



# Quarterly Activity Report - March 2023

Thursday 27 April 2023

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 31 March 2023.

## HIGHLIGHTS for Q3 FY23

- Achieved **positive operating cash flow for 2nd consecutive quarter** (Q3 +\$289k; Q2 +\$153k)
- YTD positive net operating cash flow position of +\$84k
- Cash at bank 31 March 2023 is **\$4.85m** (\$5.02m 31 December 2022)
- Wrkr **revenues are up by 39%** Q3 YTD YoY
- Wrkr SMSF Hub has seen strong contract renewals and subscriptions over the quarter and is ahead of the forecast for FY23
- Wrkr PAY - Payments 2.0 designs completed and market partnership reviews finalised to deliver on our blueprint for low-cost, real-time payments
- Wrkr READY added a number of new customer features including integration to Wrkr PAY STP2, enhanced reporting and real-time integration to the Australian Health Practitioner Regulation Agency (AHPRA) for health practitioner licence checks. This positions Wrkr for onboarding compliance to the ~900K health workers
- Wrkr PLATFORM has undergone a series of updates to improve security and scalability to prepare for potential international opportunities.

## Financial highlights:

- **Cash at bank** as at 31-Mar-23 is **\$4.85m** (31-Dec-22 \$5.02m)
- Q3 YTD unaudited **revenues** of \$4.49m (**+39%** on previous year Q3 YTD of \$3.22m)
- Q3 FY23 **Cash Receipts** from customers of \$1.59m (**+38%** on previous Q3 FY22 of \$1.15m)
- Q3 YTD FY23 **Cash Receipts** from customers of \$4.66m (**+51%** on previous year Q3 YTD FY22 of \$3.08m)
- Q3 YTD FY23 **Cash payments** for operating activities of \$4.58m, <1% on the previous year Q3 YTD FY22 of \$4.57m compared to an increase in receipts from customers of 51%. This continues to demonstrate a consistent **improvement in the group's cost-to-income ratio**.

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



- \$1,639k Staff costs
- \$193k Administration and corporate costs
- \$149k Operating costs
- \$72k Finance Costs
- \$40k Advertising and marketing

## Other

As required to be disclosed under ASX Listing Rules, payments to related parties in the current quarter amounted to \$124k. 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 (\$124k).

## The business strength

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's products mature we are seeing **strong organic growth and customer advocacy.** This trend is expected to continue. Over the next quarter, Wrkr will continue to orient the business towards growth by continuing our investments in:

- opportunities identified within the scope of its Master Services Agreement with Link Group; finalising roll-out plans and services for Australian Funds and completing contribution proof of concepts for the international market.
- further enhancements to Wrkr SMSF Hub to support continued growth in Advisors and Accountants through leverage of open banking for account transfer visibility
- building out our Wrkr PAY next-generation services which will include our Open Banking integrations and leverage our newly achieved Consumer Data Rights Consent (CDR) status with the ACCC.
- continue enhancements to Wrkr READY functionality to enable white labelling and humanless onboarding of new employers/customers to accelerate collaboration with Payrolls and Funds. Additional integrations to Enterprise payroll and HRM providers will be included in the next release to support new partnerships.

Overall the business continues to build momentum toward our objectives with a healthy balance between lifting the 'run-rate' of sales across products while focusing on obtaining material multi-faceted deals. The progression of the Link deal has taken longer than expected to move from detailed scoping to the next implementation however, our confidence level has increased and the work continues to progress and build in the scale of services.



Wrkr is on track to reach our targets across the board for FY23 which is a testament to the efforts of the entire Wrkr team and our product diversity.

**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**

**Chair**

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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 and the USA.

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 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 2023 (Quarter 3)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (.....months) \$A'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		1,591	4,662
1.2 Payments for			
(a) research and development			
(b) product manufacturing and operating costs		(149)	(482)
(c) advertising and marketing		(40)	(140)
(d) leased assets			
(e) staff costs		(1,639)	(3,953)
(f) administration and corporate costs		(193)	(806)
1.3 Dividends received (see note 3)			
1.4 Interest received		34	66
1.5 Interest and other costs of finance paid		(72)	(153)
1.6 Income taxes paid		(165)	(165)
1.7 Government grants and tax incentives		922	1,055
1.8 Other (provide details if material)			
<b>1.9 Net cash from / (used in) operating activities</b>		<b>289</b>	<b>84</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire or for:			
(a) entities			
(b) businesses			
(c) property, plant and equipment		(10)	(30)
(d) investments			
(e) intellectual property			

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
	(f) other non-current assets		
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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(10)</b>	<b>(30)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	84	942
3.2	Proceeds from issue of convertible debt securities		3,300
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(84)	(170)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(455)	(557)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(455)</b>	<b>3,515</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,022	1,277
4.2	Net cash from / (used in) operating activities (item 1.9 above)	289	84
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10)	(30)

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)	(455)	3,515
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>4,846</b>	<b>4,846</b>

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	868	1,238
5.2	Call deposits	3,978	3,784
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,846</b>	<b>5,022</b>

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	
<i>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.</i>		

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		
7.2	Credit standby arrangements		
7.3	Other (please specify)		3,300,000
7.4	<b>Total financing facilities</b>		<b>3,300,000</b>
7.5	<b>Unused financing facilities available at quarter end</b>		<b>0</b>
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.		

**Other Facilities**

**\$3,300,000.00 Convertible Notes**

Securities Offered: Convertible notes which are convertible into fully paid ordinary shares in the capital of the Company

Face Value of each Convertible Note: \$1.00 per Convertible Note

Maturity Date: 4 October 2024

Interest Rate: 10% pa paid as cash on a quarterly basis

Security: The Convertible Notes are unsecured

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	289
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,846
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	4,846
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<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: 27 April 2023.....

Authorised by: .....The Board.....  
(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.