



ASX ANNOUNCEMENT

Tuesday, 27 September 2022

\$3.8m Capital Raise to accelerate Wrkr Growth Strategy

Key Highlights

- Successful completion of Convertible Note Offer to raise \$3.3m. The Convertible Note Offer was made to sophisticated investors (or their related entities) including non-executive Director Paul Collins who subscribed for \$500,000.
- Launch of \$0.5m Share Purchase Plan (SPP) to allow the Company's eligible shareholders the opportunity to participate in the capital raising at \$0.018 per Share (i.e. the same price as the Convertible Note floor price).
- Funds will be used to accelerate growth:
 - opportunities identified within the scope of its Master Services Agreement with Link Group;
 - revenue generating enhancements to Wrkr SMSF Hub;
 - scoping and development of our next generation Payments 2.0 for use in Wrkr PAY; and
 - enhancements to Wrkr READY functionality to enable white labelling and humanless onboarding of new employers/customers to accelerate collaboration with Payrolls and Funds
- Issue of Options to key employees under the Company's Employee Share Option Plan to assist in retaining key talent.
- The Directors Loan facility announced in February 2022 has not been called upon and will be terminated on settlement of tranche 1 of the Convertible Note Offer.
- Minimum Holding Share Buyback being considered post settlement of the Share Purchase Plan.

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Wrkr Ltd (ASX: WRK)(the **Company**) is pleased to announce the completion of an offer of unsecured convertible notes (**Convertible Notes**) (**Convertible Note Offer**) and the launch of a Share Purchase Plan (**SPP**) to raise approximately \$3,800,000 in aggregate (before costs) to accelerate the advancement of new opportunities through further development of Wrkr PLATFORM, READY, PAY and BENEFITS solutions.

Wrkr's Chair Ms Emma Dobson said;

"The Board was delighted with the response to the Convertible Note Offer and believes the SPP will be well supported given our volume of retail investors being close to 1,400 shareholders. This raising, together with existing working capital, is expected to provide the Company with sufficient runway to accelerate the growth opportunities currently well advanced in our pipeline. This is a very exciting time for the Company as we aim to become one of Australia's leading RegTech companies."

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Convertible Note Offer

The Company is pleased to announce the completion of the Convertible Note Offer to raise \$3.3 million. The Convertible Notes have a two-year term, 10% pa coupon paid quarterly as cash and a conversion price based on 20% discount to the Company's 30-day VWAP subject to a ceiling price of \$0.039 per share and a floor price of \$0.018 per share. The key terms of the Convertible Notes are set out in Schedule 1 of this announcement.

It is proposed that there will be two tranches of Convertible Notes.

Tranche 1 Convertible Notes

Tranche 1 is comprised of a binding commitment to raise approximately \$2.8m. The issue of the Tranche 1 Convertible Notes is not subject to shareholder approval and is expected to occur on or around Tuesday, 4 October 2022.

Tranche 2 Convertible Notes

Tranche 2 is comprised of a binding commitment from an entity controlled by Paul Collins (the Participating Director) to raise approximately \$0.5m. The issue of the Tranche 2 Convertible Notes to the Participating Director is subject to shareholder approval being obtained for the purposes of ASX Listing Rule 10.11, which will be sought at the Company's annual general meeting currently expected to be held on 24 November 2022. The settlement of the Tranche 2 Convertible Notes is currently expected to occur on or around 28 November 2022.

The offer of both the Tranche 1 Convertible Notes and the Tranche 2 Convertible Notes is within the Company's placement capacity under ASX Listing Rule 7.1 and is not subject to shareholder approval under ASX Listing Rule 7.1 (although the issue of the Tranche 2 Convertible Notes is subject to shareholder approval under ASX Listing Rule 10.11, as noted above).

The Company's Board of Directors considered different forms of fundraising available to the Company and determined that the terms of the Convertible Notes are more favourable to the Company and its shareholders than capital raising via the issue of ordinary shares because:

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- It avoids direct equity raise being conducted at the same time that the Company is focusing on converting its pipeline opportunities to increase shareholder value;
- Favourable conversion terms have been secured from the Company's supportive shareholders; and
- The Company has the option to redeem the Convertible Notes prior to their maturity, providing greater flexibility.

