

## First Link revenue evident in Q4 FY23

Wrkr Ltd (ASX:WRK) offers compliance solutions for Australian superannuation contributions and payroll including member onboarding, clearing, messaging and employee validation. The group is building a strong moat with key products compliant with key government regulations while harnessing key customer relationships across super funds, payroll providers and corporates. A Q4 FY23 trading update has delivered revenue above RaaS estimates (+43% to \$6.6m vs RaaS \$6.1m) primarily due to first revenue from Link Group (ASX:LNK) around the planning and discovery of client migration to Wrkr PAY. This is a key driver of our medium-term revenue assumptions along with Australian Retirement Trust (ART) client migration to the Wrkr PLATFORM and PayDay Super reforms in FY27. Cash at bank ended at \$4.1m, representing at least eight quarters of runway at the average quarterly burn rate of \$132k in FY23 excluding R&D rebates. Naturally, new contracts will reduce this burn and we are forecasting this over FY24 with a skew to H2 FY24. We will fine-tune estimates following the FY23 result but reported FY23 revenue provides a higher base from which to achieve our FY24 estimates.

### 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.

### First Link Group revenue highlights MSA progress

On of the key planks in our revenue assumptions implying a four-fold increase in revenue by FY27 revolves around the MSA with Link Group, and some Link client migration to Wrkr PAY. Link counts three of the top-five super funds in Australia as clients and we have assumed two migrate progressively to the platform by H2 FY25, resulting in increased transaction fees, float interest income and access fees. While progress since the initial announcement has been slow, Q4 FY23 saw the first revenue associated with 'discovery and planning' for migration (and will continue into Q1 FY24) and represents a major step towards commercialisation in our view. Our numbers assume implementation during FY24 and first transaction revenue in H1 FY25, and assumes active members represent half the reported total members.

### 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 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)  | (12.5)  | n.m.          | 8.8        |
| 06/23f                                                                   | 6.1     | (1.9)       | (2.1)      | (0.002)  | (13.5)  | n.m.          | 5.9        |
| 06/24f                                                                   | 8.8     | (0.0)       | (0.4)      | (0.000)  | (73.1)  | n.m.          | 4.0        |
| 06/25f                                                                   | 15.6    | 5.2         | 4.1        | 0.003    | 7.1     | 4.3           | 1.9        |

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

## IT Services & Software

1 August 2023

### Share Details

|                       |          |
|-----------------------|----------|
| ASX code              | WRK      |
| Share price (31-Jul)  | \$0.022  |
| Market capitalisation | \$28.0M  |
| Shares on issue       | 1,271.6M |
| Net cash at 30-Jun-23 | \$4.1M   |
| Free float            | 33%      |

### Share Performance



### 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 |

### Company Interview

[Wrkr \(ASX:WRK\) RaaS Interview 1 Aug 2023](#)

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### RaaS Contacts

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## June 2023 Quarter Trading Update

Key observations from the Q4 FY23 4C and trading update include:

- Q4 FY23 and by definition H2 FY23 revenue was above RaaS estimates due to a first-time contribution from Link Group (ASX:LNK). \$530k of \$800k in 'discovery and planning' revenue in anticipation of a commercial agreement was delivered in Q4 FY23 and represents a major step forward in our view;
- Float interest for FY23 was \$1.1m (\$0.4m H1/\$0.7m H2), up from \$64k in FY22 and in-line with RaaS estimates as the higher cash rate boosted income. Before any customer additions and rate movement this implies a run-rate for FY24 of at least \$1.4m;
- SMSF Hub revenue reached \$615k, up from \$115k and in-line with RaaS estimates as previously free account holders paid ~\$40/year for an Electronic Service Address (ESA) for tax office compliance;
- Cash at bank in June 2023 was higher than forecast at \$4.1m despite capitalised development software spend in the quarter, providing at least eight quarters of cash at current burn rates;
- Cash burn excluding R&D rebates averaged \$132k/quarter, down from \$167k in FY22. We expect further progress in FY24 as new contracts are signed;
- \$440k in capitalised development costs was spent in Q4 FY23 on readying the Wrkr PLATFORM for offshore use, carried out by a third party to expedite the process. RaaS had not forecast this spend.

