Wrkr Limited

FY24 Result & Outlook

Timing the key issue for revenue and EBITDA uplift

IT Services & Software

9 September 2024

Wrkr Ltd (ASX:WRK) offers compliance solutions for Australian superannuation contributions and payroll including member onboarding, super payments, messaging and employee validation. WRK has reported a RaaS adjusted FY24 EBITDA of $0.5m (compared to a loss of $1.3m in FY23), with H2 FY24 adjusted EBITDA closer to $1.0m on the back of significant development and implementation revenue. These numbers were in-line with RaaS estimates. Costs have been well controlled given the number of projects on the go, but additional funds were required to deliver on the opportunities at hand. We have revised our FY25-FY27 across a range of variables including for the timing of likely client migration and the recent $7.1m capital raise and $3.3m convertible note conversion. The net result is large reduction in our FY25 estimates due to timing assumptions, slowing into FY27 as client assumptions remain relatively unchanged. The impact on our DCF valuation is negligible (our valuation has moved from $0.08/share to $0.078/share), with period rollover and unchanged medium-term assumptions largely offsetting the additional shares on issue (we had already incorporated the note conversion).

Business model

WRK operates three 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, Self-Managed Super Funds (SMSFs) and funds which generates fees on transactions, Software as a Service (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.

Key refinements to FY25+ estimates

Almost every line item across our estimates have been refined in FY25 due to the timing of likely client migration to both Wrk PAY and Wrk Platform. This has a flow-on effect to float interest and other income assumptions. Our longer-term assumptions are largely unchanged, with Pay Day Super on-track for implementation in FY27, ART still likely to migrate QSuper and other clients to the Wrk Platform and just two large MUFG clients (REST and HOSTPLUS) assumed for migration to Wrk Pay before FY27. We have revised shares on issue and cash balances for the recent capital raise and convertible note conversion and incorporated higher employee costs for client migration and product development. That said management says it will try and time additional resources with onboarding to limit dilution.

Valuation of $0.078/share or $132m market cap fully diluted

The near-term multiples of WRK do not reflect the medium-term revenue and earnings potential from MUFG customer migration, Pay Day Super, or direct client acquisitions, in our view. As a result, we deem a DCF as the most appropriate valuation methodology for WRK. Our DCF moves from $0.08/share to $0.078/share as we account for the recent capital raise and likely timing of client migrations, offset slightly by a period rollover. This valuation is driven by our assumptions around Pay Day Super, MUFG client migration and a normalised cash rate of 3.7% (for float interest).

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

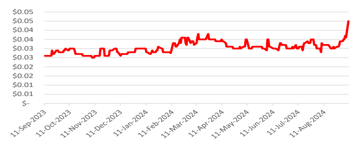
Year end	Revenue	EBITDA adj.	NPATA adj.	EPS adj.	P/E (x)	EV/EBITDA (x)	EV/ARR* (x)
06/23a	6.6	(1.3)	(1.5)	(0.001)	nm	nm	13.7
06/24a	9.6	0.5	0.4	0.000	135.2	105.5	14.8
06/25f	13.0	2.0	1.8	0.001	37.5	29.7	9.1
06/26f	20.0	8.8	6.5	0.0038	10.9	6.4	5.1

Source: FY23 and FY24 company data, RaaS estimates FY25f and FY26f; *Excludes interest income

Share Details

ASX code	WRK
Share price (9-Sept)	$0.045
Market capitalisation	$70.9M
Shares on issue	1,687.6M
Pro-forma cash Jun-24	$8.6M
Free float	60%

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 in Hong Kong

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/lower-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

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FY24 Result Highlights

Key observations from the FY24 result release include:

- **Revenue of $9.6m (+46%) has already been guided,** with growth consistent across both halves.

  Divisionally, Wrk PAY growth increased 103% on the back of higher float interest income (+77% to $2.1m) and Hong Kong licence and milestone payments. Wrk Platform revenues declined 8%, mainly due to lower MSP/consulting fees, which can be volatile.

