



Quarterly Activity Report - March 2022

Monday 11 April 2022

Wrkr Ltd (formerly Integrated Payment Technologies Limited) (ASX: WRK, Wrkr or Company), is pleased to announce its Quarterly Activity Report and Appendix 4C (Quarterly Cash Flow report) for the quarter ending 31 March 2022.

Wrkr has a clear mission to deliver on the compliance moments for employers and their workers (employees/contractors) from hire to retire. **At Wrkr, we make Compliance Simple.** We collaborate closely with Payrolls, Super Funds and the ATO to achieve this mission.

As Wrkr continues to grow in volume of workers and their compliance moments such as identity, TFN, pay, super and work credentials, we are set to go beyond compliance and connect our community of Wrkr's to value.

Today we serve **4 APRA Funds, 29 Payrolls, over 70,000 Employers, 300 Accountant Advisors, 22,000 SMSF Trustees** and over **2.8 M workers**.

Wrkr services the market with a highly secure software platform offered as a service (PaaS), software as a service (SaaS) applications, and transaction processing offerings. Our products are **Wrkr PAY, Wrkr Ready, Wrkr SMSF Hub** and the **Wrkr PLATFORM**.

HIGHLIGHTS for Q3 FY22

- As stated in our recent announcement we have seen delays in our **large deal progression** primarily due to availability of technical resources from our major prospective customer. The delays are reasonable given the size, scope and implementation risks. **While the overall deal continues to be negotiated we are scoping packages of work targeted to be delivered this financial year.** Together with our prospective client, Wrkr is expected to be tasked with designing the best practice solution and implementation approaches for Super Funds as they and their customers navigate the many regulatory and structural changes in the industry.
- Our cash and working capital position has improved dramatically over the last quarter with **5 Quarters of estimated funding available.** This position is in part the conclusion of work in progress and billings as well as an unsecured loan from Directors. The Directors loan is an indication of the confidence in our current pipeline and commercial negotiations and has yet to be utilised with any drawdowns.
- **High impact social presence with the renewed Wrkr brand** - Several successful social campaigns have been run over the quarter connecting Wrkr to 700

Level 24, 66 Goulburn Street, Sydney, NSW 2000



Accountants & Advisors (converting over 300 Accountants), Connecting Wrkr Executives to Payrolls and Super Funds (high engagement on stapling approach from Superfund Executives and Onboarding compliance from Payroll operators). Our social media coverage marketing has achieved over 74,000 impressions in our target markets.

- Continued success of **Wrkr SMSF Hub** product with 3,500 new registered SMSFs (taking our Trustees to 7,500, 100 new Accounting and Advisors onboarded this quarter taking us to 300 with 500 more to process). This base is expected to swell significantly as we convert our 16,000 unpaid to paid subscribers in the last quarter.
- **A Memorandum of Understanding (MoU) has been signed with PayGroup and their associated companies (Astute, Payroll HQ, iWS and PayAsia)** . The MoU forms a collaboration to explore the use of Wrkr PAY across the group starting with Astute as well as the co-selling and delivery of Wrkr READY to add onboarding compliance services for their customer base, starting with iWS as a pilot. While our objectives are to serve the approximate 270,000 employees represented, our initial goal is on developing a shared proposition, pricing and achieving market success via initial pilots. We are taking advantage of our Consortio collaboration which has integrated Wrkr READY into the Astute platform.
- **Completion of a market leading stapling solution for a marquee Superfund client** that brings a digital stapling solution for employers and their employees which we believe will set an early standard in the market when it is launched in the coming weeks.
- **Sales pipeline progression** continues with the maturing of our Retail connections with several large format retail organisations taking an active interest in the Wrkr READY product. This activity has increased our software demonstration and pricing activity over the quarter. We are expecting this activity to yield results in FY23.

The quarter end financials are in the process of being finalised, however we note the following financial highlights:

- Q3 FY22 **Cash Receipts** from customers of \$1,152k (+24% on previous year Q3 FY21 of \$932k)
- Q3 YTD FY22 **Cash Receipts** from customers of \$3,085k (+96% on previous Q3 YTD FY21 of \$1,573k)
- Q3 FY22 **Cash payments** for operating activities of \$1,443k (-15% on previous quarter Q2 FY22 of \$1,653k)
- Q3 FY22 **Net Cash Outflow** of \$298k (-66% on previous quarter Q2 FY22 of \$873k)
- **Cash at bank** as at 31-Mar-22 is \$869k (31-Dec-21 \$1,167k).



The cash expenditure incurred on the activities of the business in the quarter are summarised as follows:

- \$1,012k Staff costs
- \$313k Administration and corporate costs
- \$105k Operating costs
- \$13k Advertising and marketing

Other

As required to be disclosed under ASX Listing Rules, payments to related parties in the current quarter amounted to \$124,000. This amount is shown in Appendix 4C under Section 6. Payments to related parties of the entity and their associates relate to directors' fees and the salary of the Chief Executive Officer.

COVID 19

The business has had minimal internal interruption due to COVID-19 as we remained with a flexible working model with full support for working from home. We have experienced delays in our dealings with prospects and customers with COVID-19 impacting availability of key staff and decision makers. Our policies are aligned to Government guidelines and we will adjust as required.

