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MIntegrity acquisition adds to platform strength and ARR growth

Equities Research Australia
Commercial Services & Technology

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NEED TO KNOW

- MIntegrity brings ~80 new clients & added capability
- One-off costs impact FY23 P&L; growing recurring revs help mitigate capital market volatility
- Business is well funded with ~$6.0m cash on hand

MIntegrity acquisition adds to end-to-end service offering: Deal involves limited upfront payment for key leading risk and compliance consulting capability that will further Complii's market penetration given an expanded client base.

FY23 results: reported group revenue of $7.93m for FY23, down from $8.64m in FY22 (-8% YoY), with weakness attributed to lower PrimaryMarkets trading revenue. NPAT of -$5.45m included significant one-offs and non-cash expenses related to recent acquisitions. Removing these resulted in a narrower loss of -$0.32m (vs $28k profit in FY22). Recurring revenues (ARR) grew 62.4% to $3.82m as of 30 June, from $2.35m a year prior. ARR increased across all major segments which continues to be a key focus for management.

Pathway to sustainable profit: consolidation and development of the group's platforms should reduce costs, aid cross selling of services, and help facilitate further monetisation of the group's extensive client network, all of which we believe will aid core profitability longer term independent of market conditions. We expect this to be supplemented with non-recurring revenue driven by transactional sales, particularly as market conditions improve.

Investment Thesis

Provides strong small cap exposure to financial services in Australia: Complii is a key infrastructure provider for equity capital markets and AFSL holders in ANZ through an end-to-end platform with growing ARR that enables automated compliance, capital raising, trading and registry services.

Is the leading market provider of compliance software to AFSL holders with a growing client base, from dealers/brokers, financial advisers, financial planners, wealth advisers, to listed and unlisted companies and investors, having captured more than a quarter of market share (addressable market of ~500 firms).

Has balance sheet strength to support growth: in addition to ARR growth, cash of $6.0m on the balance sheet and no debt highlight that 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 has lowered to $0.11 per share (down from $0.16 previously), reflecting a lowering of our near-term revenue forecasts following FY23 results. Key risks include the **execution risk** associated with 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://complii.com.au/

Valuation	**A$0.11** (previously $0.16)
Current price	**A$0.04**
Market cap	**A$23m**
Cash on hand	**~A$6.0m** (30 June 2023)

Upcoming Catalysts / Next News

Period	
Ongoing	Client deals and partnerships
2 months	Quarterly update

Share Price ($A)

Source: FactSet, MST Access

Financial Summary

Company Overview			
Current price ($)	0.04	Valuation ($)	0.11
Market capitalisation ($m)	23	12 month dividend ($)	0.00
Shares outstanding (m)	567	Expected return (%)	183.0
Enterprise value	17		

Year to 30 June

Profit & Loss ($m)	2022a	2023a	2024e	2025e	2026e
Sales revenue	8.6	7.9	10.8	13.5	16.5
% change		(8.2)	35.9	25.1	22.2
Total revenue	9.9	10.6	12.3	14.5	17.5
Gross profit	7.2	6.8	9.7	12.1	14.8
Gross margin (%)	83.2	85.5	90.0	90.0	90.0
EBITDA	0.3	(5.4)	(2.1)	(1.0)	1.3
D&A	0.2	1.6	0.4	0.5	0.6
EBIT	0.1	(7.0)	(2.4)	(1.5)	0.7
EBIT margin (%)	1.3	(88.5)	(22.7)	(11.1)	4.4
Net interest expense	0.0	0.1	0.1	0.1	0.2
Pre-tax profit	0.1	(6.9)	(2.3)	(1.3)	0.9
Tax expense	0.0	1.5	0.0	0.0	0.0
Minorities & associates	0.0	0.0	0.0	0.0	0.0
Net profit	0.1	(5.4)	(2.3)	(1.3)	0.9