Share Purchase Plan (SPP)

The Company is pleased to announce the opportunity for eligible Australian and New Zealand shareholders of the Company to participate in a capital raising via an SPP, targeting to raise an additional \$0.5 million by the issue of new shares at \$0.018 per share. The purchase price of the SPP is:

- the same price as the Convertible Notes floor price;
- a 10% discount to the close price of \$0.02 as at Friday, 23 September 2022; and
- a 8.28% discount to the 5 day VWAP of \$0.0196 as at Friday, 23 September 2022.

Shareholders participating in the SPP will not incur brokerage or other transaction costs. New shares issued under the SPP will rank equally with existing shares in the Company.

The SPP will offer eligible shareholders the opportunity to subscribe to up to \$30,000 worth of shares in the Company. The Company intends to issue up to 27,777,778 new shares under the SPP. If the SPP is oversubscribed, then any scaleback of applications will be on an equitable basis with all applicants scaled back pro-rata to their existing shareholding. However, the Directors additionally reserve the right to increase the size of the SPP (subject to compliance with the ASX Listing Rules and the Corporations Act) to accommodate oversubscriptions.

Full details of the SPP and personalised application forms will be included in the SPP offer booklet to be dispatched to eligible shareholders on or about Tuesday, 4 October 2022. A copy of the SPP offer booklet will also be lodged with ASX and which will be available from the ASX's website at www.asx.com.au and the Company's website at www.wrkr.com.au

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Use of Funds

Funds raised through the Convertible Note and SPP will be used to accelerate the Company's pipeline growth initiatives, particularly:

- opportunities identified within the scope of its Master Services Agreement with Link Group;
- revenue generating enhancements to Wrkr SMSF Hub;
- scoping and development of our next generation Payments 2.0 for use in Wrkr PAY;
- enhancements to Wrkr READY functionality to enable white labelling and humanless onboarding of new employers/customers to accelerate collaboration with Payrolls and Funds; and
- working capital.

Timetable

The indicative timetable for the SPP is as follows, and will be confirmed when the SPP offer booklet is dispatched:

Event	Time - Date
SPP Record Date	5:00 pm EST – Monday, 26 September 2022
ASX Announcement	Tuesday, 27 September 2022
Despatch of SPP Booklet	Tuesday, 4 October 2022
SPP Offer Open	9:00 am EST – Thursday, 6 October 2022
SPP closing date	5:00 pm EST – Friday, 21 October 2022
Issue of new shares under the SPP	Thursday, 27 October 2022

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Normal trading of new shares issued under the SPP	Friday, 28 October 2022
Expected dispatch of holding statements	Friday, 28 October 2022

The above timetable is indicative and may change, subject to the Corporations Act and ASX Listing Rules.

Issue of Staff Options

The Company also announces that it has issued a total of 45,000,000 Options (Expiry Date: 27 September 2026) under the terms and conditions of the Company's Employee Share Option Plan (**ESOP**) as approved at its Annual General Meeting on 25 November 2021. The Company's ESOP is an important component of the Company's focus to attract and retain the best team to deliver results, align those employees with shareholder interests and conserve valuable cash resources.

The key terms of the options are set out in Schedule 2 of this announcement.

The Appendix 3G will be issued separately from this announcement.

Proposed Minimum Holding Buy Back

After the completion of the Share Purchase Plan, the Company will consider a minimum holding share buy-back of ordinary shares for Wrkr shareholders who hold less than a marketable parcel of shares in Wrkr (**Eligible Shareholders**) (**Buy-Back**).

At Wrkr's current price the Buy-Back is not considered to be material and the number of shares that may be potentially acquired is circa 0.44% of Wrkr's share capital as of Friday, 23 September 2022.

Under the ASX Listing Rules, any shareholding valued at less than \$500 is considered to be an

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"unmarketable parcel" of shares (**Unmarketable Parcel**). The buy-back price may be based on the volume weighted average price of WRK shares for the 5 trading days preceding the official buy-back announcement but as an indication and based on a market price of Wrkr shares of \$0.02 as at Friday 23 September 2022, an Unmarketable Parcel of shares is currently 25,000 shares or less.

Wrkr is considering undertaking the Buy-Back in order to reduce the administrative costs associated with maintaining a large number of very small holdings. Eligible Shareholders will also be able to dispose of their shares without incurring brokerage and other expenses. Wrkr will pay for all costs related to the Buy-Back (excluding tax consequences from the sale which remain the responsibility of Eligible Shareholders).