### Exhibit 1: WRK quarterly cash flow (in A\$'000 unless otherwise stated)

| Line item                         | Q4FY22       | Q1FY23       | Q2FY23       | Q3FY23       | Q4FY23       |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash receipts                     | 1,482        | 1,325        | 1,746        | 1,591        | 1,860        |
| % Growth                          |              | 37           | 81           | 38           | 26           |
| <b>Cash outflow</b>               | (1,613)      | (1,683)      | (1,736)      | (2,224)      | (2,320)      |
| Government grants                 | 0            | 0            | 133          | 922          | 0            |
| Other                             | (17)         | (6)          | (14)         | (10)         | (467)        |
| <b>Total cash burn (ex-other)</b> | <b>(148)</b> | <b>(364)</b> | <b>129</b>   | <b>279</b>   | <b>(460)</b> |
| Cash at beginning                 | 869          | 1,277        | 3,662        | 5,022        | 4,846        |
| Net cash outflow                  | 408          | 2,385        | 1,360        | (176)        | (738)        |
| <b>Cash at end</b>                | <b>1,277</b> | <b>3,662</b> | <b>5,022</b> | <b>4,846</b> | <b>4,108</b> |

Source: Company announcements

Our FY23 numbers remain UNCHANGED and we will fine-tune key line items following the FY23 result in late August. The higher revenue provides an easier base from which to achieve our FY24 forecasts while we expect a modest reduction in H2 FY23 EBITDA.

That said, the keys for our medium-term estimates and valuation remain: (1) Migration of some Link clients to Wrkr PAY; (2) Migration of all ART customers not currently on Wrkr PLATFORM to the platform; and (3) Payday Super regulations being implemented in FY27.

A summary of current estimates out till FY27 are presented in the following table.

**Exhibit 2: WRK financial year earnings summary (in A\$ unless otherwise stated)**

| Line item                 | 2023f        | 2024f        | 2025f       | 2026f       | 2027f       |
|---------------------------|--------------|--------------|-------------|-------------|-------------|
| <b>Sales</b>              | 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         |
| <b>Gross profit</b>       | <b>5.3</b>   | <b>7.8</b>   | <b>14.5</b> | <b>19.7</b> | <b>28.2</b> |
| GP%                       | 87.5         | 89.3         | 92.7        | 94.3        | 95.7        |
| Operating costs           | 7.2          | 7.9          | 9.3         | 10.0        | 11.4        |
| <b>EBITDA</b>             | <b>(1.9)</b> | <b>0.0</b>   | <b>5.2</b>  | <b>9.7</b>  | <b>16.9</b> |
| D&A                       | 2.8          | 3.0          | 3.0         | 3.0         | 3.0         |
| <b>EBIT</b>               | <b>(4.7)</b> | <b>(3.0)</b> | <b>2.2</b>  | <b>6.7</b>  | <b>13.9</b> |
| 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         |
| <b>NPATA</b>              | <b>(2.1)</b> | <b>(0.4)</b> | <b>4.1</b>  | <b>6.8</b>  | <b>11.9</b> |
| 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

## 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.

Exhibit 3 below summarises some key financial variables for the FY23 financial year.

**Exhibit 3: 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    | 3.22              | 368       | 35.0                     | 33.20       | 104     | 0.92          | 0               | 12.1            | 5.0          |
| IODM                 | IOD    | 0.36              | 213       | (2.1)                    | (2.0)       | 1       | 1.00          | 0               | (105.7)         | 211.4        |
| Reckon               | RKN    | 0.54              | 61        | 2.8                      | 19.1        | 54      | 0.85          | 0               | 3.3             | 1.4          |
| Kinatico             | KYP    | 0.12              | 52        | (10.4)                   | 0.7         | 28      | 0.68          | 0               | 59.6            | 7.2          |
| Xref                 | XF1    | 0.18              | 33        | (11.4)                   | (0.6)       | 20      | 0.82          | 0               | (36.8)          | n.a.         |
| CompliiTech          | CF1    | 0.04              | 20        | (6.7)                    | (1.4)       | 9       | n.a.          | n.a.            | (10.0)          | 6.5          |
| K2fly                | K2F    | 0.11              | 19        | (4.1)                    | (2.3)       | 13      | 0.49          | 1               | (6.5)           | 2.2          |
| Connexion Telematics | CXZ    | 0.02              | 18        | (5.0)                    | 2.3         | 9       | 0.80          | 16              | 5.8             | 1.1          |
| <b>AVERAGE</b>       |        |                   |           | <b>AVERAGE</b>           |             |         | <b>0.80</b>   | <b>3</b>        | <b>7.1</b>      | <b>3.9</b>   |
| WRKR                 | WRK    | 0.02              | 28        | (4.1)                    | (1.9)       | 6.1     | 0.88          | 0               | (12.8)          | 5.7          |

Sources: Company financials, Refinitiv Eikon; Prices as of 28 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 past 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.

