



ASX ANNOUNCEMENT

Appendix 4D (Half year report) and Half Year FY2024 Financial Report

27 February 2024

Wrkr Ltd (ASX: WRK) releases its Appendix 4D and financial report for the half year ended 31 December 2023. The attached Appendix 4D and half year financial report have been approved by the Board.

Wrkr's Chief Executive Officer (Trent Lund) and Chief Financial Officer (Karen Gilmour) will host an investor webcast to discuss the half year results:

When: Feb 29, 2024 10:30 AM Canberra, Melbourne, Sydney
Topic: Wrkr Half Year Results FY2024

Please click the link below to join the webinar:

https://us06web.zoom.us/j/83466430031?pwd=06aHxaenrtqjoZTE2-JSN-9eNT1pfA.e-DWh4acq_QDRxHA

Passcode: 011878

For queries:

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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.

1. Company details

Name of entity:	Wrkr Ltd
ABN:	50 611 202 414
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	44.2% to	3,879,423
Loss from ordinary activities after tax attributable to the owners of Wrkr Ltd	up	8.4% to	(2,737,567)
Loss for the half-year attributable to the owners of Wrkr Ltd	up	8.4% to	(2,737,567)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$2,737,567 (31 December 2022: \$2,525,532).

Further commentary on the Group's operating performance and results from operations are set out in the attached Interim Report.

3. Net tangible assets

	31 Dec 2023 Cents	31 Dec 2022 Cents
Net tangible assets per ordinary security	<u>(0.22)</u>	<u>0.04</u>

The net tangible assets calculation includes rights-of-use assets of \$167,192 (31 Dec 2022: \$nil) and the corresponding lease liabilities of \$73,613 (31 Dec 2022: \$nil).

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Wrkr Ltd for the half-year ended 31 December 2023 is attached.

12. Signed

Authorised by the Board of Directors

Signed  _____

Date: 27 February 2024

Emma Dobson
Non-Executive Chair
Sydney



Wrkr Ltd
ACN: 611 202 414
ASX Code WRK

Financial Report for the half-year ended 31 December 2023



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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Wrkr Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were Directors of Wrkr Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Emma Dobson - Non-Executive Director and Chair
Trent Lund - Chief Executive Officer and Managing Director
Paul Collins - Non-Executive Director
Randolf Clinton - Non-Executive Director

Principal activities

During the financial year the principal activities of the Group consisted of operating the following businesses:

- **Wrkr PLATFORM**, a modern cloud-based compliance platform for handling messaging with the Australian Taxation Office ('ATO'), SuperStream, Single Touch Payroll ('STP') 2.0, Pan-European Public Procurement Online ('PEPPOL'), Standard Business Reporting ('SBR') and State authorities, and orchestrating payment processing for worker pay and super contributions for fund administrators;
- **Wrkr PAY**, a superannuation gateway and clearing house and payment handling solution for secure processing of employee pay and super contributions for payrolls and superfunds. This product includes the Wrkr SMSF Hub providing ATO messaging and contributions compliance for Self Managed Super Funds ('SMSFs'); and
- **Wrkr READY**, a white label employee onboarding solution to manage the compliant onboarding of full-time and casual workers.

The Directors determined that activities categorised as Wrkr BENEFITS in the prior half-year should be reclassified as Wrkr PAY activities. This decision was taken due to the underlying transactional nature of these activities. The Group does not expect to bring on Wrkr BENEFITS until at least 2025.

The Group holds payment processing patents in the USA.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the Group after providing for income tax amounted to \$2,737,567 (31 December 2022: \$2,525,532).

The Earnings Before Interest, Taxes, Depreciation and Amortisation ('EBITDA') for half-year 31 December 2023, was a net loss of \$534,111 compared to net loss for half-year 31 December 2022 of \$1,179,496. EBITDA is a financial measure not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash items, interest revenue, finance costs, fair value movement on embedded derivatives and tax expenses. The Directors consider EBITDA to reflect the core earnings of the Group. The following table summarises key reconciling items between statutory profit after tax and EBITDA.