Based on a closing market price of Wrkr shares (\$0.02) and the register of members as at Friday 23 September 2022:

- An Unmarketable Parcel of shares is any shareholding of 25,000 shares or less;
- Approximately 0.44% of Wrkr's shares are held by shareholders holding Unmarketable Parcels;
- 381 individual shareholders hold an Unmarketable Parcel, comprising 27.3% of Wrkr's total 1,396 shareholders;
- Since January 1 2022, close to 16% of the Wrkr register movements were shareholders with 25,000 or fewer shares selling out of the stock; and
- The aggregate value of Wrkr shares held by Eligible Shareholders is \$108,202.02.

Eligible shareholders will be able to opt out of a Buy-Back.

If the Board resolves to conduct a Buy-Back, full details will be announced post the completion of the Share Purchase Plan.



Trading update

Wrkr has negotiated a master services agreement with Link Group (**Link**) and is currently negotiating the commercial terms for a statement of work pursuant to which Link may procure superannuation clearing house services underpinned by Wrkr's technology and services (**Wrkr SOW**). Currently, Link is assessing a range of matters including customer and implementation timing impacts prior to agreeing any Wrkr SOW. Wrkr expects that should the Wrkr SOW be entered into with Link Group, it will present material revenue to Wrkr over its term (which is proposed to be for an initial term of 3 years with the potential for a 2-year extension). As of the date of this announcement, there is no certainty that entry into the Wrkr SOW will occur or that Wrkr will provide services to Link.

This announcement has been authorised and approved by the Board in accordance with the Company's published continuous disclosure policy.

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SCHEDULE 1 - SUMMARY OF KEY TERMS OF CONVERTIBLE NOTES

1. Securities offered	Convertible Notes which are convertible into fully paid ordinary shares in the capital of the Company (Convertible Notes).
2. Face Value of each Convertible Note	\$1.00 per Convertible Note.
3. Maturity Date	4 October 2024.
4. Interest Rate	10% pa paid as cash on a quarterly basis.
6. Conversion	<p>The Convertible Notes, together with any accrued unpaid interest, will automatically convert into fully paid ordinary shares in the Company (Conversion Shares) on the Maturity Date. The Conversion Shares will be issued at a share price equal to 20% discount to the 30-day VWAP, unless:</p> <ul style="list-style-type: none">(a) such amount is greater than \$0.039, in which case the conversion price will be \$0.039; or(b) such amount is less than \$0.018, in which case the conversion price will be \$0.018 (Convertible Note floor price).
7. Redemption	<p>The Company may at any time prior to the Maturity Date, elect to redeem all or some of the Convertible Notes held by a Noteholder. The Company must also redeem all Convertible Notes upon the occurrence of an insolvency event.</p> <p>Where a Convertible Note is redeemed, the Company will pay to the relevant Noteholder an additional interest payment so that the total interest received by the Noteholder in respect of those Convertible Notes is equivalent to the amount they would have received had the relevant Convertible Notes been held until maturity.</p>

8. Change of Control	If a change of control event occurs, the Noteholder may in its discretion elect to either convert all or some Convertible Notes at the floor conversion price and/or redeem all or some Convertible Notes.
9. Ranking	The Convertible Notes will rank <i>pari passu</i> amongst themselves. All Conversion Shares will rank equally with and will carry the same rights as the existing issued fully paid ordinary shares in the Company.
10. Transferability	The Convertible Notes are not transferable without the prior written consent of the Company.
11. Rights attaching to Convertible Notes	A Convertible Note carries no right to participate in any offering of securities by the Company or the right to vote at any general meeting of the Company.
12. Security	The Convertible Notes will be unsecured.
13. Quotation	The Convertible Notes will not be quoted on ASX.
14. Reorganisation	<p>If there is a reorganisation by the Company of its share capital, the rights of a Noteholder in relation to the conversion will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.</p> <p>If the Company makes a bonus issue of shares or other securities, then each Noteholder upon conversion of outstanding Convertible Notes held by it will be entitled to receive such number of further shares or securities which the Noteholder would have received if those outstanding Convertible Notes had been converted before the record date for the bonus issue.</p>



SCHEDULE 2: Summary of Terms of Option Grants under Employee Share Option Plan

The options have been granted by Wrkr Ltd (**Company**) under the Company's Employee Share Option Plan (**Plan**).