Balance sheet ($m)	2022a	2023a	2024e	2025e	2026e
Current assets					
Cash and near cash	5.7	5.8	3.4	2.2	3.3
Receivables	0.2	0.4	0.7	0.8	1.0
Inventory	0.0	0.0	0.0	0.0	0.0
Other	0.3	0.3	0.3	0.3	0.3
Total current	6.3	6.5	4.4	3.4	4.6
Non-current assets					
Property, plant and equipment	0.0	0.0	0.0	0.0	0.0
Investments	0.0	0.0	0.0	0.0	0.0
Right of use assets	0.6	0.5	0.5	0.5	0.5
Goodwill	6.2	6.4	6.4	6.4	6.4
Other intangibles	0.0	5.2	5.2	5.2	5.2
Other non current	0.1	0.3	0.3	0.3	0.3
Total non-current	7.0	12.4	12.4	12.4	12.4
Total Assets	**13.2**	**18.9**	**16.8**	**15.8**	**17.0**
Current liabilities					
Accounts payable	0.9	1.2	1.4	1.7	2.1
Short-term debt	0.2	0.2	0.2	0.2	0.2
Lease liabilities	0.3	0.3	0.3	0.3	0.3
Other	0.3	0.7	0.7	0.7	0.7
Total current	1.8	2.3	2.5	2.8	3.2
Non-current liabilities					
Long-term debt	0.0	0.0	0.0	0.0	0.0
Provisions	0.1	0.2	0.2	0.2	0.2
Lease liabilities	0.4	0.2	0.2	0.2	0.2
Other	0.0	0.0	0.0	0.0	0.0
Total non-current	0.5	0.3	0.3	0.3	0.3
Total liabilities	2.3	2.7	2.9	3.2	3.5
Net assets	**11.0**	**16.3**	**14.0**	**12.6**	**13.5**
Shareholders' equity	11.0	16.3	14.0	12.6	13.5
Outside equity interests	0.0	0.0	0.0	0.0	0.0
Total equity	**11.0**	**16.3**	**14.0**	**12.6**	**13.5**

Cash flow ($m)	2022a	2023a	2024e	2025e	2026e
EBITDA	0.3	(5.4)	(2.1)	(1.0)	1.3
Chg in Working capital	0.4	0.4	(0.1)	0.2	0.2
Net interest	0.0	0.1	0.1	0.1	0.2
Tax	0.0	1.5	0.0	0.0	0.0
Other	0.3	1.7	0.0	0.0	0.0
Operating cash flow	1.0	(1.7)	(2.0)	(0.7)	1.6
Capital expenditure	(0.0)	(0.0)	(0.4)	(0.5)	(0.6)
Net acquisitions/disposals	0.0	0.0	0.0	0.0	0.0
Other	0.6	1.3	0.0	0.0	0.0
Investing cash flow	0.5	1.2	(0.4)	(0.5)	(0.6)
Financing cash flow	0.2	0.5	0.0	0.0	0.0
Net change in cash	1.7	0.1	(2.4)	(1.2)	1.1
Free cash flow	**1.5**	**(0.5)**	**(2.4)**	**(1.2)**	**1.1**

Source: Company reports and Access

Key metrics	2022a	2023a	2024e	2025e	2026e
EPS - underlying (¢)	**0.0**	**(1.0)**	**(0.4)**	**(0.2)**	**0.1**
% change underlying EPS	-	-	NA	NA	NA
EPS - basic (¢)	0.0	(1.0)	(0.4)	(0.2)	0.2
Wtd avg ordinary shares (m)	374	550	567	567	567
Wtd avg diluted shares (m)	489	550	620	620	620
DPS (¢)	-	-	-	-	-
Dividend yield (%)	-	-	-	-	-
Payout ratio (%)	-	-	-	-	-
Franking (%)	-	-	-	-	-
PE ratio	-	NA	NA	NA	28.3
EV/EBIT (x)	-	NA	NA	NA	23.3
EV/EBITDA (x)	-	NA	NA	NA	13.0
EBIT margin (%)	-	(88.5)	(22.7)	(11.1)	4.4
Tax retention rate	100.0	78.8	100.0	100.0	100.0
Asset turnover	1.0	0.5	0.6	0.8	1.0
Interest expense rate (%)	(0.0)	(0.7)	(0.8)	(0.9)	(0.9)
Financial leverage multiplier	1.2	1.2	1.2	1.2	1.3
Minority interest adj factor (x)	1.0	1.0	1.0	1.0	1.0
ROE (%)	-	(40.0)	(15.2)	(10.1)	6.7
ROIC (%)	-	(33.7)	(17.3)	(11.7)	5.3
Net debt ($m)	(5.5)	(5.6)	(3.3)	(2.1)	(3.1)
Debt to equity (%)	2.2	1.1	1.2	1.4	1.3
Net debt to EBITDA	NA	NA	NA	NA	NA
EBIT interest cover (x)	-	-	-	-	-