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Loss after income tax benefit	(2,737,567)	(2,525,532)
Add: Finance costs	47,263	47,525
Less: Income tax expense/(benefit)	-	-
Less: Interest revenue	(32,241)	(32,940)
Add/(less): Fair value movement on embedded derivatives	808,061	(71,184)
Earnings Before Interest and Tax, ('EBIT')	<u>(1,914,484)</u>	<u>(2,582,131)</u>
Add: depreciation and amortisation	1,380,373	1,402,635
EBITDA	<u><u>(534,111)</u></u>	<u><u>(1,179,496)</u></u>

The Directors consider that the Group will continue as a going concern, as explained in note 2 to the financial statements.

Corporate overview

Wrkr Ltd ('Wrkr') is an Australian regulatory technology business helping Australian employers to simplify workforce compliance across the hire-to-retire lifecycle. Wrkr replaces paper-based compliance processes across employee onboarding, payments, super contributions and self-managed superannuation funds ('SMSFs') with a simple, intuitive, and secure digital experience. The Group resolves compliance moments in real time by facilitating the collection, transfer and processing of data and payments between regulated authorities and participants in the ecosystem (HR/payrolls, Accountants, Advisors, Banks, Australian Prudential Regulation Authority ('APRA') and self-managed super fund ('SMSF') and federal departments like the Australian Taxation Office ('ATO')).

Significant changes in the state of affairs

The Board adopted a new Employee Securities Incentive Plan ('ESIP') on 27 July 2023. A number of employees, and the Chairperson, have been invited to participate in the ESIP. The total number of performance rights granted between the adopting of the ESIP and 31 December 2023 was 17,800,000. 3,500,000 of these performance rights lapsed on 21 November 2023 upon an employee leaving the Group. All employees accepted the invitation on or before 12 December 2023. The Chairperson accepted the invitation on 15 January 2024.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Emma Dobson
 Non-Executive Chair

27 February 2024
 Sydney

Auditor's Independence Declaration

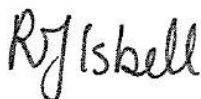
To the Directors of Wrkr Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Wrkr Ltd for the half-year ended 31 December 2023. I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



R J Isbell
Partner – Audit & Assurance

Sydney, 27 February 2024

Wrkr Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023



		Consolidated	
	Note	31 Dec 2023	31 Dec 2022
		\$	\$
Revenue	4	3,879,423	2,690,228
Government grants		32,882	62,000
Interest revenue calculated using the effective interest method		32,241	32,940
Fair value movement on embedded derivatives		-	71,184
Expenses			
Employee benefits expense		(2,756,815)	(2,611,665)
Consulting fees		(299,734)	(191,897)
Depreciation and amortisation expense	5	(1,380,373)	(1,402,635)
Impairment of receivables		(582)	(36)
Conference and marketing expense		(74,571)	(112,002)
Transaction costs		(600,561)	(332,523)
Premises expense		(50,550)	(76,403)
Patents		-	(5,045)
Fair value movement on embedded derivatives		(808,061)	-
Share-based payments	15	(81,297)	(35,520)
ASX listing costs		(17,391)	(24,696)
Other expenses		(564,915)	(541,937)
Finance costs	5	(47,263)	(47,525)
Loss before income tax expense		(2,737,567)	(2,525,532)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Wrkr Ltd		(2,737,567)	(2,525,532)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Wrkr Ltd		<u>(2,737,567)</u>	<u>(2,525,532)</u>
		Cents	Cents
Basic earnings per share	14	(0.215)	(0.203)
Diluted earnings per share	14	(0.215)	(0.203)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

