Research as a Service

Wrkr Limited

Initiation Report

Super opportunities ahead

IT Services & Software

18 July 2023

Wrkr Ltd (ASX:WRK) offers compliance solutions for Australian superannuation contributions and payroll including member onboarding, clearing, messaging and employee validation. WRK's product solutions need to address and comply with a range of government regulations that continue to evolve, with examples being Single Touch Payroll 2.0, Your Future Your Super, Pay Day Super, Rollovers 3.0, and the Security of Critical Infrastructure. Such regulations provide somewhat of a moat for competitors looking to enter the space and strong customer retention once secured. WRK has established some key client relationships that promise to deliver significant revenue growth over the forecast period. Long-standing client SunSuper has merged with QSuper (to form ART) and the migration of QSuper members will grow WRK licence revenue. The MSA with Link Group (ASX:LNK) has the potential for some of Australia's largest super funds to utilise a number of Wrkr solutions. The introduction of Pay Day Super in July 2026 will increase the number of transactions required and therefore fees earned on the Wrkr PAY platform. We initiate coverage of WRK with a valuation of $0.08/share, which implies an EV/EBITDA multiple of 4.6x FY27 EPS, a 35% discount to the FY23 profitable peer average of 7.1x.

Business model

WRK operates four separate products, but each serves as a compliance solution for the Australia superannuation sector in one way or another. Wrkr PAY is a gateway clearing house, payment solution and ATO digital messaging provider used by payroll providers, employers, SMSF's and funds which generates fees on transactions, SaaS fees and float interest. Wrkr PLATFORM licenses the platform to super funds as a white-label solution and derives revenue from licence fees per user. Wrkr READY is a white-label automated onboarding solution for employees when selecting their super fund of choice and derives a fee for each onboarding, with further functionality expected to be added. Wrkr BENEFITS allows third parties secure access to employee data for compliance purposes.

Three step-changes in revenue on the horizon

WRK solutions have been built to comply with an array of government regulations around the onboarding, payment and communication of superannuation and payroll payments. The group currently has ~2.5m customers, with key relationships likely to drive this number closer to 7.0m medium-term with increased transaction requirements/fees. Firstly, the merger of SunSuper and QSuper to form ART should see the addition of 0.6m-1.0m members to the PLATFORM over the next 24 months, before any further consolidation activity. Second, the MSA with Link Group could potentially see two of the top-five super funds using a number of Wrkr solutions, increasing transaction fees, interest income and access fees. Thirdly, Pay Day Super changes from July 2026 promise to increase transaction frequency by at least 2.0x for clients using PAY. The net result is forecast to see a four-fold increase in revenue between FY23 and FY27.

Valuation of $0.08/share or $105m market cap fully diluted

The near-term multiples of WRK do not reflect the medium-term revenue and earnings potential from Link customer migration, Pay Day Super or direct client acquisitions. As a result, we deem a DCF as the most appropriate valuation methodology for WRK. Our DCF (incorporating a WACC of 12.0%) is $0.08/share and is driven by Pay Day Super, Link client migration assumptions and a normalised cash rate of 3.5% (for float interest).

Historical earnings and RaaS' estimates (in A$ unless otherwise stated)

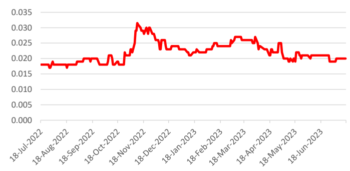
Year end	Revenue	EBITDA adj.	NPATA adj.	EPS adj.	P/E (x)	EV/EBITDA (x)	EV/ARR (x)
06/22a	4.6	(2.0)	(2.2)	(0.002)	(45.5)	n.m.	32.7
06/23f	6.1	(1.9)	(2.1)	(0.002)	(48.1)	n.m.	23.8
06/24f	8.8	(0.0)	(0.4)	(0.000)	(261.5)	n.m.	15.5
06/25f	15.6	5.2	4.1	0.003	25.8	19.1	8.4

Source: FY22 actual, RaaS estimates FY23f, FY24f and FY25f

Share Details

ASX code	WRK
Share price (17-Jul)	$0.02
Market capitalisation	$24.1M
Shares on issue	1,271.6M
Net cash at 31-Mar-23	$4.8M
Free float	33%

Share Performance (12-months)



Upside Case

- Key Link clients migrate to Wrkr PAY
- Acceleration of direct customer growth using both super clearing, payroll and onboarding
- Replicate the business model offshore

Downside Case

- Change in fund administrator or a client taking solutions in-house results in contract loss
- Reduction or elimination of the super contribution clearing period
- Slower-than-expected migration of customers to the PAY platform

Board and Management

Emma Dobson	Non-Executive Chair
Trent Lund	Executive Director/CEO
Paul Collins	Non-Executive Director
Randolf Clinton	Non -Executive Director
Karen Gilmour	Chief Financial Officer

Wrkr Contact

Trent Lund (CEO)
investorrelations@wrkr.com.au

RaaS Contacts

John Burgess +61 410 439 723
john.burgess@raasgroup.com

Finola Burke +61 414 354 712
finola.burke@raasgroup.com

RaaS
Research as a Service

Table of Contents

Research as a Service

Wrkr Limited

Wrkr Limited (ASX:WRK) listed in 2016, under the previous name InPayTech which then merged with unlisted group ComplyPath in late 2020. The company has been building and refining its superannuation-based compliance solutions ever since, raising a total of $12.6m for working capital and development in the process while dealing with a number of significant industry changes. Product refinement and key customer relationships (albeit non-exclusive) are set to deliver revenue benefits over the forecast period as major client ART continues to consolidate the industry, administration partner Link Group advances the initial MSA to client migration, and new Pay Day Super regulations drive higher transaction volumes from FY27.

Investment Case

From a forecast $6.1m revenue base in FY23 we see three distinct events that combined can drive revenue to $29m by FY27, supporting a fully diluted valuation of $0.08/share:

- WRK has built and refined a range of solutions that help super funds and employers automate and comply with government regulations around the payment of superannuation contributions and payroll. These regulations are ever changing and create somewhat of a moat for potential new competitors.
- Australia's largest super fund (ART) is the major customer on the Wrkr PLATFORM with ~1m members and is yet to add QSuper members following the merger with SunSuper, offering the addition of at least 0.6m members or ~$1.2m revenue per annum. ART continues to be a consolidator with Alcoa and Commonwealth Bank Super Group in the process of merging with ART.
- The MSA with Link Group (ASX:LNK) opens the way for the migration of key retirement and super clients of LNK to the Wrkr solutions, which in-turn opens up transaction fee and float interest opportunities for WRK. Link counts three of the top-10 super funds in Australia as clients being Australian Super (2.8m members), REST (1.9m members) and HOSTPLUS (1.6m members).
- Pay Day Super regulations slated for implementation in July 2026 require the payment of superannuation at the same time as salary/wages. Most employers currently pay quarterly, so a move to monthly or fortnightly super payments could increase the processing and messaging of super by between 2x-to-5x per year. RaaS numbers assume 2.0x and we estimate a revenue opportunity of $6.0m in FY27, all else equal.
- Piggy-backing half the top-10 super funds in Australia offers WRK the opportunity to become an industry standard, and with that comes the promise of an even stronger moat and the use of more solutions.
- Some of WRK's product development is funded by its clients in the form of MSP and consulting fees, reducing the cash-flow burden on the group.
- The average quarterly cash burn of WRK over the past five quarters has been $80k including government grants and $150k excluding. A cash balance of $4.8m including a Convertible Note provides ample funding to execute growth.

