



Quarterly Activity Report - June 2022

Tuesday 12 July 2022

Wrkr Ltd (ASX: WRK, Wrkr or Company), is pleased to announce its Quarterly Activity Report and Appendix 4C (Quarterly Cash Flow report) for the quarter ending 30 June 2022.

Wrkr's Chief Executive Officer (Trent Lund) and Chief Financial Officer (Karen Gilmour) will host an investor webinar to discuss the quarterly reports at 3.30pm (Sydney time) today. To register for the webinar, please see details at the end of this document.

HIGHLIGHTS for Q4 FY22

- **Cash at bank** 30 June 2022 is **\$1,277k** (31 March 2022 \$869k)
- FY22 revenue expectations in line with \$5m forecast (based on preliminary unaudited accounts and subject to further review and finalisation)
- **Executed Master Services Agreement (MSA)** with Link Group and commenced first Statement of Work (SOW) under the agreement
- **Wrkr PAY SMSF Hub** take up **exceeded management expectations**
- Successful launch of our new **Wrkr PAY STP2** solution
- Collaboration agreement with **Equifax** enabling customers to securely access their data for proof of income purposes
- **Sales pipeline progression** continues

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, 400 Accountant Advisors, 24,000 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**.

Level 24, 66 Goulburn Street, Sydney, NSW 2000



Further details on key activity for Q4 FY22

- Master Services Agreement (MSA) with Link Group to enable the provision of consulting services, **Wrkr PLATFORM** technology, **Wrkr Ready** SaaS licences and **Wrkr PAY** transactions for Link Group and their Super Fund clients. Link Group services some of Australia's largest Super Funds with approximately 5.5 million members. The initial agreed statement of work is underway and scoping activities continue for broader technology provision.
- Our cash position has continued to improve with a **positive cash flow position in Q4 FY22** with Net Cash Inflow of \$408k, including \$556k of net inflows from R&D and Insurance Premium financing activities (+240% on previous quarter Q3 FY22 of Net Cash Outflow of \$298k).
- Wrkr PAY SMSF Hub product has been a great success with **over 8,000 new Trustees**, 400 SMSF Advisers representing some **6,000 additional Trustees** and the conversion of our own ~16,000 expected throughout July and August. The overall cash contribution has already reached \$360k. Although we will only recognise ~\$120k revenue in the FY22 financial statements, this product is set to continue to grow in FY23.
- Successful development, testing and launch of our new **Wrkr PAY STP2** solution under **Wrkr PAY** which is expected to be rolled out to existing clients in Q1 FY23, enabling the decommissioning of ClickSuper technology. This new solution on our core platform will enable the low cost and rapid roll out of STP solutions for Super Funds and Payrolls.
- Wrkr entered into a collaboration agreement with Equifax enabling customers to securely access their data for proof of income purposes. This agreement includes income to Wrkr for the technology build, connectivity and data services. The income will be used to subsidise the marketing of our new **Wrkr PAY STP2** solution providing an easy to use STP solution for Accountants, Freelancers and small businesses.
- **Sales pipeline progression** continues with the maturing of our industry connections with several large 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:

- **Cash at bank** as at 30-Jun-22 is \$1,277k (31-Mar-21 \$869k)
- Q4 FY22 **Cash Receipts** from customers of \$1,482k (+124% on previous year Q4 FY21 of \$663k)
- Q4 YTD FY22 **Cash Receipts** from customers of \$4,562k (+104% on previous Q4 YTD FY21 of \$2,236k)
- Q4 FY22 **Cash payments** for operating activities of \$1,613k (-12% on previous quarter Q2 FY22 of \$1,443k)
- Q4 FY22 **Net Cash Increase** of \$408k (includes cash from financing activities of \$589k). Previous quarter Q3 FY22 net cash outflow of \$298k.
- Q4 FY22 Net Cash Outflow, excluding financing activities, of \$148k (+50% on previous quarter Q3 FY22 of \$298k)

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

- \$1,145k Staff costs
- \$236k Administration and corporate costs
- \$210k Operating costs
- \$20k 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

Having fundamentally transformed the business in FY22, the business continues to move from strength to strength with a goal of long term growth and financial stability. Our strategy ahead is clear:

- **Grow our base of Australian workers**
- **Increase our compliance relevance with higher value moments**
- **Innovate and partner for future value**

The aggressive targets of FY22 have served to propel Wrkr and lock in long term value with strong income annuity from our Platform as a Service (PaaS) and Software as a Service (SaaS) products. The business has seen considerable growth (50% YoY) from **Wrkr PLATFORM**. With continued innovation and development from Australian Retirement Trust (formerly Sunsuper) and our new MSA with Link Group, we expect this to promote financial stability through licence and transaction income streams.

