 23'
Complii EV		**8.5**	**7.1**	**9.9**	**13.9**			**99.6**
Less: net debt								-23.4
Equity value								122.9
Shares on issue								721.3
Equity value per share								**$0.17**

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.

Disclaimers and Disclosures

MST Access is a registered business name of MST Financial Services Pty Ltd (ACN 617 475 180 "MST Financial") which is a limited liability company incorporated in Australia on 10 April 2017 and holds an Australian Financial Services Licence (Number: 500 557). This research is issued in Australia through MST Access which is the research division of MST Financial. The research and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by MST Access is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a financial product you should read any relevant Product Disclosure Statement or like instrument.

This report has been commissioned by Complii Fintech Solutions Ltd and prepared and issued by Michael Youlden of MST Access in consideration of a fee payable by Complii Fintech Solutions Ltd. MST Access receives fees from the company referred to in this document, for research services and other financial services or advice we may provide to that company.s

MST Financial also provides equity capital markets ("ECM") and corporate advisory services through its capital markets division, MST Capital Markets ("MST Capital"). MST Capital provides these services to a range of companies including clients of the MST Access service. As such, MST Capital may in future provide ECM and/or corporate advisory services to the company that is the subject of this research report and, accordingly, may receive fees from the company for providing such services. The Company that is the subject of this report has, within the last 12 months, engaged MST Capital to provide corporate advisory services, including acting as Financial Advisor for a takeover offer of Registry Direct Limited (RD1.ASX) in 2022. However, MST Financial has measures in place to ensure the independence of its research division is maintained, including information barriers between its Capital Markets and Research teams. In addition, neither MST Access, not any of its research analysts, receive any financial benefit that is based on the revenues generated by MST Capital Markets or any other division of MST Financial.

The analyst has received assistance from the company in preparing this document. The company has provided the analyst with communication with senior management and information on the company and industry. As part of due diligence, the analyst has independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in the report. Diligent care has been taken by the analyst to maintain an honest and fair objectivity in writing this report and making the recommendation. Where MST Access has been commissioned to prepare content and receives fees for its preparation, please note that NO part of the fee, compensation or employee remuneration paid will either directly or indirectly impact the content provided.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently certified. Opinions contained in this report represent those of MST Access at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results and estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of liability: To the fullest extent allowed by law, MST Access shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained in this report. No guarantees or warranties regarding accuracy, completeness or fitness for purpose are provided by MST Access, and under no circumstances will any of MST Financials' officers, representatives, associates or agents be liable for any loss or damage, whether direct, incidental or consequential, caused by reliance on or use of the content.

General Advice Warning

MST Access Research may not be construed as personal advice or recommendation. MST encourages investors to seek independent financial advice regarding the suitability of investments for their individual circumstances and recommends that investments be independently evaluated. Investments involve risks and the value of any investment or income may go down as well as up. Investors may not get back the full amount invested. Past performance is not indicative of future performance. Estimates of future performance are based on assumptions that may not be realised. If provided, and unless otherwise stated, the closing price provided is that of the primary exchange for the issuer's securities or investments. The information contained within MST Access Research is published solely for information purposes and is not a solicitation or offer to buy or sell any financial instrument or participate in any trading or investment strategy. Analysis contained within MST Access Research publications is based upon publicly available information and may include numerous assumptions. Investors should be aware that different assumptions can and do result in materially different results.

MST Access Research is distributed only as may be permitted by law. It is not intended for distribution or use by any person or entity located in a jurisdiction where distribution, publication, availability or use would be prohibited. MST makes no claim that MST Access Research content may be lawfully viewed or accessed outside of Australia. Access to MST Access Research content may not be legal for certain persons and in certain jurisdictions. If you access this service or content from outside of Australia, you are responsible for compliance with the laws of your jurisdiction and/or the jurisdiction of the third party receiving such content. MST Access Research is provided to our clients through our proprietary research portal and distributed electronically by MST to its MST Access clients. Some MST Access Research products may also be made available to its clients via third party vendors or distributed through alternative electronic means as a convenience. Such alternative distribution methods are at MST's discretion.

Access and Use

Any access to or use of MST Access Research is subject to the Terms and Conditions of MST Access Research. By accessing or using MST Access Research you hereby agree to be bound by our Terms and Conditions and hereby consent to MST collecting and using your personal data (including cookies) in accordance with our Privacy Policy (https://mstfinancial.com.au/privacy-policy/), including for the purpose of a) setting your preferences and b) collecting readership data so we may deliver an improved and personalised service to you. If you do not agree to our Terms and Conditions and/or if you do not wish to consent to MST's use of your personal data, please do not access this service.

Level 13, 14 Martin Place, Sydney, NSW 2000
Main +61 2 8999 9988
www.mstfinancial.com.au