DCF Valuation $0.08/share (Market Cap Of $105m Fully Diluted)

With losses forecast into FY24, limited meaningful peer data, and key relationships/legislative changes unlikely to impact numbers until FY25-FY27, we view a DCF as the most appropriate methodology to value WRK. The assumptions that drive our forecast result in a fully diluted DCF valuation of $0.08/share. As a sense check this would imply an FY27 EV/EBITDA based on RaaS estimates of 4.6x against a profitable peer average for FY23 of 7.1x.

Listing Background

IPO

Wrkr listed in December 2016 under the name Integrated Payment Technologies (later shortened to InPayTech), raising $5.0m in new capital at an issue price of $0.20/share for group restructure (combining two separate companies into one), working capital, and patent applications in offshore markets including the US.

The group conducted a one-for-one rights issue (at $0.01/share) to raise $1.5m in April 2019, a one-for-two rights issue (at $0.015/share) to raise $2.3m in June 2020, a $3m placement at $0.039/share in February 2021, and a $3.8m raise in September 2022 comprising an SPP of $0.94m at $0.018/share and the issue of a $3.3m convertible note.

In total $12.6m has been raised to fund the development of solutions since and including the IPO.

ComplyPath acquisition

In November 2020, Integrated Payment Technologies announced a merger agreement with the shareholders of ComplyPath Holdings to acquire 100% of the shares in a 100% scrip offer. Key details of the offer and the ComplyPath business are listed below:

- The business (Bond Platform) was born out of PwC as a RegTech venture to improve the connectedness of the employee to a member ecosystem.
- In FY20 ComplyPath delivered revenue of $1.5m and an EBIT loss of $287k.
- 573.26m shares were issued to the shareholders of ComplyPath including 257m to both Trent Lund and Joe Brasacchio and 57.3m shares to Clinton Capital Partners. The notional acquisition cost was $19.5m with an issue price of $0.034/share.

The rationale for the merger included increased scale and diversity, a complementary customer base, the promise of reduced IT costs, the creation of an improved platform combining payment technologies and the Bond Platform, and cross-selling opportunities.

Business renaming

Following a strategy refresh upon the integration of Integrated Payments and ComplyPath in June 2021, the group decided to move to one brand to create a clear 'front door' for clients and simplify how solutions are seen and marketed to clients.

The business was rebranded Wrkr in November 2021 with the ASX code WRK replacing IP1.

Wrkr Solution

Following the refresh and rebranding WRK now has four distinct market products, with each detailed below.

Wrkr PAY

Wrkr PAY is a superannuation gateway and clearing house and payment handling solution for secure processing of employee pay and super contributions for payrolls and super funds, all on a modern cloud-based platform.

Revenue is derived from transaction fees from ATO messaging, float interest on client super contributions, and SaaS fees from the SMSF HUB ensuring SMSF's are compliant with ATO messaging around super contributions and rollovers.

WRK deals with ~29 payrolls including Affinity, KEYPAY, Aurion and Advanced Payroll, who use WRK for the super contribution compliance as part of their pay runs and has several 'direct' clients with total users estimated at 1m for transactions.

Exhibit 1: The role of a Super Clearing House

Source: Oban Solutions

Wrkr PLATFORM

Wrkr PLATFORM is the old ComplyPath, acquired by WRK in November 2020, and is a modern cloud-based compliance platform for handling messaging with the ATO and orchestrating payment processing and onboarding for worker pay and super contributions for fund administrators.

Revenue comprises SaaS style PaaS fees per user and consulting/MSP fees for product development and implementation.

Australian Retirement Trust (ART) via its subsidiary Precision Administration Services is the largest transactional customer with ~1.0m users currently and forecast to move to ~2.0m users by June 2024 following the merger of SunSuper with QSuper, and more recently Alcoa and Commonwealth Bank Super Group. Other key customers include Commonwealth Super Corporation (CSC) and IOOF, which bring total customers to ~1.5m currently.

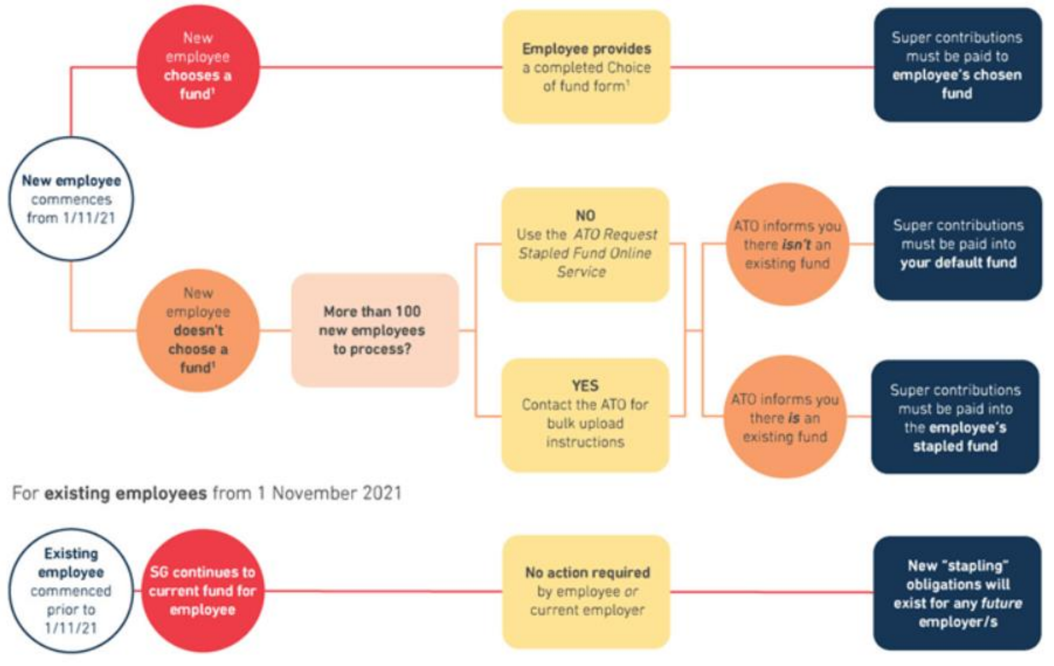
Wrkr READY

Wrkr READY is a 'white-label' employee onboarding solution to manage the compliant onboarding of full-time and casual workers. The solution automates workflows in the employee onboarding process including employee communication, data verification and data entry, while offering centralised and secure data storage.

The solution is also suitable for the automated monitoring and enforce compliance tracking for contractors from the selection process through to contract development, training and education, performance monitoring, risk management, and communication/reporting.

This product was built to help employers with the 'stapling event' that comes from workers choosing their chosen super fund under the YFYS legislation.

Exhibit 2: The Super onboarding process for new employees



Source: Beam

Wrkr BENEFITS

Allows organisations to provide employee data with the employee's (data owners) consent for validation purposes. This access to workers pre/post tax information positions WRK to orchestrate wider benefits opening up future revenue generating opportunities.

Addressable Markets

Super funds

The Wrkr platform is enterprise in nature and as such is aimed at providing solutions for large super funds in terms of super contribution payments and onboarding.

The number of active members (those earning income and requiring super contributions and payroll) is more important than total member and total assets under management for WRK, but total members provide a guide to the ultimate opportunity by fund. We assume 50% of fund members are active.