		Consolidated	
	Note	31 Dec 2023 \$	30 Jun 2023 \$
Assets			
Current assets			
Cash and cash equivalents		2,083,054	4,108,448
Trade and other receivables	6	1,612,854	852,404
Contract assets		336,615	637,702
Total current assets		<u>4,032,523</u>	<u>5,598,554</u>
Non-current assets			
Plant and equipment		96,385	56,983
Right-of-use assets	7	167,192	-
Intangibles	8	12,639,027	12,601,286
Total non-current assets		<u>12,902,604</u>	<u>12,658,269</u>
Total assets		<u>16,935,127</u>	<u>18,256,823</u>
Liabilities			
Current liabilities			
Trade and other payables		1,107,380	852,873
Contract liabilities		919,614	664,077
Borrowings		39,785	189,143
Lease liabilities		123,303	-
Derivative financial instruments	12	3,407,099	-
Employee benefits		902,929	815,263
Deferred R&D government grant		65,764	65,764
Convertible notes payable		230,962	-
Total current liabilities		<u>6,796,836</u>	<u>2,587,120</u>
Non-current liabilities			
Lease liabilities		73,613	-
Derivative financial instruments	12	-	2,599,038
Employee benefits		119,649	70,985
Deferred R&D government grant		148,192	181,076
Convertible notes payable		-	365,497
Total non-current liabilities		<u>341,454</u>	<u>3,216,596</u>
Total liabilities		<u>7,138,290</u>	<u>5,803,716</u>
Net assets		<u>9,796,837</u>	<u>12,453,107</u>
Equity			
Issued capital	9	44,891,201	44,891,201
Share-based payments reserve	10	183,648	241,216
Accumulated losses		(35,278,012)	(32,679,310)
Total equity		<u>9,796,837</u>	<u>12,453,107</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	44,032,967	230,659	(28,598,194)	15,665,432
Loss after income tax expense for the half-year	-	-	(2,525,532)	(2,525,532)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,525,532)	(2,525,532)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	942,000	-	-	942,000
Share buy-back	(83,766)	-	-	(83,766)
Share-based payments (note 15)	-	35,520	-	35,520
Lapsed options transferred to accumulated losses	-	(33,486)	33,486	-
Balance at 31 December 2022	<u>44,891,201</u>	<u>232,693</u>	<u>(31,090,240)</u>	<u>14,033,654</u>

Consolidated	Issued capital \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	44,891,201	241,216	(32,679,310)	12,453,107
Loss after income tax expense for the half-year	-	-	(2,737,567)	(2,737,567)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,737,567)	(2,737,567)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 10)	-	81,297	-	81,297
Lapsed options transferred to accumulated losses	-	(138,865)	138,865	-
Balance at 31 December 2023	<u>44,891,201</u>	<u>183,648</u>	<u>(35,278,012)</u>	<u>9,796,837</u>

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	3,806,103	3,070,217
Payments to suppliers and employees (inclusive of GST)	(4,114,451)	(3,392,575)
Interest received	32,241	32,940
Government grants received	-	769,294
Interest and other finance costs paid	(172,137)	(97,014)
Income taxes paid	-	(165,136)
	<u>(448,244)</u>	<u>217,726</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(61,892)	(20,266)
Payments for intangibles	(1,362,185)	-
	<u>(1,424,077)</u>	<u>(20,266)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	942,000
Proceeds from issue of convertible notes	-	3,300,000
Payments for share buy-backs, convertible notes issues, share purchase plan	-	(170,100)
Repayment of borrowings	(149,358)	(523,427)
Repayment of leases	(3,715)	-
	<u>(153,073)</u>	<u>3,548,473</u>
Net cash from/(used in) operating activities		
Net increase/(decrease) in cash and cash equivalents	(2,025,394)	3,745,933
Cash and cash equivalents at the beginning of the financial half-year	4,108,448	1,276,551
	<u>2,083,054</u>	<u>5,022,484</u>
Cash and cash equivalents at the end of the financial half-year		

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Wrkr Ltd as a Group consisting of Wrkr Ltd ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (together referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars which is Wrkr Ltd's functional and presentation currency.

Wrkr Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 1, Level 3
104-112 Commonwealth Street
Surry Hills, NSW 2010

A description of the nature of the Group's operations and its principal activities are included in the Directors' report which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 February 2024. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements arising under Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2023 and are not expected to have a significant impact for the full financial year ending 30 June 2024.