DCF valuation			
PV of free cash flows	20	Terminal value year	FY33
PV of terminal value	44	Beta	1.38
Enterprise value	65	Cost of equity (%)	13.0
Net debt	(5.8)	Cost of debt-AT (%)	5.1
Equity value	71	Debt to EV (%)	0.0
Shares on issue	620	Equity to EV (%)	100.0
DCF valuation per share	**$0.11**	**WACC (%)**	**13.0**

Comparables	FY23
Average peer multiple	8.1x
Complii Rev forecasts	7.9
Projected EV	63.9
Less net debt	(5.8)
Equity value	70
Shares on issue	620
Comps value per share	**$0.11**

Equally weighted DCF and FY23 peer valuation	**$0.11**

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MIntegrity Acquisition

Complii has entered into a binding agreement to acquire MIntegrity, a compliance consulting business focused on financial services risk and compliance. MIntegrity was established in 2013 and has solutions that include:

- RegsWeb, a digital regulatory web consultancy service that provides access to a digital library containing up to date policies and procedures (required by ASIC), which AFSL client firms can adopt to remain compliant and
- MIWize e-learning portal, a library of specialised modules that helps financial services professionals with FASEA (Financial Adviser Standards and Ethics Authority) requirements. MIWize will be integrated with Complii's existing online CPD platform, ThinkCaddie.

As part of the deal, Complii will acquire all Mintegrity's assets including brand, IP, key personnel and client list (more than 100 firms across banks, market exchanges and operators, AFSL holders, private wealth firms, of which ~80 are entirely new to Complii). Co-Founders and Managing Directors, Andrew Tait and Amanda Mark (both ex ASIC), will join Complii for a minimum of two years.

Deal significance

The transaction continues to help Complii build out its compliance ecosystem and platform, following other recent acquisitions including PrimaryMarkets and RegistryDirect, as a leading operations and compliance platform provider for small to mid-tier financial services firms in Australian capital markets.

The acquisition provides additional incremental revenue for Complii, with management forecasting $1.4m in revenue for FY24 (approximately $1.0m will go to Complii this financial year). This is expected to result in a positive EBITDA contribution.

Importantly, the deal increases the network of clients to cross sell the Group's service offerings both ways between Complii and Mintegrity existing client bases, given the minimal overlaps between both client groups. For MIntegrity, they will be able to put programs together for clients that involve use of Complii's platform at a time when ASIC has been explicit in their objective of enforcing AFSL obligations (making Complii's platform increasingly pivotal). Bringing MIntegrity into the Complii group also provides additional market credibility with added scale, which is expected to help win additional work that was difficult to attract given MIntegrity's previous smaller size.

Expected cost synergies include general corporate and administration savings obtained by in housing MIntegrity's operations within Complii's existing structure, in addition to other operational savings including the termination of MIntegrity's prior lease arrangement.

Deal consideration

Consideration for the acquisition involves limited upfront cash payment and includes:

- Issue of 13m ordinary shares in Complii (escrowed for two years)
- Initial payment of $150k, followed by two further payments of 75k over the next two years, subject to performance goals
- 6m performance rights subject to achieving additional milestone.