Each option gives the right to subscribe for or acquire one ordinary share in the Company (**Option**).

No consideration is payable for the grant of the Options.

The Options were granted on the terms and conditions set out below and are subject to the rules of the Plan (**Plan Rules**).

The Option offers were made in reliance upon ASIC Class Order [CO 14/1000].

Terms and conditions of Options	
Grant Date	27 September 2022 (the Grant Date).
Tranches of Options	The Options were granted in three separate Tranches.
Exercise Price	A\$0.022 per Option, as determined in accordance with the Plan Rules.
Vesting Dates	As identified below for each respective Tranche of Options.
Exercise Period	Begins on the relevant Vesting Date for each respective Tranche of Options (identified below) and ends 4 years after the Grant Date (as amended in accordance with the Plan Rules and these terms).
Exercise Conditions	As set out in these terms below for each respective Tranche of Options.
Forfeiture Conditions	As identified in the Plan Rules and in these terms below.

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Disposal Restrictions on Shares	<p>Shares acquired upon the exercise of Options may initially be subject to disposal restrictions until they may be sold without breaching the insider trading provisions of the Corporations Act 2001 (Cth) or the Company's Security Trading Policy and without requiring the preparation of a prospectus or other disclosure document. If the shares are subject to disposal restrictions, by accepting an Option Offer the staff member agrees to the application of a holding lock while the shares remain subject to disposal restrictions.</p>
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Tranche	Number of Options per Tranche	Vesting Dates	Exercise Conditions and Forfeiture Conditions
1	40% of aggregate number of Options granted	The Tranche 1 Options will vest on 31 August 2023 (Tranche 1 Vesting Date) subject to satisfaction of the Tranche 1 Exercise Conditions.	<p>The Exercise Conditions for the Tranche 1 Options are satisfaction of both the following:</p> <ul style="list-style-type: none"> (a) staff member is employed by the Company or one of its subsidiaries as at the Tranche 1 Vesting Date; and (b) the achievement by the Company and its subsidiaries (as defined in the Corporations Act 2001 (Cth)) of revenues for the financial year ending 30 June 2023 (as determined in accordance with Australian Accounting Standards) of A\$6.5million or higher. <p>For the purposes of the above Exercise Condition, revenues do not include:</p> <ul style="list-style-type: none"> (a) one-off or extraordinary revenue items; (b) revenue received in the form of government grants, allowances, rebates or other hand-outs; or (c) revenue or profit that has been 'manufactured' to achieve the performance milestone.



			If these Exercise Conditions are not satisfied on the Tranche 1 Vesting Date, then the Tranche 1 Options, Tranche 2 Options and Tranche 3 Options will automatically lapse on this date.
2	40% of aggregate number of Options granted	The Tranche 2 Options will vest on 31 August 2024 (Tranche 2 Vesting Date) subject to satisfaction of the Tranche 2 Exercise Conditions.	<p>The Exercise Conditions for the Tranche 2 Options are satisfaction of both the following:</p> <p>(a) satisfaction of the Tranche 1 Option Exercise Conditions and vesting of the Tranche 1 Options; and</p> <p>(b) staff member is employed by the Company or one of its subsidiaries as at the Tranche 2 Vesting Date.</p> <p>If these Exercise Conditions are not satisfied on the Tranche 2 Vesting Date, then the Tranche 2 Options and Tranche 3 Options will automatically lapse on this date if they have not lapsed earlier.</p>
3	20% of aggregate number of Options granted	The Tranche 3 Options will vest on 31 August 2025 (Tranche 3 Vesting Date) subject to satisfaction of the Tranche 3 Exercise Conditions.	<p>The Exercise Conditions for the Tranche 3 Options are satisfaction of both the following:</p> <p>(a) satisfaction of the Tranche 1 Option Exercise Conditions and vesting of the Tranche 1 Options; and</p> <p>(b) staff member is employed by the Company or one of its subsidiaries as at the Tranche 3 Vesting Date.</p> <p>If these Exercise Conditions are not satisfied on the Tranche 3 Vesting Date, then the Tranche 3 Options will automatically lapse on this date if they have not lapsed earlier.</p>



For queries:

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About Wrkr Ltd:

Wrkr 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 holds payment processing patents in Australia and the USA.

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 the Company 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, the Company assumes no obligation to update or correct the information in this release. To the maximum extent permitted by law, the Company 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 the Company's ASX announcements and releases.

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