Any new or amended Accounting Standards or Interpretations not yet mandatory have not been early adopted.

Going concern

The financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. For the half-year ended 31 December 2023, the Group recorded a loss before income tax of \$2,737,567 (31 December 2022: loss of \$2,525,532); showed net cash outflows from investing activities of \$1,424,077 (31 December 2022: \$20,266) and net cash outflows from operating activities of \$448,244 (31 December 2022: inflows of \$217,726). The net assets of the Group as of 31 December 2023 were \$9,796,837 (30 Jun 2023: \$12,453,107).

As at 31 December 2023, the Group had cash and cash equivalents of \$2,083,054 (30 Jun 2023: \$4,108,448).

Note 2. Material accounting policy information (continued)

The Directors consider that the Company has sufficient resources to meet all of its obligations as and when they fall due. Therefore, the financial statements have been prepared on a going concern basis. In concluding this, the following factors have been considered:

- As at 31 December 2023, Wrkr had a cash balance of \$2,083,054. With new revenue streams forecast for the recent signing of contracts with Link, along with the expected maintenance of existing revenue streams, management consider the Company will be able to continue its operations for the foreseeable future and repay debts as they fall due;
- The net cash used in operating activities in the period was negative. A material payment of \$770,000 (incl GST) that was due from a customer on 29 December was not received on time. Had the payment been received on time, the net cash from operating activities would've been positive for the period;
- The \$3,300,000 convertible notes will mature on 4 October 2024 and are current liabilities as at 31 December 2023. This has resulted in a net current liability position. Upon maturity, conversion or payment of the convertible notes are at Wrkr's discretion. The business is currently assessing several options such as extension, conversion, replacement of the convertible notes, or debt facility. The Board will not put the company into a position where Wrkr is unable to pay its debts when making its decision on the assessed options;
- In January 2024, Wrkr signed a contract with Link to licence and support the Wrkr employer platform in Hong Kong. This is part of a software as a service ('SaaS') arrangement to support Link's administration services. \$1,500,000 of the 3 year, \$3,000,000 contract is expected to be delivered and invoiced this financial year;
- Link has confirmed that Rest, one of Australia's largest profit-to-member superannuation funds, will be the first superfund to which Wrkr will deploy its Employer Portal, Clearing House, Gateway services and trial its digital onboarding solutions. The majority of this development and implementation is expected to be completed this financial year;
- Continue to generate revenues from a historically steady base of transactional compliance Wrkr PAY services;
- Expect to generate additional transactional revenues in the next twelve months as Wrkr's Employer Portal, Clearing House and Gateway services are deployed through Link's administration services;
- Continued delivery of our long-term platform licence and support and maintenance contracts with our 3 major customers;
- Develop and deliver a steady stream of contracted compliance platform functionality additions for our major Wrkr Platform customer (Wrkr PLATFORM);
- Focus on maintaining and growing our Wrkr SMF Hub (Wrkr PAY) subscriptions that have demonstrated continued growth since launching this product in October 2021;
- Continued focus on the operating performance of the business; and
- Proactively and efficiently manage working capital.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Material accounting policy information (continued)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into one operating segment relating to the provision of services that enable its customers to meet their regulatory compliance across the hire to retire life cycle. It does that by facilitating the transfer of data and payments between regulated authorities and participants of the ecosystem (HR/payrolls, Accountants, Banks, APRA, and SMSF Funds and federal departments like the ATO).

The information reported to the Board of Directors (being the Chief Operating Decision Makers ('CODM')) consists of the results as shown in the statement of profit or loss and other comprehensive income and statement of financial position in this Interim Report and has therefore not been replicated as segment disclosure.

The Directors have determined that there are no operating segments identified for the year which are considered separately reportable.