WRK's largest client licensing its PLATFORM is Australian Retirement Fund (ART), the second-largest super fund in Australia by member numbers following the merger of SunSuper and QSuper. Other key PLATFORM clients include Commonwealth Super Corporation (CSC) and IOOF.

WRK's MoU partner Link Administration has long-standing service agreements with Australian Super (renewed in December 2022 till June 2025), Australia's largest super fund by member base; REST (renewed May 2023 till June 2028), the third-largest super fund in Australia by member base; and HOSTPLUS. None of these funds are currently on the Wrkr platform.

In recent months there has been an acceleration in mergers across the super fund space in part being propelled by Government policy and the position adopted by APRA (encouraging a focus on performance and fees). Following the merger of SunSuper and QSuper to form ART, ART has recently merged with Alcoa Super. Australian Super has recently merged with LUCRF, not long after merging with ClubPlus.

APRA has suggested a $30bn asset under management threshold is required to compete with larger funds, leaving small funds and corporate super funds under pressure and ripe for consolidation. Telstra and Qantas are the two remaining corporate super funds in Australia.

Consolidation impacts service providers such as WRK depending on which fund they service, so the relationship with the consolidating fund administrator is vital.

Exhibit 3: Australia's largest-10 super funds by members – April 2023

Fund	Total members	Total assets ($b)
Australian Super	2,876,270	271
Australian Retirement Trust (ART)	2,216,337	247
Retail Employees Super Trust (REST)	1,923,357	50
HOSTPLUS Super Trust	1,596,951	83
Aware Super	1,154,674	150
HESTA	968,215	67
MLC Super	925,423	78
Cbus	870,111	73
Retirement Wrap	782,187	82
AMP Super	743,911	n.a.

Source: Canstar

SMSFs

In its annual SMSF statistics release (February 2023) the ATO estimates there are 603k SMSFs in Australia with assets totalling $869b and more than 1.1m members. Other key statistics include:

- Average balance of $1.5m;
- 64% of SMSFs have existed for >10-years;
- 45% of SMSFs had assets between $200k and $1m, accounting for 17% of SMSF assets;
- The medium age of a newly established SMSF was 46; and
- The medium age of all SMSF members was 62.

WRK, via the SMSF HUB, is targeting the 'mid-market' SMSFs, which by implication would be the $200k-$1m balance range representing ~270k funds.

Prior to the introduction of subscription fees for the SMSF Hub WRK had 31k subscribers or ~11% market share. Fee paying subscribers are now ~15k while the free service is expected to end in October 2023, which is likely to result in the next step-change in subscription customers as these funds need to remain ATO-compliant.

Payroll provision

There are said to be more than 300 payroll providers in Australia of varying sizes.

According to the latest ABS Labour Force release there are currently 13.73m working Australians who all require a payroll and super contribution provider to process their pay on a weekly, fortnightly, or monthly basis.

WRK has ~200k payroll clients currently but services a number of payroll providers for super contribution compliance using their AFSL (key clients of Wrkr PAY).

Key clients include KEYPAY, Aurion, Advance Payroll Solutions and Affinity Payroll.

With 300 players and additional data requirements under STP 2.0 and the like we would expect consolidation in the payroll space near-term.

Direct-to-Customer

Wrkr can and does sell solutions direct to customers.

The Wrkr website highlights a case study for the implementation of Wrkr READY into managed employment services group Consortio here: https://wrkr.com.au/updates/2023/03/08/consortio-improves-contractor-compliance-with-wrkr-ready/.

This avenue to market is expected to accelerate in coming years with clients become much larger as the solutions become more known, aided by the increased use and awareness by large super fund customers.

Key Compliance/Regulatory Framework

WRK has the motto 'Compliance. Simple', particularly as it relates to worker onboarding and monthly processing of super contributions. The key government regulations that govern the super payment and wage payments process include the following:

SuperStream

Introduced in 2013, SuperStream is the way businesses must pay employee superannuation guarantee contributions to super funds. With SuperStream money and data are sent electronically in standard format across the super system – between employers, funds, service providers and the ATO.

- Employers can make multiple contributions in a single transaction;
- Contributions and rollovers can be processed faster, more efficiently and with fewer errors; and
- People can be more reliably linked to their super, reducing lost accounts and unclaimed monies.

The latest version was released in October 2021, SuperStream Rollover v3, requiring rollovers to and from an SMSF to use SuperStream.

Your Future Your Super (YFYS)

Introduced in July 2021 (the YFYS Act), YFYS is aimed at increasing member engagement, reducing fees, increasing performance, and holding trustees to account for the decisions they make.

One of the key reforms was the creation of an interactive online YourSuper comparison tool aimed at consumers and built by the Australian Tax Office (ATO). The information displayed is collated and supplied by APRA.

Part of YFYS is an encouragement to employees to select their fund of choice (on performance or to consolidate funds) rather than opt for the default fund provided by an employer. This increases the onboarding complexity for employers.

Single Touch Payroll (STP)

STP is the way employees report employer earnings to the Australian Tax Office (ATO). Beginning in July 2018 for employers of 20 or more employees, STP enabled software reports salaries and wages, PAYG withholding and superannuation to the ATO every time an employee is paid.

STP 2.0 was mandated in January 2022 for expanded data collection to reduce reporting burdens for employers required to report employee information to multiple government bodies.

Rollovers 3.0

This was introduced in 2021 to include SMSF's and digital release authorities into SuperStream for the processing of rollovers into or out of a SMSF.

Standard Business Reporting (SBR)

SBR is a standard approach to digital record keeping. It was introduced by government in 2010 to simplify business reporting obligations. SBR is built into business/accounting software, allowing business to reduce time collating information, filling in forms and submitting reports to government.

Security of Critical Infrastructure (SOCI Act)

In 2022 the 2018 Security of Critical Infrastructure Act (SOCI Act) was amended to include 'critical financial market infrastructure used in connection with the operating payment system' which includes superannuation contributions.

The amendments also require a Critical Infrastructure Risk Management Program (CIRMP) and enhanced cyber security obligations.

Digital Service Provider (DSP)

A DSP must work within the Operational Security Framework (OSF) to ensure protection of taxation, accounting, payroll and superannuation related data and the integrity of the Taxation, Business Registry and superannuation systems.

A DSP must meet a minimum level of security requirements in order to access ATO Digital Services by completing a questionnaire requiring evidence of audit logging, authentication, certification, data hosting, encryption key management, encryption at rest, encryption in transit, entity validation, personnel security, security monitoring, supply chain and third-party add-on.

PEPPOL

PEPPOL is a network for exchanging documents between businesses and public sector organisations across Europe, Australia, New Zealand, Singapore, Japan, and Malaysia. Users are provided with a unique ID that can be used as a point of recognition, resulting in an automatic recognition process in every transaction. Reasons for using the PEPPOL network include:

- Simplified and streamlined procurement process;
- Meeting compliance requirements;
- Improved efficiency due to reduced manual processing;
- A standardised way of exchanging electronic documents, ensuring all parties use the same format regardless of location; and
- Interoperability regardless of software or systems they use.

Mission Critical Solutions Provided By WRK

Within the super compliance and regulatory framework WRK currently provides solutions for the following mission-critical functions.