## Investment Case Revisited

From an unaudited \$6.6m 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). First revenue from this MSA were achieved in Q4 FY23.
- 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-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 \$132k excluding. A cash balance of \$4.1m including a Convertible Note provides ample funding to execute growth.
- 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.

## 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 4: 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         |
| <b>NPV (\$/share)</b>              | <b>\$0.08</b> |

Source: RaaS estimates

### Exhibit 5: WRK Financial Summary

| Wrkr Limited (ASX:WRK)             |              |              |              |             |             | Share price (31 July 2023)          |              |              |              |              |              | A\$          | 0.022 |       |       |       |       |
|------------------------------------|--------------|--------------|--------------|-------------|-------------|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------|-------|-------|-------|-------|
| Profit and Loss (A\$m)             |              |              |              |             |             | Interim (A\$m)                      |              |              |              |              |              | H122A        | H222A | H123A | H223F | H124F | H224F |
| Y/E 30 Jun                         | FY22A        | FY23F        | FY24F        | FY25F       | FY26F       | Revenue                             | 1.8          | 2.8          | 2.7          | 3.4          | 3.8          | 5.0          |       |       |       |       |       |
| Revenue                            | 4.6          | 6.1          | 8.8          | 15.6        | 20.9        | EBITDA                              | (1.6)        | (0.4)        | (1.2)        | (0.7)        | (0.4)        | 0.4          |       |       |       |       |       |
| Gross profit                       | 4.0          | 5.3          | 7.8          | 14.5        | 19.7        | EBIT                                | (2.9)        | (1.8)        | (2.6)        | (2.1)        | (2.0)        | (1.1)        |       |       |       |       |       |
| GP margin %                        | 87.6%        | 87.5%        | 89.3%        | 92.7%       | 94.3%       | <b>NPATA (normalised)</b>           | <b>(1.6)</b> | <b>(0.6)</b> | <b>(1.3)</b> | <b>(0.8)</b> | <b>(0.6)</b> | <b>0.2</b>   |       |       |       |       |       |
| EBITDA                             | (2.0)        | (1.9)        | (0.0)        | 5.2         | 9.7         | Adjustments                         | (0.1)        | 0.6          | 0.1          | 0.0          | 0.0          | 0.0          |       |       |       |       |       |
| Depn                               | (0.0)        | (0.0)        | (0.0)        | (0.0)       | (0.0)       | NPAT (reported)                     | (3.0)        | (1.4)        | (2.5)        | (2.3)        | (2.1)        | (1.3)        |       |       |       |       |       |
| RoU                                | 0.0          | 0.0          | 0.0          | 0.0         | 0.0         | EPS (adjusted)                      | (0.001)      | (0.000)      | (0.001)      | (0.001)      | (0.001)      | 0.000        |       |       |       |       |       |
| Amortisation                       | (2.7)        | (2.8)        | (3.0)        | (3.0)       | (3.0)       | Dividend (cps)                      | 0.000        | 0.000        | 0.000        | 0.000        | 0.000        | 0.000        |       |       |       |       |       |
| EBIT                               | (4.7)        | (4.7)        | (3.0)        | 2.2         | 6.7         | Imputation                          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |       |       |       |       |       |
| Interest expense                   | (0.0)        | (0.2)        | (0.3)        | (0.1)       | 0.1         | Operating cash flow                 | na           | na           | na           | na           | na           | na           |       |       |       |       |       |
| Tax                                | (0.2)        | 0.0          | 0.0          | (1.0)       | (2.9)       | Free Cash flow                      | na           | na           | na           | na           | na           | na           |       |       |       |       |       |