Note 4. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
<i>Major product lines</i>		
Wrkr Pay	2,720,246	1,638,614
Wrkr Platform	1,159,037	1,049,934
Wrkr Ready	140	1,680
	<u>3,879,423</u>	<u>2,690,228</u>
<i>Geographical regions</i>		
Australia	<u>3,879,423</u>	<u>2,690,228</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	2,417,078	1,441,144
Services transferred over time	1,462,345	1,249,084
	<u>3,879,423</u>	<u>2,690,228</u>

Note 5. Expenses

Consolidated
31 Dec 2023 **31 Dec 2022**
\$ \$

Loss before income tax includes the following specific expenses:

Depreciation

Plant and equipment	9,358	6,526
Office equipment	13,132	4,203
Right-of-use assets	33,439	-
	55,929	10,729

Amortisation

Intellectual property	104,414	104,414
Patents and trademarks	8,800	22,723
Software	1,115,330	1,168,869
Client relationships	95,900	95,900
	1,324,444	1,391,906

Total depreciation and amortisation	1,380,373	1,402,635
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Finance costs

Interest and finance charges paid/payable on borrowings	8,757	24,356
Interest and finance charges paid/payable on lease liabilities	6,685	-
Interest on convertible notes (debt host)	31,821	23,169
	47,263	47,525

Leases

Short-term lease payments	50,550	76,403
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Superannuation expense

Defined contribution superannuation expense	241,185	216,886
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Note 6. Trade and other receivables

Consolidated
31 Dec 2023 **30 Jun 2023**
\$ \$

Current assets

Trade receivables	1,151,072	616,764
Less: Allowance for expected credit losses	(11,257)	(10,800)
	1,139,815	605,964

Other receivables	158,032	453
Prepayments	315,007	245,987
	1,612,854	852,404

Note 6. Trade and other receivables (continued)

Allowance for expected credit losses

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	%	%	\$	\$	\$	\$
Not overdue	0.22%	-	181,494	483,557	408	-
0 to 3 months overdue	0.04%	-	945,375	88,405	390	-
3 to 6 months overdue	30.78%	-	8,843	24,284	2,722	-
Over 6 months overdue	50.36%	53.00%	15,360	20,518	7,737	10,800
			<u>1,151,072</u>	<u>616,764</u>	<u>11,257</u>	<u>10,800</u>

The 0-3 months overdue receivables balance at 31 December 2023 includes an amount of \$770,000 relating to one overdue invoice. This invoice was paid in January. No allowance for expected credit loss was applied to this receivable.

Note 7. Right-of-use assets

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Non-current assets</i>		
Right-of-use	200,631	-
Less: Accumulated depreciation	<u>(33,439)</u>	<u>-</u>
	<u>167,192</u>	<u>-</u>

The Group leases land and buildings for its offices under agreements of between 1 to 2 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Right-of-use
	\$
Balance at 1 July 2023	-
Additions	200,631
Depreciation expense	<u>(33,439)</u>
Balance at 31 December 2023	<u>167,192</u>

Note 8. Intangibles

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Non-current assets</i>		
Goodwill - at cost	11,921,492	11,921,492
Less: Impairment	<u>(6,755,549)</u>	<u>(6,755,549)</u>
	5,165,943	5,165,943
Intellectual property - at cost	1,054,611	1,054,611
Less: Accumulated amortisation	<u>(664,331)</u>	<u>(559,917)</u>
	390,280	494,694
Patents and trademarks - at cost	1,079,981	1,079,981
Less: Accumulated amortisation	<u>(261,614)</u>	<u>(252,814)</u>
Less: Impairment	<u>(712,753)</u>	<u>(712,753)</u>
	105,614	114,414
Software - at cost	16,334,303	14,600,873
Less: Accumulated amortisation	<u>(8,157,563)</u>	<u>(6,670,988)</u>
Less: Impairment	<u>(1,667,133)</u>	<u>(1,667,133)</u>
	6,509,607	6,262,752
Brand name - at cost	68,000	68,000
Client relationships - at cost	6,082,600	6,082,600
Less: Accumulated amortisation	<u>(4,758,965)</u>	<u>(4,663,065)</u>
Less: Impairment	<u>(924,052)</u>	<u>(924,052)</u>
	399,583	495,483
	<u>12,639,027</u>	<u>12,601,286</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill \$	Intellectual property \$	Patents and trademarks \$	Software \$	Brand name \$	Client relationships \$	Total \$
Balance at 1 July 2023	5,165,943	494,694	114,414	6,262,752	68,000	495,483	12,601,286
Additions	-	-	-	1,362,185	-	-	1,362,185
Amortisation expense	<u>-</u>	<u>(104,414)</u>	<u>(8,800)</u>	<u>(1,115,330)</u>	<u>-</u>	<u>(95,900)</u>	<u>(1,324,444)</u>
Balance at 31 December 2023	<u>5,165,943</u>	<u>390,280</u>	<u>105,614</u>	<u>6,509,607</u>	<u>68,000</u>	<u>399,583</u>	<u>12,639,027</u>