RAS
Research as a Service

On-boarding new superannuation members

Employers will typically have a default stapled fund, but new employees will generally be allowed to choose the fund of their choice unless the employer has an enterprise agreement prior to January 2021 or is working for a government department using a public-sector scheme.

The onus on this 'stapling event' in on the employer and the physical gathering and processing of super preferences can be time consuming. Think of large retailers employing pre-Christmas and the administration burdens that follow.

Wrkr READY is designed to automate this process and take the burden away from employers. Wrkr READY is fund agnostic.

Clearing house for super contributions

Wrkr PAY operates under an AFSL and is required by law to hold super contributions in trust for up to three days as part of the clearing process.

Clearing for superannuation contributions now come under the Security of Critical Infrastructure (SOCI Act), and as a result has increased obligations around reporting, cyber security and risk management.

WRK has ISO/IEC 27001 accreditation, the international standard for information security. It sets out the specification for an effective ISMS (information security management system). ISO 27001's best-practice approach helps organisations manage their information security by addressing people, processes, and technology.

WRK is also a member of the Gateway Network Governance Body Ltd (GNGB), an industry owned, not-for-profit organisation established in 2016, whose main purpose is to manage the integrity of the Superannuation Transaction Network (STN).

The STN is a network developed to assist employers and superannuation funds meet their obligations under the mandatory Data and Payments Standards. These standards arose from the implementation of the SuperStream regulatory programme.

Single Touch Payroll (STP)

WRK is an authorised digital service provider to the ATO for STP and STP 2.0. The WRK STP solution can be white labelled and is deployable as an integrated or standalone portal and is used within Wrkr PAY.

Provision of Electronic Service Address (ESA)

To receive SuperStream data a SMSF needs an ESA, which ensures they meet all the technical requirements for interacting electronically across the super network.

ESA's are provided by a registered SMSF messaging provider or through an SMSF intermediary such as a tax agent or accountant. This service was free but a small fee (~$30-$60/year) has been introduced by providers in recent years.

There are currently (10) registered SMSF messaging providers of which two are operated by WRK, listed below, with WRK just one of five offering rollover 3.0.

In the WRK accounts this revenue stream appears in Wrkr PAY as SMSF Hub fees.

Exhibit 4: Registered ESA providers in Australia

Provider	email	Contributions	Rollovers and release
Australia Post	superannuation@austpost.com.au	Y	Y
Westpac Quicksuper	businesspremiumwestpacWBS@westpac.com	Y	N
BGL	info@bglcorp.com.au	Y	Y
Class Super	support@class.com.au	Y	Y
CFS Custom Solutions	customercare@colonialfirststate.com.au	Y	N
Macquarie Bank	transact@macquarie.com	Y	N
Mercer	mercerportfolioservice@colonialfirststate.com.au	Y	N
SuperMate	support@supermate.com.au	Y	Y
Click Super	support@clicksuper.com.au	Y	Y
Wrkr	support@wrkr.com.au	Y	Y

Source: ATO

Competitive Landscape

Competition in the super contributions and payroll processing space comes in many forms and is discussed below.

SuperChoice

Founded in 1996, SuperChoice is the largest and closest competitor of WRK. Privately owned, SuperChoice received a substantial capital injection in August 2021 from Potentia Capital, to capitalise on many of the growth opportunities WRK has also identified. Some key stats from its website includes:

- Processes 90m transactions per year;
- $27b in payments per year are processed through its clearing house;
- Receives 45m super contributions/year; and
- Processes 70m STP transactions per year.

Based on these stats we estimate 3m-4m users, float interest of $17m on an annualised basis and transaction fees of between $11m-$18m depending on the mix of STP and super transactions.

Payroll & Human Resource Management (HRM) groups

There are an estimated 300 payroll groups operating in Australia, but the larger players include the likes of ADP, Ascender, Flare HR, and Employment Hero.

WRK is more a service provider than competitor in this space currently, with customers including Affinity, KEYPAY, Aurion, and Advance Payroll.

Other potential providers

While not currently offering super clearing and payment services, software groups like Xero (ASX:XRO) could enter the market given the size of its client base and STP services already provided. To do so it (or a similar player) would need to obtain an AFSL and gateway licence.

LINK Administration And WRK

In June 2022 WRK announced a Master Services Agreement (MSA) with Link Administration Holdings Limited (ASX:LNK) enabling Link to procure services and technology (platform solutions and transactions) from WRK.

The agreement was subsequently updated to a Statement of Workflow (SoW3) in November 2022 to provide the Wrkr PLATFORM, Wrkr PAY and Wrkr READY solutions to all existing and new fund customers across Australia and internationally.

Importantly, LNK clients are likely to be on the PAY platform, offering a wider range of fee opportunities against the PaaS licence fee on the PLATFORM.

LNK is a A$860m market cap company with FY23 consensus estimates for revenue of A$1.2b, EBITDA of A$275m and NPAT of A$85m. Divisionally the group has operations across retirement and superannuation, corporate markets, fund solutions, and banking and credit management.

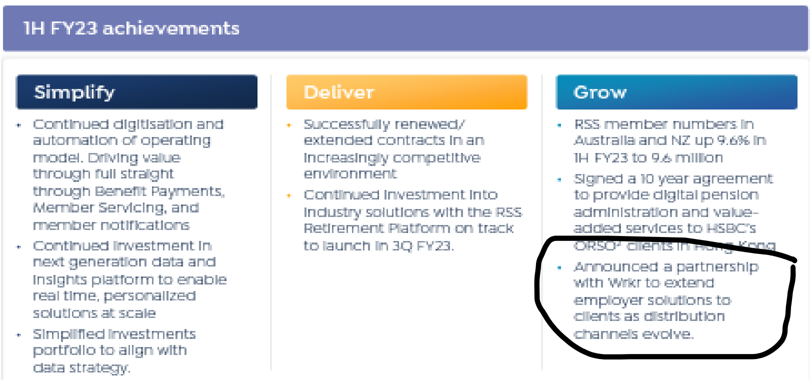
The contract had an initial term of three years post-implementation.

Keys services intended to be provided include:

- Gateway services for SuperStream messages;
- Full payment handling for clearing house services;
- Member services integration to enable member engagement during change of jobs;
- Payroll API integrations;
- Extensions for broader employer compliances like STP 2.0 and Pay; and
- Extensions for broader member reporting.

The announcement was important enough for LNK to mentioned it in its H1 FY23 interim results presentation (page 11) as one of its three key growth initiatives in the Retirement & Superannuation Solutions division, which represents ~55% of group EBITDA.

Exhibit 5: LNK Retirement & Superannuation Solutions divisional summary



Source: Link H1 FY23 Result Presentation (Page 11)

LNK's major super fund customers include Australian Super, REST Super and HOSTPLUS.

REST recently renewed its relationship for five years out to 2028 and Australian Super for two years to 2025.

RaaS
Research as a Service

Key WRK Financials

Revenue

WRK has four key products, each with a number of distinct revenue streams. We discuss the revenue model and key assumptions for each product over the forecast period to FY27.

Wrkr PAY

- **Transactions**. WRK earns a fee per transaction depending on the type of payment involved and volume of transactions per customer.

  For STP transactions we estimate a yearly range of \$1-\$2 per user, for Super Contributions \$2-\$4 and for Payroll \$2-\$5. Payroll is a small percentage of WRK clients currently, and as a result we estimate an average ARPU per user of \$1.50/year.