Figure 1: MIntegrity Client Sample

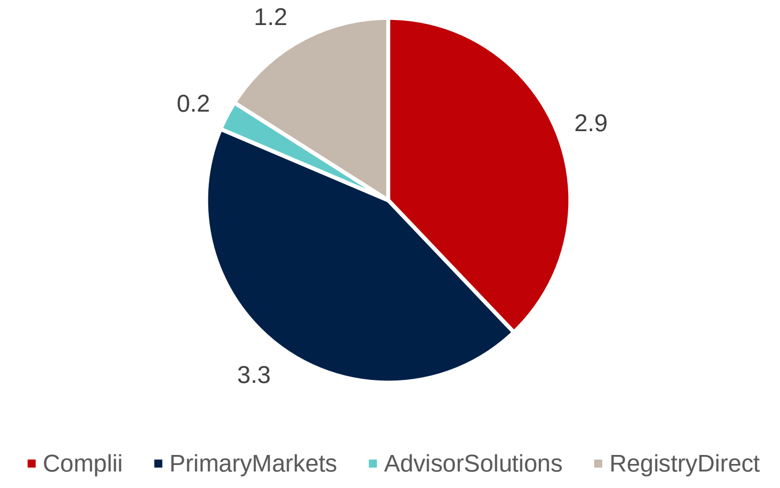
Source: Company Reports

FY23 Result

Financial performance

Complii reported group revenue of $7.93m for FY23, down from $8.64m in FY22 (-8% YoY). The result represented a slowdown in 2H23 to $3.74m from $4.20m in 1H23. Overall weakness during the past 12 months was largely attributed to weaker PrimaryMarkets' transactional revenue given challenging global financial market conditions, which is also consistent with the difficult IPO market. Company management guided that the quarterly run rate in transactional revenue from Primary Markets is approximately half what it was 12 months prior (closer to $500k-$600k vs $1.0m to $1.2m previously).

Figure 2: Revenue from contracts with customers, split by business segment (A$m)



Source: Company Reports

Total income of $10.73m received during the year was aided by sundry income ($0.26m mainly related to RegistryDirect), interest income ($0.15m) and R&D reimbursements ($2.39m), which were a function of a significant portion of development activities being classified as R&D activities, eligible for government grants from FY22 activities.

Pleasingly for the business, annual recurring revenues (ARR) have continued to grow, up by 62.4% to $3.82m as of 30 June, from $2.35m a year prior. ARR increased across all major segments, including Complii, PrimaryMarkets, RegistryDirect, ThinkCaddie, and the Adviser Solutions Group, although the majority of ARR revenues are generated by Complii's SaaS platform (from regular AFSL subscription payments). Incremental ARR was helped by new clients being onboarded onto the platform. Importantly, the core SaaS Complii platform remains less impacted by market volatility and capital markets activity given much of the revenue contribution is recurring.

Costs

Total costs of $17.6m in FY23, which included several one-off (see table below) and non-cash (e.g. D&A and impairment charge) expenses, were higher than total costs of $9.8m in FY22. This resulted in NPAT of -$5.45m (Vs slight profit of $115k in FY22). As highlighted in figure two, taking out one-off related costs results in a narrower loss of -$0.32m. Notables include:

- Consultancy fees of $1.0m saw an increase of $0.73m vs FY22, due to new contractors hired to complete development work from winning new clients and expanding relationships with current clients. This investment is expected to support ongoing ARR growth. Further detail is provided under commercial outcomes.
- Increased employee benefits expense of $7.91m (vs $4.79m in FY22) was largely attributed to additional staff taken on to support the Registry Direct acquisition ($1.4m), a full year of PrimaryMarkets staff costs vs 8 months in FY22 ($0.86m) and one-off recruitment and termination expenses ($0.4m).
- Intangible asset impairment expense of $1.82m related to impairment of PrimaryMarkets acquisition.

- Other expenses increased by $1.13m vs FY22 driven by associated costs with the Registry Direct acquisition, increased insurance premiums and increased marketing costs. Marketing expenditure follows the group's new 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.

Figure 3: FY23 Loss after adjusting for one-off expenses, according to management guidance (A$m)

Loss after providing income tax benefit	(5,448,706)
Add back	-
Depreciation and amortisation expense	1,598,741
Impairment of assets	1,816,050
Share based payments expense	756,199
Registry Direct acquisition costs	442,292
Costs in relation to cessation of Director (Wages + Legal)	162,981
Director cash out of Annual Leave	58,780
Tax consolidation advice following Primary Markets & RD1 acquisitions	21,500
Exercise of unquoted options	10,280
Vendor out of escrow	12,823
Other staff costs (recruitment costs/termination & resignation payments)	198,097
Registry Direct costs due to acquisition	47,550
Adjusted loss after providing for income tax benefit	**(323,413)**

Source: Company Reports

Commercial outcomes

Through a broadening range of solutions, Complii continued to grow its total addressable market and increased potential wallet share with existing clients. This should benefit the company moving forward as the company expects clients to prioritise end-to-end vendors over a disaggregated list of individual solution suppliers, given the process and cost efficiencies available.