| Equity accounted assoc             | 0.0          | 0.0          | 0.0          | 0.0         | 0.0         | <b>Divisionals</b>                  | <b>H122A</b> | <b>H222A</b> | <b>H123A</b> | <b>H223F</b> | <b>H124F</b> | <b>H224F</b> |       |       |       |       |       |
| <b>NPATA normalised</b>            | <b>(2.2)</b> | <b>(2.1)</b> | <b>(0.4)</b> | <b>4.1</b>  | <b>6.8</b>  | <b>Revenue</b>                      | <b>1.8</b>   | <b>2.8</b>   | <b>2.7</b>   | <b>3.4</b>   | <b>3.8</b>   | <b>5.0</b>   |       |       |       |       |       |
| Adjustments                        | 0.5          | 0.0          | 0.0          | 0.0         | 0.0         | PAY                                 | 0.8          | 0.9          | 1.3          | 1.8          | 2.1          | 2.5          |       |       |       |       |       |
| <b>NPAT (reported)</b>             | <b>(4.3)</b> | <b>(4.9)</b> | <b>(3.4)</b> | <b>1.1</b>  | <b>3.8</b>  | PLATFORM                            | 1.0          | 1.7          | 1.0          | 1.2          | 1.3          | 1.4          |       |       |       |       |       |
| <b>Cash flow (A\$m)</b>            |              |              |              |             |             | READY                               | -            | 0.1          | 0.0          | 0.1          | 0.1          | 0.6          |       |       |       |       |       |
| Y/E 30 Jun                         | FY22A        | FY23F        | FY24F        | FY25F       | FY26F       | BENEFITS                            | -            | 0.1          | 0.4          | 0.4          | 0.4          | 0.5          |       |       |       |       |       |
| Adj EBITDA (after rent)            | (2.0)        | (1.9)        | (0.0)        | 5.2         | 9.7         | Gross profit                        | 1.5          | 2.5          | 2.4          | 3.0          | 3.4          | 4.5          |       |       |       |       |       |
| Interest                           | (0.0)        | (0.2)        | (0.3)        | (0.1)       | 0.1         | Gross Profit Margin %               | 85.0%        | 89.2%        | 87.6%        | 87.3%        | 89.0%        | 89.6%        |       |       |       |       |       |
| Tax                                | 0.0          | 0.8          | 0.3          | 0.2         | (2.9)       | Employees                           | 2.1          | 2.2          | 2.6          | 2.7          | 2.8          | 3.1          |       |       |       |       |       |
| Working capital/other              | 0.4          | 0.8          | (1.1)        | (0.7)       | (0.2)       | Administration                      | 0.1          | 0.0          | 0.1          | 0.1          | 0.1          | 0.1          |       |       |       |       |       |
| <b>Operating cash flow</b>         | <b>(1.6)</b> | <b>(0.5)</b> | <b>(1.2)</b> | <b>4.7</b>  | <b>6.6</b>  | Other                               | 0.8          | 0.7          | 0.8          | 0.8          | 0.9          | 0.9          |       |       |       |       |       |
| Mtce capex                         | (0.0)        | (0.1)        | (0.1)        | (0.1)       | (0.1)       | <b>Total costs (ex SBP/1-off)</b>   | <b>3.1</b>   | <b>2.9</b>   | <b>3.6</b>   | <b>3.6</b>   | <b>3.8</b>   | <b>4.0</b>   |       |       |       |       |       |
| Capitalised Software               | (0.4)        | (0.4)        | 0.0          | 0.0         | 0.0         | EBITDA                              | (1.6)        | (0.4)        | (1.2)        | (0.7)        | (0.4)        | 0.4          |       |       |       |       |       |
| <b>Free cashflow</b>               | <b>(2.0)</b> | <b>(1.0)</b> | <b>(1.2)</b> | <b>4.6</b>  | <b>6.6</b>  | EBITDA margin %                     | (88.2%)      | (14.8%)      | (44.8%)      | (19.5%)      | (11.6%)      | 8.4%         |       |       |       |       |       |
| Acquisitions/Disposals             | 0.0          | 0.0          | 0.0          | 0.0         | 0.0         | <b>Margins, Leverage, Returns</b>   | <b>FY22A</b> | <b>FY23F</b> | <b>FY24F</b> | <b>FY25F</b> | <b>FY26F</b> |              |       |       |       |       |       |
| Other                              | 0.0          | 0.0          | 0.0          | 0.0         | 0.0         | EBITDA margin %                     |              | -43.0%       | -30.7%       | -0.2%        | 33.3%        | 46.3%        |       |       |       |       |       |
| <b>Cash flow pre financing</b>     | <b>(2.0)</b> | <b>(1.0)</b> | <b>(1.2)</b> | <b>4.6</b>  | <b>6.6</b>  | EBIT margin %                       |              | -102.8%      | -76.7%       | -34.6%       | 14.0%        | 31.9%        |       |       |       |       |       |