  Employee numbers on PAY are forecast to move from ~1.0m in FY23 to 4.4m in FY27 as Link clients are migrated and direct customers acquired. The ARPU is forecast to remain steady until FY27, where it increases ~2.0x on the back of the introduction of Pay Day Super (super paid at the same time as wages/salary).

- **SMSF Hub**. Charges SMSF customers (either directly or via a trustee/accountant) a yearly fee for the provision of ESA's.

  We estimate 20k customers currently at an average yearly fee of \$34 ex-GST, rising to 39k by 2026 as the remaining 'freemium' customers return due to compliance and growth from the existing adviser channels which currently numbers ~520.

- **Float interest**. Monies transferred from employees to super funds are held in a Wrkr trust account (required by law) for ~three days before they are paid into the specified superannuation fund. During this period WRK earns interest at the 30-day bill rate less a ~20bps margin charged by the bank. Key drivers of this revenue therefore are the size of the average float pool and the cash rate.

  We estimate float interest of \$1.2m in FY23, rising to \$6m by FY27 assuming a normalised cash rate of 3.50% and 3.4m new customers. Pay Day Super from FY27 should not impact interest earned.

Wrkr PLATFORM

- **PaaS**. Offers customers SaaS-based platform licence fees that are charged on a per user and per transaction basis. ART is currently the largest licence holder and together with CSC and IOOF have an estimated 1.5m licensed users currently at an ARPU of ~\$1.50/year before any additional transaction fees.

  We have licence users moving to 2.6m by FY27 following the merger of SunSuper and QSuper, and the subsequent addition of Alcoa and Commonwealth Bank Super Group. Further additions are likely.

- **Managed service revenue** includes ongoing support and management services including DevOps infrastructure for the Wrkr platform. This revenue could be considered reimbursement of R&D undertaken for clients and is forecast to range between \$0.8m and \$1.0m per annum.
- **Consulting.** Provided to customers who require customisation of the Wrkr PLATFORM and integration into existing systems and estimated to range from \$1.2m-\$1.5m per annum.

Wrkr READY

- **Onboarding fee per user**. Each user onboarded to their chosen super fund (the stapling event) using the Wrkr READY solution will pay a set onboarding fee depending on each individual contract.

Key to our longer-term assumptions for this service are the number of members onboarded from the key Link-related super funds REST and HOSTPLUS, together with customers acquired directly.

REST and HOSTPLUS tend to have high member turnover given their focus on retail and hospitality respectively. The direct customer channel is also likely to be a key contributor to the growth in READY clients medium-term.

If we assume 5% of existing fund (Link) and employees (direct) members join annually, we estimate 250k users are onboarded per annum by FY27.

- **Implementation fees.** In the early years of commercialisation WRK will receive implementation fees which will vary by fund size and activity levels.

Wrkr BENEFITS

- **Price per record**. WRK gets paid a fee per record per annum to access their data for wage/super validation. Such fees are only paid for clients using Wrkr PAY, which is currently dominated by payroll clients, government, and large corporate clients.

Key user number and ARPU assumptions are listed below.

Exhibit 6: WRK user number and ARPU summary by division

Line item	2023f	2024f	2025f	2026f	2027f
Average User Numbers (m)					
Wrkr PAY & BENEFITS	1.0	1.3	3.0	4.0	4.4
SMSF Hub ('000)	19.7	25.5	31.5	37.5	43.5
Wrkr PLATFORM	1.5	2.0	2.5	2.6	2.6
Wrkr READY	0.0	0.1	0.2	0.2	0.2
TOTAL USERS	2.5	3.3	5.7	6.7	7.2
ARPU per user ($)					
Wrkr PAY	2.4	2.9	2.4	2.8	4.2
SMSF Hub	34.0	34.0	34.0	34.0	34.0
Wrkr PLATFORM	1.5	1.4	1.3	1.3	1.4
Wrkr READY	n.a.	10.0	10.0	10.0	10.0
Wrkr BENEFITS	0.7	0.7	0.6	0.7	0.7

Source: RaaS estimates

Gross profit margin

WRK's COGS consist mostly of platform and server hosting fees.

Group gross profit margin in H1 FY23 was reported at 87.6%. While profit margins are not disclosed by division there is some variation to be expected across divisions given the nature of revenue streams. Key variations are discussed below:

- **Wrkr PAY**. We estimate gross margins of between 95% and 100% for the division, with float interest 100%, SMSF Hub 100% and the platform 90%-100% with some cloud hosting costs required.
- **Wrkr PLATFORM**. We estimate a 90% gross margin for the SaaS licence fees to super funds and a margin of ~40% for the MSP and consulting income given employee costs. This implies a divisional margin of ~65% in FY23. <u>As PLATFORM licences grow relative to consulting/MSP we expect this divisional margin to increase and is the key driver of higher group gross margins</u>.
- **Wrkr READY**. We estimate a gross margin close to 100% given the solution is an automated onboarding solution.
- **Wrkr BENEFITS**. The gross margin should be close to 100% as WRK is simply allowing access to data upon consumer consent.

RaaS
Research as a Service

Operating costs

Key operating costs for the WRK business are summarised below:

- **Employees** represent ~70%-75% of the total cost base with around ~45 employees currently, mostly software engineers and sales and marketing staff.

  We have assumed employee costs increase by 30% of the increase in revenue growth excluding float interest over the forecast period.

- **Other**. A mix of consulting, sales and marketing, office and other make up the balance of operating costs. We have other costs increasing at 5% per annum.

A full financial summary of WRK to FY27 is presented in the table below.

Exhibit 7: WRK financial year earnings summary (in A$ unless otherwise stated)

Line item	2023f	2024f	2025f	2026f	2027f
Sales	6.1	8.8	15.6	20.9	29.5
Wrkr PAY	3.1	4.6	8.6	12.6	20.3
Wrkr PLATFORM	2.2	2.7	3.2	3.2	3.7
Wrkr READY	0.1	0.6	2.0	2.3	2.5
Wrkr BENEFITS	0.7	0.8	1.8	2.8	3.1
Gross profit	**5.3**	**7.8**	**14.5**	**19.7**	**28.2**
GP%	87.5	89.3	92.7	94.3	95.7
Operating costs	7.2	7.9	9.3	10.0	11.4
EBITDA	**(1.9)**	**0.0**	**5.2**	**9.7**	**16.9**
D&A	2.8	3.0	3.0	3.0	3.0
EBIT	**(4.7)**	**(3.0)**	**2.2**	**6.7**	**13.9**
Interest expense/(income)	0.2	0.3	0.1	(0.1)	(0.1)
Tax expense	0.0	0.0	1.0	2.9	5.1
NPAT	(4.9)	(3.4)	1.1	3.8	8.9
NPATA	**(2.1)**	**(0.4)**	**4.1**	**6.8**	**11.9**
Adjustments	0.1	0.0	0.0	0.0	0.0
Reported NPAT	(4.7)	-(3.4)	1.1	3.8	8.9

Source: RaaS estimates

Other Financial Commentary

Cash flow

The average quarterly cash burn over the past five quarters is $80k including government grants and $150k excluding.