Complii supports one of the most extensive client bases in financial services for small to mid-tier service providers domestically. As at the end of FY23, Complii services more than 800 registry clients on RegistryDirect, holds more than 100 trading opportunities on PrimaryMarkets, and services 125 AFSL firms (excluding the additional clients to come from MIntegrity) through its operational and compliance SaaS platforms. Key recent milestones and developments include:

Complii SaaS Platform – compliance modules for capital raising and operational needs

- Facilitated new capital raised of $10.4b in FY23 ($2.825b in 4Q23) across more than 3k unique offerings. Since 2015, the company has facilitated more than 13k deals, and raised $28.9b.
- Commenced working on a new Customer Relationship Management (CRM) system for AUSIEX, as announced in January earlier this year. The business requirements are now complete with further development ongoing.
- Commenced a new module while enhancing an existing module as paid development work for Wilsons Advisory, a new large "mid-tier" broker. These tools are adviser focused, designed to improve client engagement and advice, which is expected to go live in 1Q24.
- Built two new modules for a new well recognised AFSL client firm (in Q4), which have been upsold and delivered into several existing AFSL firm clients. The additional modules and the additional AFSL client are expected to add to ARR growth in FY24. As with all new module development, these will later be offered to the broader customer base, again aiding ARR growth.
- Nearing completion of a new product for ThinkCaddie (CPD management platform providing specialised e-learning solutions for AFSL participants) that will be launched in 1H24.

Primary Markets – trading platform for securities of unlisted companies and funds

- PrimaryMarkets more than doubled the investment opportunities available on the platform in FY23, increasing from 50 in 4Q22 to more than 100 by end 4Q23. These opportunities comprise a mix of trading hubs, secondary trading opportunities, additional unicorn offerings, capital raises and investor centres. The pipeline for further growth remains healthy with the group continuing to receive increasing enquiries from companies seeking liquidity and capital raising solutions. While value traded has been down over the past year due to the challenging macro backdrop, more better-quality diversified clients, away from select major contributors previously (e.g. Animoca Brands and Virtual Gaming Worlds) are contributing to higher volumes traded on the platform.

- Achieved trading value of $50m during FY23 and closed 39 capital raises for different companies on the platform during the year. Total number of sophisticated investors verified on the platform increased by 40% YoY.
- Completed in house development of the PrimaryMarkets platform and integration within the Complii platform. This now allows all trading and investment opportunities to be made available to all 125 AFSL firm clients, broadening the investor audience.

Registry Direct – registry services for listed and unlisted companies and funds

- Added net 29 new fee-paying registers during the most recent quarter (4Q), taking total registers to more than 800, which naturally increases revenue for the segment given the increased volume. The registry division continues to benefit from the scale and market access provided by the broader Complii group.

Outlook

Complii is well positioned to continue its growth trajectory with a strong balance sheet, and a clear pathway back to positive cashflow, aided by further ARR growth and reduced one off cost associated with recent acquisitions (including PrimaryMarkets & Registry Direct as highlighted above). Improvement in the broader macro trading environment for capital markets would only add further support to revenues and cashflow, although Complii is increasingly becoming less reliant on this activity in our view.

Following 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), we expect Complii's new push towards monetising its end-to-end platform will aid profitability. An account-based marketing strategy is being headed up by a new group head of marketing (appointed in February 2023) to increase brand awareness, lead generation and cross selling of products and services to existing clients, particularly as companies want to work with end-to-end vendors instead of a roster, as a cost-effective measure to improve operational efficiency. The MIntegrity acquisition should only aid efforts as contracting services provided to clients will be a way to proactively market and increase take up given the benefit of Complii's platform in meeting regulatory standards.

Funding

The company has total cash on hand (including cash equivalents) of $5.976m, being $5.798m in cash plus $178k on Term Deposit, with no debt. Complii expects to receive an additional $1.17m in the current half for R&D activities in undertaken in FY23.

Valuation

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 $0.11 per share (from $0.14 previously) and our peer multiples–based valuation is also $0.11 per share (from $0.17 previously), with the average of the two representing our base case. A primary driver of the updated valuation includes changes to our revenue forecasts given the rebasing of FY23 total revenues to $10.6m vs our previous forecast of $13.9m. We now expect FY24 total revenues to be slightly higher at $12.3m (vs $16.8m before), helped by the addition of MIntegrity. We expect total costs to be mostly unchanged over the medium term, but we increased our cost of capital assumption higher to 13% (up from 12.5%) in line with the recent increases in interest rates (we assume a risk-free rate of 4%).

50% of Base-Case Valuation = DCF

Key variables from our DCF valuation are shown below.