| Equity                             | 0.0          | 4.2          | 0.0          | 0.0         | 0.0         | NPAT margin (pre significant items) |              | -46.8%       | -33.9%       | -4.4%        | 26.1%        | 32.6%        |       |       |       |       |       |
| Borrowings                         | 0.6          | (0.5)        | 0.0          | 0.0         | 0.0         | Net Debt (Cash)                     | -            | 0.81         | -            | 3.55         | -            | 2.20         | -     | 6.36  | -     | 12.64 |       |
| Net Dividends paid                 | 0.0          | 0.0          | 0.0          | 0.0         | 0.0         | Net debt/EBITDA (x)                 | (x)          | 0.4          | 1.9          | 106.3        | -1.2         | -1.3         |       |       |       |       |       |
| <b>Change in cash</b>              | <b>(1.5)</b> | <b>2.7</b>   | <b>(1.2)</b> | <b>4.6</b>  | <b>6.6</b>  | ND/ND+Equity (%)                    | (%)          | (5.0%)       | (25.9%)      | (1.9%)       | (54.9%)      | (82.6%)      |       |       |       |       |       |
| <b>Balance sheet (A\$m)</b>        |              |              |              |             |             | EBITDA interest cover (x)           | (x)          | -703.3       | -10.8        | -0.1         | 65.1         | -161.4       |       |       |       |       |       |
| Y/E 30 Jun                         | FY22A        | FY23F        | FY24F        | FY25F       | FY26F       | ROA                                 |              | nm           | (26.1%)      | (19.2%)      | 14.4%        | 36.8%        |       |       |       |       |       |
| Cash                               | 1.3          | 4.0          | 2.8          | 7.4         | 14.0        | ROE                                 |              | nm           | (41.1%)      | (40.2%)      | 8.4%         | 23.0%        |       |       |       |       |       |
| Accounts receivable                | 0.3          | 0.5          | 0.7          | 1.4         | 1.6         | <b>NTA (per share)</b>              |              | 0.00         | 0.00         | 0.00         | 0.01         | 0.01         |       |       |       |       |       |
| Other receivables                  | 1.8          | 1.0          | 1.0          | 1.0         | 1.0         | <b>Working capital</b>              |              | 2.0          | 1.4          | 1.7          | 2.3          | 2.5          |       |       |       |       |       |
| Other current assets               | 0.0          | 0.0          | 0.0          | 0.0         | 0.0         | <b>WC/Sales (%)</b>                 |              | <b>43.7%</b> | <b>22.7%</b> | <b>18.8%</b> | <b>14.8%</b> | <b>12.0%</b> |       |       |       |       |       |
| <b>Total current assets</b>        | <b>3.4</b>   | <b>5.5</b>   | <b>4.5</b>   | <b>9.8</b>  | <b>16.6</b> | <b>Revenue growth</b>               |              | 126.5%       | 32.7%        | 44.0%        | 77.9%        | 33.8%        |       |       |       |       |       |
| PPE                                | 0.0          | 0.1          | 0.1          | 0.1         | 0.2         | <b>EBIT growth pa</b>               |              | n/a          | n/a          | n/a          | (171.7%)     | 205.5%       |       |       |       |       |       |
| Intangibles                        | 15.0         | 11.8         | 8.8          | 5.8         | 2.8         | <b>Pricing</b>                      |              | <b>FY22A</b> | <b>FY23F</b> | <b>FY24F</b> | <b>FY25F</b> | <b>FY26F</b> |       |       |       |       |       |
| Other                              | 0.0          | 0.2          | 0.9          | 0.3         | 0.7         | No of shares (y/e)                  | (m)          | 1,223        | 1,272        | 1,272        | 1,385        | 1,385        |       |       |       |       |       |
| <b>Total non current assets</b>    | <b>15.0</b>  | <b>12.0</b>  | <b>9.8</b>   | <b>6.2</b>  | <b>3.6</b>  | Weighted Av Dil Shares              | (m)          | 1,223        | 1,272        | 1,272        | 1,310        | 1,385        |       |       |       |       |       |
| <b>Total Assets</b>                | <b>18.4</b>  | <b>17.5</b>  | <b>14.3</b>  | <b>16.0</b> | <b>20.2</b> | EPS Reported                        | A\$ cps      | (0.0036)     | (0.0038)     | (0.0027)     | 0.0008       | 0.0028       |       |       |       |       |       |