The business strength

The business continues to deliver on our strategy for FY22

- **Integrate the business (Complete)**
- **Increase our reach in the (compliance) ecosystem**
- **Enable higher value compliance moments**
- **Innovate and partner for future value**

With the transformation of the business to 'one integrated brand, team and technology footprint' the focus of the business has been balanced between a focus on operational improvement from our finance, risk and support functions with a heavy focus on building out the brand and delivering on the growth objectives.

From an operational perspective we have focused on streamlining our compliance processes in line with our single DevOps environment. Notably we have concluded our GNGB accreditation and have finalised work required for our continued ISO accreditation. An extensive review of our AFSL and associated processes has been concluded with improvements across the board. Expenses continue to be monitored and removed where deemed non critical or not aligned to growth.



In terms of brand and growth, our focus has been a balance between delivering on revenue targets of \$5m this financial year and investing in the larger potential deals that could deliver strong growth in FY23. The current pipeline has increased and while the buying cycle is slow we are yet to see any contraction in our sales funnel. The current pipeline of Payrolls and Super Funds has the business on track to achieve our strategy of servicing over 5m Australians.

The plan for the next quarter is:

- Concluding our pilots with PayGroup
- Concluding negotiations with additional Payrolls for Wrkr READY roll out
- Progressing our largest negotiation through final approvals
- Successful launch of our Super Fund Stapling solution in market
- Launching a co-funded STP2 solution to market
- Successful conversion of our 16,000 SMSF customers to SMSF Hub

This Quarterly Activity Report and the attached Appendix 4C (Quarterly Cash Flow report) have been authorised by the Board of Wrkr.

For further information, please contact:

Emma Dobson
Chairman
E: emma.dobson@wrkr.com.au



About Wrkr Ltd.

Wrkr Ltd (Wrkr) (ASX: WRK) is an Australian financial technology company founded and listed on the ASX in 2016.

Wrkr provides compliance and payment software solutions to create efficiencies for Superfunds, payroll service providers and both large and small Australian employers.

The company has four core offerings:

- **Wrkr PLATFORM**, a modern cloud-based compliance platform for handling messaging with ATO (SuperStream, STP 2.0, PEPPOL, SBR and State authorities) and orchestrating payment processing for worker pay and super contributions for Fund Administrators
- **Wrkr PAY**, a superannuation gateway and clearinghouse and payment handling solution for secure processing of employee pay and super contributions for Payrolls and Superfunds. This product includes Wrkr SMSF Hub providing ATO messaging and contributions compliance for SMSFs
- **Wrkr READY**, a white label employee onboarding solution to manage the compliant onboarding of full-time and casual workers
- **Wrkr Benefits**, the secure connection of workers to employer and external benefit providers

Wrkr Ltd holds payment processing patents in Australia, the USA, China, Japan, Singapore, Hong Kong, South Africa and New Zealand.

Investors should be aware that certain financial measures included in this announcement are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP' financial measures within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under Australian Accounting Standards (AAS) and International Financial Reporting Standards (IFRS). The non-IFRS financial information / non-GAAP financial measures include EBITDA and EBIT. The Company believes the non-IFRS financial information / non-GAAP measures provide useful information to users in measuring the financial performance and conditions of the Company. The non-IFRS financial information / non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information is not a measure of financial performance, liquidity or value under the IFRS and may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information / non-GAAP financial measures included in this presentation.

This release contains forward-looking statements and information that are necessarily subject to risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements of Wrkr Ltd to be materially different from those expressed or implied in this release including, amongst others, changes in general economic and business conditions, regulatory environment, results of advertising and sales activities, competition, and the availability of resources. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this release. Except as required by law, Wrkr Ltd assumes no obligation to update or correct the information in this release. To the maximum extent permitted by law, Wrkr Ltd and its subsidiaries and officers do not make any representation or warranty as to the likelihood of fulfilment of any forward-looking statements and disclaim responsibility and liability for any forward-looking statements or other information in this release. This release should be read in conjunction with Wrkr Ltd's ASX announcements and releases.

Level 24, 66 Goulburn Street, Sydney, NSW 2000

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Wrkr Ltd

ABN

50 611 202 414

Quarter ended ("current quarter")

31 March 2022 (Quarter 3)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.....months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,152	3,080
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(105)	(322)
(c) advertising and marketing	(13)	(95)
(d) leased assets		
(e) staff costs	(1,012)	(2,983)
(f) administration and corporate costs	(313)	(1,169)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(291)	(1,489)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		(6)
(d) investments		
(e) intellectual property		(13)
(f) other non-current assets	(7)	(354)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(7)	(373)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	0	0
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,167	2,731
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(291)	(1,489)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(373)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held		

4.6	Cash and cash equivalents at end of period	869	869
------------	---	------------	------------

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	405	776
5.2	Call deposits	464	391
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	869	1,167

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	124
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	600	0
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	600	0
7.5	Unused financing facilities available at quarter end		600
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<p>\$600k Unsecured Loan Facility</p> <p>Final repayment date 18 months after the first Drawdown Date or such other date agreed in writing by the parties</p> <p>Interest rate of 8% per annum</p> <p>Lenders:</p> <ol style="list-style-type: none"> 1. Parmms Enterprises Pty Ltd ATF Parmms Investments Unit Trust 2. Clinton Capital Partners Pty Ltd 		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(291)
8.2 Cash and cash equivalents at quarter end (item 4.6)	869
8.3 Unused finance facilities available at quarter end (item 7.5)	600
8.4 Total available funding (item 8.2 + item 8.3)	1,469
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 11 April 2022

Authorised by: Board of Wrkr Ltd
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.