Exhibit 8: WRK quarterly cash flow (in A$'000 unless otherwise stated)

Line item	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
Cash receipts	**1,152**	**1,482**	**1,325**	**1,746**	**1,591**
Cash outflow	**(1,443)**	**-(1,613)**	**(1,683)**	**(1,736)**	**(2,224)**
Government grants	0	0	0	133	922
Other	(7)	(17)	(6)	(14)	(10)
Total cash burn	**(298)**	**(148)**	**(364)**	**129**	**279**
Cash at beginning	1,167	869	1,277	3,662	5,022
Net cash outflow	(298)	408	2,385	1,360	(176)
Cash at end	**869**	**1,277**	**3,662**	**5,022**	**4,846**

Source: Company announcements

Capex spend is estimated at $40k per annum, very low as a percentage of sales and in-line with similar peers.

Balance sheet

Goodwill and intangibles. The ComplyPath acquisition in 2021 resulted in significant goodwill and intangibles given the people-based, branded and contract nature of the business acquired.

As at December 2022 WRK had $13.6m in intangibles on the balance sheet. The group's amortisation charge relates directly to the intangibles line.

Net cash was $4.8m as of March 2023 including the Convertible Note. With an average cash burn rate of $80k over the past five quarters this provides ample runway to cash-flow break even.

Two-year Convertible Note with a value of $3.3m was issued in September 2022 with a coupon of 10% paid quarterly and a conversion price equal to a 20% discount to the 30-day VWAP prior to conversion, with a floor of $0.018/share and ceiling of $0.039/share. RaaS has assumed a conversion price of $0.029/share, the mid-point of the range.

Days payable/receivables has varied year-to-year but long-term we are forecasting 30 days' payables and 30 days' receivables.

Peer Comparisons

We see peers to WRK as a mix a software and transactional-based software businesses with a compliance overlay, typically selling these services to larger enterprise customers. Most of these players are small in size compared to their customers and compete in segments dominated by much larger players (SuperChoice for example). The enterprise/large-cap nature of clients often implies a long lead-time in sales, but a sticky customer base once secured.

K2fly (ASX:K2F) licenses software together with associated consulting and implementation services to large/enterprise mining companies around the world. Key software products address the natural resource governance and ESG issues and centre around mineral resources and reserves governance (RCubed), community and heritage/land access (Infoscope), mining technical assurance (Sateva), and rehabilitation and tailings management (Decipher). Contracts typically involve an implementation fee and an annual recurring licence payment typically made in advance (SaaS fees).

ReadyTech (ASX:RDY) is a leading provider of mission-critical SaaS software solutions for the education, employment services, workforce management, and government and justice sectors.

The workforce SaaS solutions targets mid-to-enterprise customers with complex payroll and workforce management requirements in the stand-up economy, with a particular focus on logistics, accommodation, aged care, manufacturing, agriculture, and retail. The student management solution offers engagement from enrolment to graduation with an open ecosystem encouraging interoperability. Government and justice is focused on the digitisation of government departments.

8Common (ASX:8CO). Listed in 2014, 8CO delivers enterprise-grade financial transactions processing for government entities and large enterprise businesses. Its flagship Expense8 platform is a provider of end-to-end travel expense management software, card application and management.

The group has >160k platform users across customers including Woolworths and Amcor, and >150 state and federal government agencies. In July 2021 8CO was awarded a "whole-of-government" federal government expense contract, adding significantly to the existing departments currently under contract.

IODM (ASX:IOD) is an accounts receivable solution utilising digital technology to optimise the automation of AR functions across invoicing, query management, payment reminders, escalation and analytics. The solution is customisable and integrates with accounting ERP software package. The group's key sector focus is UK education universities.

Revenue is derived from both the number of invoices sent and the total invoice value.

Reckon (ASX:RKN) provides SaaS software solutions for accountants, bookkeepers, lawyers, SME's and personal users. The group operates two divisions, the Business Group which provides accounting and payroll software from small to larger sized businesses, and personal wealth management software. The Legal Practice Management group provides practice management software to legal forms and corporations for document scanning and routing, print management and cost recovery.

Kinatico (ASX:KYP) provides solutions that simplify compliance management from onboarding and deployment to daily procedural and legislative requirement fulfilment. Originally a transaction-based business model, KYP is transitioning to an end-to-end SaaS model.

As at March 2023 KYP had almost 160 billed SaaS customers across a wide range of industries including healthcare, aged care, mining, engineering, government and employment services.

KYP is a research client of RaaS.

Xref (ASX:XF1) listed in 2016 and began as an automated reference checking solution, with the next-generation solution now offering third-party checks including ID, criminal and working rights (Trust Marketplace). XF1 has also developed an employee engagement survey and data analytics platform (Engage) that can be used for pulse and exit surveys.

Complii Fintech Solutions (ASX:CF1) is an end-to-end SaaS-based technology solution for ASFL company's (stockbrokers and financial planners) and their licensed user-centric workflows for compliance, capital raisings and operational needs. It also offers a global trading platform for securities of unlisted companies and funds and registry services for listed and unlisted companies and funds.

Connexion Telematics (ASX:CXZ) operates a SaaS model, delivering its platform to OEM car manufacturers that in-turn incentivise their "dealers" to adopt the software in order to operate and comply with key customer support/marketing programmes.

CXZ's only client currently is General Motors (GM), which requires its dealers to use the OnTRAC software for compliance with (and therefore compensation from) its Courtesy Transport Program (CTP). Exhibit 9 below summarises some key financial variables for the FY23 financial year.

Exhibit 9: Peer group FY23f financial comparison (in A$m unless otherwise stated)

Company Name	Ticker	Share price (cps)	Mkt. cap.	Net debt (cash) @ Mar-23	Adj. EBITDA	Revenue	GP margin (%)	Capex/ sales (%)	EV/ EBITDA# (x)	EV/ ARR* (x)
ReadyTech	RDY	3.37	385	35.0	33.20	104	0.92	0	12.7	5.2
IODM	IOD	0.35	208	-2.1	-2.0	1	1.00	0	(103)	205.5
Reckon	RKN	0.54	61	2.8	19.1	54	0.85	0	3.3	1.4
Kinatico	KYP	0.11	48	-10.4	0.7	28	0.68	0	(53)	6.4
Xref	XF1	0.18	33	-11.4	-0.6	20	0.82	0	(37)	
Complii	CF1	0.04	19	-6.7	-1.4	9	na	na	(9)	6.0
K2fly	K2F	0.11	18	-4.1	-2.3	13	0.49	1	(6)	2.1
Connexion Telematics	CXN	0.02	17	-5.7	1.9	8	0.77	19	5.8	1.0
AVERAGE					**AVERAGE**		**0.79**	**3**	**7.3**	**3.7**
Wrkr	WRK	0.02	25	(4.8)	(1.9)	6.1	0.88	0	(11.0)	4.9

Sources: Company financials, Refinitiv Eikon; Prices as of 17 July 2023, #RDY, RKN, CXZ; *Excludes IOD and XF1

Looking at WRK relative to the peer group we would highlight the following:

- Only three (3) peers are forecast profitable at the EBITDA line in FY23: RDY, RKN and CXZ. The average FY23 EV/EBITDA multiple of profitable peers is 7.1x;
- Most peers have high gross margins and low capex, a feature of SaaS-based software businesses;
- Only RDY and RKN have debt in-line with positive EBITDA. All other peers have net cash positions;
- There is a wide range in metrics such as EV/ARR and EV/EBITDA, making comparison across the group difficult; and
- The average peer has increased 8% against a 13% decline in the WRK share price over the last quarter. Outside of CXZ (+5% due to a selling price increase) the smaller peers have declined 15% against a 25% average increase across the larger peers.

.