| Trade payables                     | 0.1          | 0.1          | 0.1          | 0.1         | 0.1         | EPS Normalised/Diluted              | A\$ cps      | (0.0018)     | (0.0016)     | (0.0003)     | 0.0031       | 0.0049       |       |       |       |       |       |
| Other Payables                     | 0.5          | 0.5          | 0.5          | 0.5         | 0.5         | EPS growth (norm/dil)               |              | na           | -8%          | -81%         | -1133%       | 58%          |       |       |       |       |       |
| Contract Liabilities               | 0.4          | 0.4          | 0.6          | 1.0         | 1.3         | DPS                                 | cps          | 0.000        | 0.000        | 0.000        | 0.000        | 0.000        |       |       |       |       |       |
| Borrowings                         | 0.6          | 0.2          | 0.2          | 0.2         | 0.2         | DPS Growth                          |              | na           | na           | na           | na           | na           |       |       |       |       |       |
| Employee benefits                  | 0.6          | 0.7          | 0.8          | 1.0         | 1.1         | Dividend yield                      |              | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         |       |       |       |       |       |
| Other                              | 0.4          | 0.2          | 0.2          | 0.2         | 0.2         | Dividend imputation                 |              | 0            | 0            | 0            | 0            | 0            |       |       |       |       |       |
| <b>Total current liabilities</b>   | <b>2.6</b>   | <b>2.1</b>   | <b>2.3</b>   | <b>2.9</b>  | <b>3.3</b>  | PE (x)                              | -            | 12.5         | -            | 13.5         | -            | 73.1         | 7.1   | 4.5   |       |       |       |
| Employee benefits                  | 0.0          | 0.0          | 0.1          | 0.1         | 0.1         | PE market                           |              | 15.0         | 15.0         | 15.0         | 15.0         | 15.0         |       |       |       |       |       |
| Convertible Note                   | 0.0          | 3.3          | 3.3          | 0.0         | 0.0         | Premium/(discount)                  |              | (183.4%)     | (190.2%)     | (587.2%)     | (52.8%)      | (70.2%)      |       |       |       |       |       |
| Other                              | 0.1          | 0.2          | 0.2          | 0.2         | 0.2         | EV/EBITDA (x)                       |              | (13.6)       | (14.9)       | (1,351.5)    | 4.3          | 0.0          |       |       |       |       |       |
| <b>Total long term liabilities</b> | <b>0.1</b>   | <b>3.5</b>   | <b>3.6</b>   | <b>0.3</b>  | <b>0.3</b>  | FCF/Share                           | A cps        | (0.002)      | (0.001)      | (0.001)      | 0.004        | 0.005        |       |       |       |       |       |
| <b>Total Liabilities</b>           | <b>2.7</b>   | <b>5.7</b>   | <b>5.9</b>   | <b>3.2</b>  | <b>3.6</b>  | Price/FCF share                     |              | (13.4)       | (29.2)       | (22.9)       | 6.3          | 4.6          |       |       |       |       |       |
| <b>Net Assets</b>                  | <b>15.7</b>  | <b>11.8</b>  | <b>8.4</b>   | <b>12.8</b> | <b>16.6</b> | Free Cash flow Yield                |              | (7.2%)       | (3.4%)       | (4.4%)       | 16.4%        | 23.5%        |       |       |       |       |       |
| 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)       | (33.3)       | (36.7)       | (35.6)      | (31.8)      |                                     |              |              |              |              |              |              |       |       |       |       |       |
| <b>Total Shareholder funds</b>     | <b>15.7</b>  | <b>11.8</b>  | <b>8.4</b>   | <b>12.8</b> | <b>16.6</b> |                                     |              |              |              |              |              |              |       |       |       |       |       |

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: 6<sup>th</sup> May 2021**

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

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

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Website: [www.afca.org.au](http://www.afca.org.au); Email: [info@afca.org.au](mailto:info@afca.org.au); Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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