Note 9. Issued capital

	Consolidated			
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>1,271,589,025</u>	<u>1,271,589,025</u>	<u>44,891,201</u>	<u>44,891,201</u>

Note 10. Share-based payments reserve

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Share option reserve	168,767	241,216
Performance right reserve	14,881	-
	<u>183,648</u>	<u>241,216</u>

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Share option \$	Performance rights \$	Total share- based payment reserves \$
Balance at 1 July 2023	241,216	-	241,216
Share-based payment	66,416	14,881	81,297
Lapsed options transferred to accumulated losses	(138,865)	-	(138,865)
	<u>168,767</u>	<u>14,881</u>	<u>183,648</u>

Note 11. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 12. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2023	Level 1 \$	Level 2 \$	Level 3 \$
<i>Liabilities</i>			
Derivative financial instruments	-	3,407,099	-
Total liabilities	<u>-</u>	<u>3,407,099</u>	<u>-</u>
	Level 1 \$	Level 2 \$	Level 3 \$
<i>Liabilities</i>			
Derivative financial instruments	-	2,599,038	-
Total liabilities	<u>-</u>	<u>2,599,038</u>	<u>-</u>

There were no transfers between levels during the financial half-year.

Note 12. Fair value measurement (continued)

Valuation techniques for fair value measurements categorised within level 2 and level 3

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Derivative financial instruments \$
Balance at 1 July 2023	2,599,038
Losses recognised in profit or loss	808,061
Balance at 31 December 2023	<u>3,407,099</u>

Note 13. Contingent liabilities

The Group had no material contingent liabilities at 31 December 2023 or 30 June 2023.

Note 14. Earnings per share

	Consolidated 31 Dec 2023 \$	31 Dec 2022 \$
Loss after income tax attributable to the owners of Wrkr Ltd	<u>(2,737,567)</u>	<u>(2,525,532)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,271,589,025</u>	<u>1,241,494,576</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,271,589,025</u>	<u>1,241,494,576</u>
	Cents	Cents
Basic earnings per share	(0.215)	(0.203)
Diluted earnings per share	(0.215)	(0.203)

50,000,000 share options, 11,000,000 performance rights and 3,300,000 convertible notes have been excluded from the above calculation for diluted earnings per share at 31 December 2023 (31 December 2022: 57,850,000 share options and 3,300,000 convertible notes) as their inclusion would be anti-dilutive due to the loss for the half-year.

Note 15. Share-based payments

Employee Securities Incentive Plan

On 27 July 2023, the Board adopted a new Employee Securities Incentive Plan ('ESIP').

On 8 August 2023, the Company granted 12,000,000 Class A performance rights to a number of employees under the ESIP. 3,500,000 of these performance rights lapsed on 21 November 2023 upon an employee leaving the Group.

On 12 December 2023, the Company granted 2,500,000 Class C performance rights to its staff under the ESIP.

Note 15. Share-based payments (continued)

On 21 November 2023, the Company granted 3,300,000 Class B performance rights to Non-Executive Director Emma Dobson under the ESIP. The performance rights were issued on 15 January 2024.