RaaS
Research as a Service

DCF Valuation

Based on our earnings assumptions which have been outlined through this note our valuation for WRK using a DCF methodology is A$0.08/share, fully diluted.

We would highlight the following as being key drivers/assumptions of this valuation:

- A discount rate of 12.0% incorporating a beta of 1.2x, risk-free rate of 3.5%, and market-risk premium of 6.5%;
- Medium-term growth beyond the forecast period (FY27-FY31) of 5%;
- Terminal growth rate of 2.2%;
- Sustaining days payables and receivables of 30 days;
- Sustaining gross margin of 90%;
- Wrkr PAY clients numbering 4.4m, up from ~1.0m currently;
- Normalised cash rate of 3.5% and no change to the three-day float holding period; and
- Employee costs increasing at 30% of the growth in revenue ex-float interest.

Exhibit 10: WRK base-case DCF valuation

Parameters	Outcome
Discount rate /WACC	12.0%
Beta	1.3x
Terminal growth rate assumption	2.2%
Sum of PV ($m)	42.7
PV of terminal value ($m)	145.6
PV of enterprise ($m)	101.7
Debt @ June 23 (cash) ($m)	(3.2)
Net value – shareholder ($m)	105.0
No. of diluted shares on issue (m)	1,310
NPV ($/share)	**$0.08**

Source: RaaS estimates

SWOT Analysis

We see the strengths and opportunities for WRK outweighing weakness and threats, with our SWOT analysis summarised below.

Exhibit 11: Strengths, Weaknesses, Opportunities, Threats

Strengths	Opportunities
Long-term player in the superannuation space	Add more existing client members to the PLATFORM licence
Low customer churn	Add new client customers to the PAY platform
Operate and comply in an increasingly regulated environment	Upsell PAY users new solutions and services
Long-term contracts provide certainty/visibility	Replicate solutions and services offshore under patent
Experienced management and board	Become the industry standard in key processes
Weaknesses	**Threats**
Wrkr READY and BENEFITS still at an early stage	Administrators of key fund clients could change service provider
Information predominantly just related to super	Change in regulations could threaten some income streams
Change in regulations requires product upgrades/updates	Software providers could enter the clearing/onboarding space
Key clients are large and often slow to change	Loss of key personnel in management, engineering, and sales
Still loss-making	

Source: RaaS analysis

Board and Management

Directors

Ms Emma Dobson, Non-Executive Director and Chair. Emma was a member of the SuperStream advisory Council and a Senior Executive at Westpac Institutional Bank where she was instrumental in the creation of SuperStream data standards working closely with the ATO, Treasury and superannuation industry.

Emma is currently a Commissioner of the New Zealand Earthquake Commission and a Board Member of DSPANZ, Digital Service Providers Australia and New Zealand, as well as participating in the New Zealand Advisory Board for the data standardisation of e-invoicing.

Mr Trent Lund, Executive Director and CEO. Appointed as permanent CEO and MD in March 2023, Trent was previously the lead partner for Innovation & Ventures at PwC Australia where he helped organisations leverage emerging technologies to innovate new business models, which led to the development of more than eight technologies and 30 products.

Mr Lund was a major shareholder of ComplyPath, which was born out of PwC and merged with WRK in November 2020.

Mr Paul Collins, Non-Executive Director. Paul has been directly involved in the start-up and subsequent listing of two FinTech companies. A co-founder of IWL in 1997, he was Executive Director from start-up to listing in 1999 before departing in 2004. In 2004 Paul co-founded and became executive Director of Xplore Wealth Limited, which listed on the ASX in 2014.

Mr Collins is currently Director of ReadCloud Limited (ASX:RCL).

Mr Randolf Clinton, Non-Executive Director. Randolf is co-founder and CEO of Clinton Capital Partners, a venture capital investment and advisory business that focuses on early-stage technology companies. Prior to this role Randolf had over 30 years' experience in global investment banking and financial markets with firms such as JPMorgan Chase & Co, Credit Suisse Group, ABN Amro Bank N.V. and Royal Bank of Scotland.

Management

Ms Karen Gilmour, Chief Financial Officer. Karen joined WRK in June 2021 following an extensive career in both corporate and professional services firms. Her career has spanned stints at EY, JP Morgan Chase, Deutsche Bank and John Holland in both the UK and Australia.

RAAS
Research as a Service

Exhibit 12: WRK Financial Summary

Wrkr Limited (ASX:WRK)					
Profit and Loss (A$m)					
Y/E 30 Jun	**FY22A**	**FY23F**	**FY24F**	**FY25F**	**FY26F**
Revenue	4.6	6.1	8.8	15.6	20.9
Gross profit	4.0	5.3	7.8	14.5	19.7
GP margin %	87.6%	87.5%	89.3%	92.7%	94.3%
EBITDA	(2.0)	(1.9)	(0.0)	5.2	9.7
Depn	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
RoU	0.0	0.0	0.0	0.0	0.0
Amortisation	(2.7)	(2.8)	(3.0)	(3.0)	(3.0)
EBIT	(4.7)	(4.7)	(3.0)	2.2	6.7
Interest expense	(0.0)	(0.2)	(0.3)	(0.1)	0.1
Tax	(0.2)	0.0	0.0	(1.0)	(2.9)
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0
NPATA normalised	**(2.2)**	**(2.1)**	**(0.4)**	**4.1**	**6.8**
Adjustments	0.5	0.0	0.0	0.0	0.0
NPAT (reported)	**(4.3)**	**(4.9)**	**(3.4)**	**1.1**	**3.8**
Cash flow (A$m)					
Y/E 30 Jun	**FY22A**	**FY23F**	**FY24F**	**FY25F**	**FY26F**
Adj EBITDA (after rent)	(2.0)	(1.9)	(0.0)	5.2	9.7
Interest	(0.0)	(0.2)	(0.3)	(0.1)	0.1
Tax	0.0	0.8	0.3	0.2	(2.9)
Working capital/other	0.4	(0.2)	(1.1)	(0.7)	(0.2)
Operating cash flow	**(1.6)**	**(1.5)**	**(1.2)**	**4.7**	**6.6**
Mtce capex	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Capitalised Software	(0.4)	0.0	0.0	0.0	0.0
Free cashflow	**(2.0)**	**(1.5)**	**(1.2)**	**4.6**	**6.6**
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Cash flow pre financing	**(2.0)**	**(1.5)**	**(1.2)**	**4.6**	**6.6**
Equity	0.0	4.2	0.0	0.0	0.0
Borrowings	0.6	(0.7)	0.0	0.0	0.0
Net Dividends paid	0.0	0.0	0.0	0.0	0.0
Change in cash	**(1.5)**	**2.0**	**(1.2)**	**4.6**	**6.6**
Balance sheet (A$m)					
Y/E 30 Jun	**FY22A**	**FY23F**	**FY24F**	**FY25F**	**FY26F**
Cash	1.3	3.3	2.1	6.7	13.3
Accounts receivable	0.3	0.5	0.7	1.4	1.6
Other receivables	1.8	1.0	1.0	1.0	1.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Total current assets	*3.4*	*4.8*	*3.8*	*9.1*	*15.9*
PPE	0.0	0.0	0.1	0.1	0.1
Intangibles	15.0	12.2	9.2	6.2	3.2
Other	0.0	0.3	1.0	0.4	0.8
Total non current assets	*15.0*	*12.5*	*10.3*	*6.7*	*4.1*
Total Assets	18.4	17.3	14.1	15.8	20.0
Trade payables	0.1	0.1	0.1	0.1	0.1
Other Payables	0.5	0.5	0.5	0.5	0.5
Contract Liabilities	0.4	0.4	0.6	1.0	1.3
Borrowings	0.6	0.0	0.0	0.0	0.0
Employee benefits	0.6	0.7	0.8	1.0	1.1
Other	0.4	0.2	0.2	0.2	0.2
Total current liabilities	*2.6*	*2.0*	*2.2*	*2.8*	*3.2*
Employee benefits	0.0	0.0	0.1	0.1	0.1
Convertible Note	0.0	3.3	3.3	0.0	0.0
Other	0.1	0.2	0.2	0.2	0.2
Total long term liabilities	*0.1*	*3.5*	*3.6*	*0.3*	*0.3*
Total Liabilities	2.7	5.5	5.7	3.0	3.4
Net Assets	**15.7**	**11.8**	**8.4**	**12.7**	**16.5**
Share capital	44.0	44.9	44.9	48.2	48.2
Reserves	0.2	0.2	0.2	0.2	0.2
Accumulated losses	(28.6)	(33.4)	(36.8)	(35.7)	(31.9)
Total Shareholder funds	**15.7**	**11.8**	**8.4**	**12.7**	**16.5**