Figure 4: Key DCF assumptions

NPV	$61.6m
Net cash	$5.8m
Equity value	$67.4m
Diluted shares (assuming additional funding)	619.6m
Value per share	$0.11
CAPM	
Risk-free rate	4.0%
Equity beta	1.4
Equity risk premium	6.5%
Cost of equity	13.0%
Equity	100.0%
Weighted average cost of capital	13.0%

Source: MST

Other key assumptions include:

- We expect the Complii platform to continue to show strong growth, supported by additional clients which are expected to be brought onboard following the MIntegrity deal (potential to add up to 80 new clients onto the platform that Complii did not previously service according to management). Already, Complii's existing 125 AFSL clients equate to ~25% of the market. We forecast revenues to be ~$4m in FY24 (largely recurring revenue), up from ~$3.3m in FY23, including development work for clients including AUSIEX. Sales growth is also aided by contract pricing which is indexed to broader CPI measures.
- For PrimaryMarkets, we expect revenues (especially transactional revenues) to stabilise after a period of weakness largely attributed to sentiment in capital markets. We assume the segment will achieve flat revenue growth in FY24 ($3.3m rev was recorded in FY23). A growing base of major traded securities on PrimaryMarkets will help diversify trading opportunities, which should support transactional activity and revenue.
- Other primary contributions to total revenue include RegistryDirect revenues (we forecast $1.9m contribution in FY24) and future R&D reimbursements, which we assume will be ~$1m from FY24-FY26. Altogether we forecast total revenue of $12.3m in FY24 and $14.5m in FY25.
- After reporting total costs (including licensing and excluding D&A) of ~$16m for FY23, we assume total costs of $14.5m in FY24 in part due to the previous one-off cost items incurred. The largest cost driver currently below the line is employment costs (approximately two thirds). At present, we conservatively assume the company will return to profitability in FY26 but note that the group is highly leveraged to broader improvements in capital market activity, which could see this timeline accelerated. Retained losses are $16.6m across the group, which will provide an ongoing tax benefit for some time.
- Fully diluted shares including 567.3m basic shares and 53.6m performance rights (which involve various vesting conditions). We do not include options expected to expire over the next 12 months as they are either short dated or have strikes above our current valuation.

50% of Base-Case Valuation = Peer Comparison

Our selected peer group is based on industry background and primary activity, and only includes domestic listed technology companies. The list features 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.

The average implied EV/revenue multiple from recently reported FY23 actual revenue is 8.1x. Applying this to Complii's FY23 sales revenue result of $7.9m (which was lower than expected given weaker PrimaryMarkets trading revenue) gives a valuation of $0.11 per share, corresponding to a 1.7x premium over the current share price. As a useful transaction comparison, Hub24 recently acquired MyProsperity (client portal software and tools for accountants and financial advisors) for ~$40m plus performance incentives in May this year, which equated to a ~10x EV/sales revenue multiple, still a slight premium to our own trading peers multiple.

Figure 5: Comparable peers table - Applying Industry EV/Revenue multiples to FY23 revenue actuals

NPV of Total FCF EV/Revenue valuation		EV/Rev multiple FY22 earnings	EV/Rev multiple FY23 earnings	Rev FY22	Rev FY23(a)	EBITDA FY23	EV/EBITDA Multiple FY23	Current EV
XERO (ASX)	XRO-AU	18.5	14.1	998.0	1,314.0	283.0	65.3	18,480.0
Technology One (ASX)	TNE-AU	13.8	11.9	369.4	428.3	180.1	28.2	5,084.0
Praemium (ASX)	PPS-AU	3.4	3.7	79.7	74.3	23.4	11.7	274.9
Ansarada Group (ASX)	AND-AU	2.6	2.5	48.9	51.2	4.0	31.4	125.7
Income Asset Management (ASX)	IAM-AU	3.9	2.1	7.2	13.7	-2.2	NA	28.3
HUB24 (ASX)	HUB-AU	14.0	9.6	189.5	276.3	102.4	26.0	2,661.0
Netwealth Group (ASX)	NWL-AU	21.7	18.2	173.3	207.0	100.7	37.4	3,763.0
Iress (ASX)	IRE-AU	2.6	2.5	617.3	628.6	118.2	13.4	1,580.0
Average EV/Revenue Multiple		**10.1**	**8.1**				**30.5**	
								Projected EV 23'
Complii EV (FY23 revenue multiple x sales revenue)			**8.1**		**7.9**			**63.9**
Less: net debt								-5.8
Equity value								69.7
Shares on issue								619.6
Equity value per share								**$0.11**

Source: MST

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.

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