The vesting conditions of the rights follow:

Class	Number of rights	Vesting date	Market conditions	Non-market conditions
Class A - Tranche 1	2,833,333	31 August 2024	The achievement of a minimum Company share price of \$0.03 by 31 August 2024 (based on the 20 day VWAP preceding this date).	<ul style="list-style-type: none"> -The employee is employed by the Company or one of its subsidiaries as at the Tranche 1 Vesting Date; -Achievement of FY24 EBITDA of (\$1m); and -The successful implementation of the Wrkr One Platform with customers able to acquire and subscribe to the service.
Class A - Tranche 2	2,833,333	31 August 2025	No market conditions	<ul style="list-style-type: none"> - Satisfaction of the Tranche 1 market and non-market vesting conditions; and -The employee is employed by the Company or one of its subsidiaries as at the Tranche 2 Vesting Date.
Class A - Tranche 3	2,833,333	31 August 2026	No market conditions	<ul style="list-style-type: none"> - Satisfaction of the Tranche 1 market and non-market vesting conditions vesting conditions; and -The employee is employed by the Company or one of its subsidiaries as at the Tranche 3 Vesting Date.
Class B - Tranche 1	1,100,000	31 August 2025	The achievement by the Company of a market capitalisation of at least \$45m for a continuous period of twenty (20) trading days.	The individual is a Director of the Company at each respective Vesting Date.
Class B - Tranche 2	1,100,000	31 August 2025	The achievement by the Company of a market capitalisation of at least \$65m for a continuous period of twenty (20) trading days.	The individual is a Director of the Company at each respective Vesting Date.
Class B - Tranche 3	1,100,000	31 August 2025	The achievement by the Company of a market capitalisation of at least \$90m for a continuous period of twenty (20) trading days.	The individual is a Director of the Company at each respective Vesting Date.
Class C - Tranche 1	1,750,000	31 August 2024	The achievement of a minimum Company share price of \$0.03 by 31 August 2024 (based on the 20 day VWAP preceding this date).	<ul style="list-style-type: none"> -The employee is employed by the Company or one of its subsidiaries as at the Tranche 1 Vesting Date; -Achievement of FY24 EBITDA of (\$1m); and -The successful implementation of

Note 15. Share-based payments (continued)

Class	Number of rights	Vesting date	Market conditions	Non-market conditions
				the Wrkr One Platform with customers able to acquire and subscribe to the service.
Class C - Tranche 2	750,000	31 August 2025	No market conditions	- Satisfaction of the Tranche 1 market and non-market vesting conditions; and -The employee is employed by the Company or one of its subsidiaries as at the Tranche 2 Vesting Date.

Total expense arising from share-based payment transactions recognised as of 31 December 2023 was \$81,297 (31 December 2022: \$35,520).

For the performance rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
21/07/2023	31/08/2024	\$0.022	\$0.000	80.00%	-	4.04%	\$0.0120
21/07/2023	31/08/2025	\$0.022	\$0.000	90.00%	-	4.04%	\$0.0130
21/07/2023	31/08/2026	\$0.022	\$0.000	100.00%	-	3.96%	\$0.0130
12/12/2023	31/08/2024	\$0.027	\$0.000	80.00%	-	4.02%	\$0.0100
12/12/2023	31/08/2025	\$0.027	\$0.000	90.00%	-	3.94%	\$0.0110
19/12/2023	31/08/2025	\$0.027	\$0.000	90.00%	-	3.84%	\$0.0220
19/12/2023	31/08/2025	\$0.027	\$0.000	90.00%	-	3.84%	\$0.0180
19/12/2023	31/08/2025	\$0.027	\$0.000	90.00%	-	3.84%	\$0.0140

Note 16. Events after the reporting period

On 15 January 2024, the Company issued 3,300,000 Class B performance rights to Non-Executive Director Emma Dobson under the ESIP. The performance rights were granted on 21 November 2023.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Emma Dobson
Non-Executive Chair

27 February 2024
Sydney

Independent Auditor's Review Report

To the Members of Wrkr Ltd

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Wrkr Ltd and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Wrkr Ltd does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

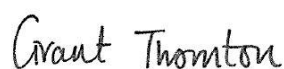
Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



R J Isbell
Partner – Audit & Assurance

Sydney, 27 February 2024



Wrkr Ltd

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