Share price (17 July 2023)					A$	0.020
Interim (A$m)	**H122A**	**H222A**	**H123A**	**H223F**	**H124F**	**H224F**
Revenue	1.8	2.8	2.7	3.4	3.8	5.0
EBITDA	(1.6)	(0.4)	(1.2)	(0.7)	(0.4)	0.4
EBIT	(2.9)	(1.8)	(2.6)	(2.1)	(2.0)	(1.1)
NPATA (normalised)	**(1.6)**	**(0.6)**	**(1.3)**	**(0.8)**	**(0.6)**	**0.2**
Adjustments	(0.1)	0.6	0.1	0.0	0.0	0.0
NPAT (reported)	(3.0)	(1.4)	(2.5)	(2.3)	(2.1)	(1.3)
EPS (adjusted)	(0.001)	(0.000)	(0.001)	(0.001)	(0.000)	0.000
Dividend (cps)	0.000	0.000	0.000	0.000	0.000	0.000
Imputation	0.0	0.0	0.0	0.0	0.0	0.0
Operating cash flow	na	na	na	na	na	na
Free Cash flow	na	na	na	na	na	na
Divisionals	**H122A**	**H222A**	**H123A**	**H223F**	**H124F**	**H224F**
Revenue	**1.8**	**2.8**	**2.7**	**3.4**	**3.8**	**5.0**
PAY	0.8	0.9	1.3	1.8	2.1	2.5
PLATFORM	1.0	1.7	1.0	1.2	1.3	1.4
READY	-	0.1	0.0	0.1	0.1	0.6
BENEFITS	-	0.1	0.4	0.4	0.4	0.5
Gross profit	1.5	2.5	2.4	3.0	3.4	4.5
Gross Profit Margin %	85.0%	89.2%	87.6%	87.3%	89.0%	89.6%
Employees	2.1	2.2	2.6	2.7	2.8	3.1
Administration	0.1	0.0	0.1	0.1	0.1	0.1
Other	0.8	0.7	0.8	0.8	0.9	0.9
Total costs (ex SBP/1-off)	**3.1**	**2.9**	**3.6**	**3.6**	**3.8**	**4.0**
EBITDA	**(1.6)**	**(0.4)**	**(1.2)**	**(0.7)**	**(0.4)**	**0.4**
EBITDA margin %	(88.2%)	(14.8%)	(44.8%)	(19.6%)	(11.7%)	8.4%
Margins, Leverage, Returns		**FY22A**	**FY23F**	**FY24F**	**FY25F**	**FY26F**
EBITDA margin %		-43.0%	-30.7%	-0.3%	33.3%	46.3%
EBIT margin %		-102.8%	-76.7%	-34.7%	13.9%	31.8%
NPAT margin (pre significant items)		-46.8%	-34.7%	-4.4%	26.0%	32.6%
Net Debt (Cash)		- 0.81	- 2.80	- 1.47	- 5.64	- 11.93
Net debt/EBITDA (x)	(x)	0.4	1.5	54.6	-1.1	-1.2
ND/ND+Equity (%)	(%)	(5.0%)	(21.2%)	(2.3%)	(48.4%)	(77.9%)
EBITDA interest cover (x)	(x)	-703.3	-8.6	-0.1	65.0	-161.3
ROA		nm	(26.2%)	(19.4%)	14.6%	37.2%
ROE		nm	(41.6%)	(40.5%)	8.3%	23.0%
NTA (per share)		0.00	0.00	0.00	0.00	0.01
Working capital		2.0	1.4	1.7	2.3	2.5
WC/Sales (%)		**43.7%**	**22.7%**	**18.8%**	**14.8%**	**12.0%**
Revenue growth		126.5%	32.6%	43.9%	77.9%	33.8%
EBIT growth pa		n/a	n/a	n/a	(171.3%)	206.1%
Pricing		**FY22A**	**FY23F**	**FY24F**	**FY25F**	**FY26F**
No of shares (y/e)	(m)	1,223	1,272	1,272	1,385	1,385
Weighted Av Dil Shares	(m)	1,223	1,272	1,272	1,310	1,385
EPS Reported	A$ cps	(0.0036)	(0.0039)	(0.0027)	0.0008	0.0027
EPS Normalised/Diluted	A$ cps	(0.0018)	(0.0017)	(0.0003)	0.0031	0.0049
EPS growth (norm/dil)		na	-6%	-82%	-1114%	58%
DPS	cps	0.000	0.000	0.000	0.000	0.000
DPS Growth		na	na	na	na	na
Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%
Dividend imputation		0	0	0	0	0
PE (x)		- 11.4	- 12.0	- 65.4	6.4	4.1
PE market		15.0	15.0	15.0	15.0	15.0
Premium/(discount)		(175.8%)	(180.2%)	(535.8%)	(57.0%)	(72.9%)
EV/EBITDA (x)		(12.4)	(13.6)	(942.9)	4.0	0.0
FCF/Share	A cps	(0.002)	(0.001)	(0.001)	0.004	0.005
Price/FCF share		(12.1)	(16.4)	(21.1)	5.7	4.2
Free Cash flow Yield		(7.9%)	(6.1%)	(4.8%)	18.1%	25.9%

Source: Company data for actuals, RaaS estimates

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 6th May 2021

About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.
This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS
BR Head Office: Suite 5GB, Level 5, 33 Queen Street, Brisbane, QLD, 4000
RaaS. 20 Halls Road Arcadia, NSW 2159
P: +61 414 354712
E: finola.burke@raasgroup.com

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

What Financial Services are we authorised to provide?

RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
    - Securities
- deal on behalf of retail and wholesale clients in relation to
    - Securities

The distribution of this FSG by RaaS is authorized by BR.

Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application from if needed.

How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.
We may also receive a fee for our dealing service, from the company issuing the securities.

Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below. BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)
In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

DISCLAIMERS and DISCLOSURES

This report has been commissioned by Wrkr Limited and prepared and issued by RaaS Advisory Pty Ltd, trading as Research as a Service. RaaS Advisory has been paid a fee to prepare this report. RaaS Advisory's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report. This research is issued in Australia by RaaS Advisory and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than $50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable.