



Quarterly Activity Report - December 2022

Tuesday 24 January 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 December 2022.

HIGHLIGHTS for Q2 FY23

- Achieved **positive operating cash flow** (+\$153k)
- Wrkr **revenues up 50%** in H1 YoY
- Cash at bank 31 December 2022 is **\$5.022m**
- Completed share purchase plan, minimum holding share buy-back and issuance of tranche 2 of the convertible notes. Net cash received in Q2 was \$1.358m
- Signed **contracts with Link Group** to enable them to provide Wrkr PLATFORM, Wrkr PAY and Wrkr READY employer solutions to Funds
- **Progressed Wrkr READY onboarding product** to provide full support for Contingent Workers, Contract Signing and Ahpra (Australian Health Practitioner Regulation Agency) credential checks
- Wrkr **SMSF Hub has grown** to over 20,000 paying customers.

Further details on key activity for Q2 FY23

- Post the capital raise activities, Wrkr has a strong cash position that is expected to support the business areas of focus in FY23 and FY24. The closing cash balance on 31 December 2022 was \$5.02mm (\$3.66m 30-Sep-22). This includes \$3.3m funds received from Tranches 1 and 2 of the Convertible Notes. The business saw an improvement in the operating cash outflow position of 330% compared to prior quarter.
- Wrkr released numerous features and enhancements to our products this quarter, notably:
 - Wrkr READY onboarding released new features to support contingent workers including in-app contract review and signing, new workflows for contractors, integration to STP2 data feeds and to support franchise groups and support for Ahpra credentials to support Chemist retailers.
 - Wrkr SMSF Hub was updated to include contribution data reporting for intermediaries and trustees and to streamline the subscription renewal process and payment options for customers



Financial highlights:

- **Cash at bank** as at 31-Dec-22 is **\$5.022m** (30-Sep-22 \$3.662m)
- H1 FY23 unaudited **revenues** of \$2.693m (**+50%** on previous year H1 FY22 of \$1.797m)
- Q2 FY23 **Cash Receipts** from customers of \$1.746m (**+81%** on previous year Q2 FY22 of \$0.963m)
- H1 FY23 **Cash Receipts** from customers of \$3.071m (**+60%** on previous year H1 FY22 of \$1.928m)
- H1 FY23 **Cash payments** for operating activities of \$3.441m, only +10% on the previous year H1 FY22 of \$3.126m compared to an increase in receipts from customers of 60%. This demonstrates 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:

- \$1,121k Staff costs
- \$303k Administration and corporate costs
- \$174k Operating costs
- \$80k Advertising and marketing

Other

As required to be disclosed under ASX Listing Rules, payments to related parties in the current quarter amounted to \$128,657. 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), and interest payable on convertible notes held by an associated entity of related parties (\$4.7k).

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 in the market we expect growth and customer advocacy 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;
- revenue-generating enhancements to Wrkr SMSF Hub to support continued growth in Advisors and Accountants;
- 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. This investment will be further supported by a significant increase in digital marketing, sales and customer success capabilities.

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.

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

E: emma.dobson@wrkr.com.au



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 December 2022 (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	1,746	3,071
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(174)	(333)
(c) advertising and marketing	(80)	(100)
(d) leased assets		
(e) staff costs	(1,121)	(2,314)
(f) administration and corporate costs	(303)	(613)
1.3 Dividends received (see note 3)		
1.4 Interest received	32	32
1.5 Interest and other costs of finance paid	(80)	(81)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	133	133
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	153	(205)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(14)	(20)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(14)	(20)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	858	858
3.2	Proceeds from issue of convertible debt securities	500	3,300
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(86)	(86)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(51)	(102)
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	1,221	3,970

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,662	1,277
4.2	Net cash from / (used in) operating activities (item 1.9 above)	153	(205)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14)	(20)

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)	1,221	3,970
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	5,022	5,022

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,238	506
5.2	Call deposits	3,784	3,156
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)	5,022	3,662

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	128
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	33	33
7.2	Credit standby arrangements		
7.3	Other (please specify)	3,300	3,300
7.4	Total financing facilities	3,333	3,333
7.5	Unused financing facilities available at quarter end		0
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.		

Loan Facilities

\$168,519.46 Premium Funding Agreement

Lender: IQumulate Premium Funding Pty Ltd

Insurance Premium Funding

First Instalment Date 14/05/2022

Last Instalment Date 14/02/2023

Flat Interest Rate: 5.9832%

Balance payable at 31 December 2022 \$33,691.86

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)	153
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,022
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	5,022
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
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:		
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:		
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:		
Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 24 January 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.