Our two new products, **Wrkr PAY** SMSF Hub and **Wrkr BENEFITS** both generated new income in FY22 and a boost to cash of \$500k. This growth is expected to continue in FY23 and beyond.

Our revenue diversity continues to be a strength and **Wrkr READY** is expected to underpin future growth as we increase our investment throughout FY23.

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
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You are invited to a Zoom webinar.

When: Jul 12, 2022 03:30 PM Canberra, Melbourne, Sydney

Topic: Wrkr June FY23 Quarterly, 4C update and Q&A

Please click the link below to join the webinar:

<https://us06web.zoom.us/j/88530377491?pwd=UGp6bXRtYpYbFQwVmhVcmIvT1ZjUT09>

Passcode: 527238

Or One tap mobile :

US: +16469313860,,88530377491#,,,,*527238# or
+16694449171,,88530377491#,,,,*527238#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 646 931 3860 or +1 669 444 9171 or +1 669 900 6833 or +1 253 215 8782 or
+1 301 715 8592 or +1 312 626 6799 or +1 346 248 7799 or +1 646 558 8656

Webinar ID: 885 3037 7491

Passcode: 527238

International numbers available: <https://us06web.zoom.us/j/88530377491?pwd=UGp6bXRtYpYbFQwVmhVcmIvT1ZjUT09>



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")

30 June 2022 (Quarter 4)

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	1,482	4,562
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(210)	(532)
(c) advertising and marketing	(20)	(115)
(d) leased assets		
(e) staff costs	(1,145)	(4,128)
(f) administration and corporate costs	(236)	(1,405)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(2)	(2)
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	(131)	(1,620)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(13)	(19)
(d) investments		
(e) intellectual property		(13)
(f) other non-current assets	(4)	(358)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.....months) \$A'000
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	(17)	(390)

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	589	589
3.6 Repayment of borrowings	(32)	(32)
3.7 Transaction costs related to loans and borrowings	(1)	(1)
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	556	556

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	869	2,731
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(131)	(1,620)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(17)	(390)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	556	556
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,277	1,277

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	1,127	405
5.2	Call deposits	150	464
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)	1,277	869

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.</i> <i>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	1,157,179	557,179
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	1,157,179	557,179
7.5	Unused financing facilities available at quarter end		600,000
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.		

\$600,000 Unsecured Loan Facility

Final repayment date 18 months after the first Drawdown Date or such other date agreed in writing by the parties

Interest rate of 8% per annum

Lenders:

1. Parmms Enterprises Pty Ltd ATF Parmms Investments Unit Trust
2. Clinton Capital Partners Pty Ltd

\$422,351.20 Secured Loan Facility

Lender: Fundsquire Pty Ltd

Funded FY21 R&D Refund

Expected Loan Repayment Date: The loan is expected to be repaid by no later than 30 September 2022.

Default Date: Loan is repayable by no later than 30 November 2022 (or such later date as may be agreed between the parties from time to time).

Interest rate:

- (a) up to the Expected Loan Repayment Date, 1.25% per month (Initial Rate)
- (b) on and from the Expected Repayment Date until the Default Date, 1.75% per month.

\$168,519.46 Premium Funding Agreement

Lender: IQumulate Premium Funding Pty Ltd

Insurance Premium Funding

First Instalment Date 14/05/2022

Last Instalment Date 14/02/2023

Flat Interest Rate: 5.9832%

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(131)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,277
8.3	Unused finance facilities available at quarter end (item 7.5)	600
8.4	Total available funding (item 8.2 + item 8.3)	1,877
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	14
	<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:

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.

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: 12 July 2022

Authorised by: The Board of Directors 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 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.