



Quarterly Activity Report - December 2021

Monday 31 January 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 December 2021.

HIGHLIGHTS

- **Successful re-brand** of the company to Wrkr with social media campaigns underway (SMSFs, Payroll focused).
- **Continued build out of our Growth capability** to accelerate our direct sales of Wrkr Ready with an initial focus on the Retail and Hospitality sector.
- Successful launch and **growth of Wrkr SMSF Hub** product with 4,000 registered SMSFs, 3 wholesale providers representing 3,000 SMSFs, 170 small accounting/SMSF suppliers signed with 300 more registering interest and 16,000 existing SMSF customers being transitioned to the paid service.
- Successful development of Wrkr Ready for Super capability in our platform, enabling our Superfund clients to **deliver on Fund 'Stapling' ambitions** now and also in readiness for the ATO digital services launch.
- Significant **sales funnel progress** in the Superfund and Payroll segments moving to business case approvals with deals anticipated over the next 2 quarters.
- Cost reduction initiatives have been concluded to remove costs associated with completed projects, **removing a run-rate of \$500K p.a. of costs** providing headroom for growth initiatives aligned to the pipeline over the next 2 quarters. We will be reducing other costs over the next 6 months to position the business for growth and improve the cash run rate.

The financial highlights are:

- Q2 FY22 **Revenue** of \$1,060k (**+233%** on previous year Q2 FY21 of \$318k)
- 1H FY22 **Revenue** of \$1,763k (**+179%** on previous year 1H FY21 of \$631k)
- Q2 FY22 **Cash Receipts** from customers of \$963k (**+182%** on previous year Q2 FY21 of \$342k)
- 1H FY22 **Cash Receipts** from customers of \$1,928k (**+197%** on previous 1H FY21 of \$650k)
- **Operating Ratio improved** by **188%** in H1 FY22 (88%) compared to H1 FY21 (183%)
- **Cash at bank** as at 31-Dec-21 is \$1,167k (30-Sep-21 \$2,040k) with **\$234k work in progress** to be billed in Q1.



Attached is the unaudited consolidated Profit/(Loss) for the Wrkr group for the 6 months ended 31 December 2021. Please note that the financial results shown in this release have not been audited and may be subject to change once the auditor's review has been completed.

Other

As required to be disclosed under ASX Listing Rules, payments to related parties 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 interruption due to COVID-19 as we continue to remain isolated with full support for working from home. We do expect that the virus will provide some impact with increased sick leave and minor operational delays. Our policies are aligned to Government guidelines and we will adjust as required.

The business strength

The business continues to deliver on our strategy

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

With the move to a new brand, we have now concluded the first pillar of our strategy to have One Brand, Team and Architecture. While there will be continued migration of technology, this will be phased to manage cost and returns. With the integration now behind us, Wrkr is focused on growth and building toward our longer-term vision.

Our new Executive team is in place with a strong operating rhythm and we have now shifted our talent priorities toward increasing capacity in line with growth opportunities and the delivery and support of new revenue.

As indicated in the prior quarterly, following a thorough analysis of products, brands and initiatives, we are well underway for swift decommissioning of legacy technology over the final 2 quarters. We have now concluded development work on ClickVu and have transitioned that code base to the core team and DevOps environment freeing up a run-rate of over \$500K p.a. of development costs.



The next quarter will see a focus on concluding key negotiations to extend our reach in the compliance ecosystem across APRA Funds and Payrolls. In addition to this priority, we will be increasing our direct sales activity on Wrkr Ready targeting the Retail sector and growing our Wrkr SMSF Hub consumer numbers.

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:

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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.

Appendix 1

WRKR LTD				
Unaudited Consolidated Profit/(Loss)				
31 December 2021				
	Q2 FY22	Q1 FY22	1H FY22	1H FY21
	\$	\$	\$	\$
Total Revenue	1,060,326	793,000	1,763,327	630,985
Total Cost of Sales	<u>-139,636</u>	<u>-124,852</u>	<u>-264,055</u>	<u>-212,705</u>
Gross Profit	920,690	668,148	1,499,272	418,280
<i>Less Operating Expenses</i>				
Administration Expenses	-220,255	-251,954	-499,553	-201,118
Consulting Expenses	-227,845	-156,115	-358,960	-225,304
Employment Expenses	-1,142,297	-1,005,739	-2,147,990	-694,291
Occupancy Expenses	-25,500	-25,591	-51,090	-36,456
Total Operating Expenses	<u>-1,615,897</u>	<u>-1,439,399</u>	<u>-3,057,593</u>	<u>-1,157,169</u>
Operating Profit/(Loss)	<u>-695,207</u>	<u>-771,251</u>	<u>-1,558,321</u>	<u>-738,889</u>

Note: The operating losses are before non-operating income and non-operating expenses which include amortisation, depreciation, and non-recurring expenses.

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 December 2021 (Quarter 2)

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	963	1,928
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(130)	(217)
(c) advertising and marketing	(44)	(82)
(d) leased assets		
(e) staff costs	(1,024)	(1,971)
(f) administration and corporate costs	(455)	(856)
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	(690)	(1,198)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(3)	(6)
(d) investments		
(e) intellectual property	(13)	(13)
(f) other non-current assets	(167)	(347)
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		

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

	(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	(183)	(366)

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	2,040	2,731
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(690)	(1,198)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(183)	(366)
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	1,167	1,167

5.	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	776	1,534
5.2	Call deposits	391	506

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

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)	1,167	2,040

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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<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>		
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(690)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,167
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	1,167
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1

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.

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: No. Management expects that negative net operating cash flows will reduce in Q3 and Q4. At 31 December 2021, Wrkr LTD had \$234k of work in progress that will be invoiced in early Q3 increasing the receipts from customers in Q3. Additionally, the

business has forecasted a reduction in operating expenses and increase in revenues from Wrkr SMSF Hub and Wrkr Ready (including Wrkr Platform) sales compared to the first half of the year. Cost reduction initiatives have been concluded to remove costs associated with completed projects, removing a run-rate of \$500K p.a. of costs of which \$250k will be realised this financial year. We will be reducing other costs over the next 6 months to position the business for growth and improve the cash run rate.

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: The Company will continue to monitor its working capital requirements closely. With a strong sales pipeline, and deals anticipated over the next 2 quarters, combined with the cost saving measures that have been implemented, management believes we should meet our working capital requirements this financial year.

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: Yes. Management is comfortable that the business will be able to continue its operations and meet its business objectives. We have completed development of Wrkr Ready and launched Wrkr SMSF Hub this financial year as planned, and have generated revenues in line with expectations at 31 December 2021. Operating expenses were higher than budgeted in the first half of the year however these costs were invested into resources to ensure the business could launch and deliver its products efficiently and successfully and, in turn, generate revenues in the year in line with our objectives.

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: 31 January 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 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.