- **Gross margin of 86.4%,** down 102bps on FY23, we suspect due to the mix lower margin implementation/development revenues relative to the more recurring SaaS revenue and interest revenue.
- **Operating costs up 9%** which we believe was well managed considering the activity around Link client migration, Hong Kong planning and new product developments. Some product development costs (in the form of employee expenses) were capitalised rather than expensed over the year.
- **RaaS-adjusted EBITDA of $0.5m**, in-line with RaaS estimates and an improvement on FY23 (1$1.3m) due to leverage from revenue/gross profit growth.

  H2 RaaS adjusted EBITDA was $1.0m against a $0.5m loss over H1.

- **Amortisation of $2.6m**, in-line with our forecast and FY23; and
- Reported NPAT loss of $3.8m, due mainly to the inclusion of non-cash amortisation and a fair value revaluation of the convertible note.

Exhibit 1: WRK FY24 result summary (A$ unless specified)

Variable (A$000')	FY23	FY24	% CHG	Comments
Revenue	**6.6**	**9.6**	**46**	
Wrkr PAY	3.9	7.3	84	Mainly interest and LNK migration
Wrkr PLATFORM	2.6	2.3	(8)	
Wrkr READY	0.1	0.0	nm	Not meaningful at this stage
Gross profit	5.8	8.3	42	
GP%	88.7	86.4		
Operating costs	7.2	7.8	9	Well controlled
EBITDA	**(1.3)**	**0.5**	**nm**	**Loss to profit**
Depreciation	0.0	0.1		
Amortisation	2.8	2.6		
EBIT	**(4.1)**	**(2.2)**	**(46)**	
Interest expense	0.1	0.1		
Pre-tax	(4.2)	(2.3)	(45)	
Adjusted NPATA	**(1.5)**	**0.3**	**nm**	
Adjustments	0.0	(1.6)		Mainly revaluation of convertible note
Reported NPAT	(4.2)	(3.9)	(6)	

Source: Company announcements, RaaS comment

Key Outlook Assumptions

We summarise key changes to our earnings assumptions post the FY24 result and recent capital raise:

- **The convertible note** conversion took place in August 2024, with 132m shares issued at a price of $0.025/share. We had forecast conversion at $0.029/share in October 2024, adding 18m shares (or 1.5%) to our issued capital assumptions.

- **Capital raise.** We have incorporated the issue of 284m shares or 16.5% of issued capital from the recent $7.1m placement and share purchase plan (SPP) at $0.025/share in August 2024 and adjusted out cash balances accordingly.
- **MUFG Retirement Solutions (previously Link) client migration to Wrkr PAY.** We have pushed out full REST (~1.4m active members) client migration from H2 FY25 to H1 FY26, given trials are only set to commence in September and due for completion in December 2024.

  We had forecast HOSTPLUS to begin migration in Q2 FY25 (~0.9m active members), and push this out to H1 FY26.

  MUFG recently signed an MoU with Australian Super to extend their relationship 'until at least 2028'. We do not have Australian Super in our numbers, but migration of an estimated ~1.7m active members represents a further $5.0m-$6.0m revenue opportunity by our calculations.

- **ART client migration**. We believe the migration of the ~1.0m QSuper clients to the ART platform is still likely post legacy contract expiry and upgrades to the existing platform, of which WRK is currently participating.

  We have pushed out full QSuper client migration from H2 FY25 to H2 FY26 but have incorporated higher platform development work in FY25.

- **An ART price increase of 25%** under the new contract agreement has been incorporated into our numbers and represents ~$300k in additional revenue/EBITDA on the existing client base, all else equal, with further benefits expected as new users are migrated to the platform.
- **Interest income from float monies**. We estimate the average Bank Bill Swap rate (BBSW) in FY25 to be stable relative to FY24, with the timing of client migration to the PAY platform key to the average balance of float income over the year.
- **Hong Kong**. The Wrkr employer platform to HSBC (via MUFG) in Hong Kong remains in progress and milestones paid for development, implementation and acceptance testing should continue into FY25.

  Post implementation Wrkr will receive a service management fee and further milestone payments over the three-year contract term based on a minimum membership quota. These revenues are incorporated in our numbers between FY24 and FY27 with an assumed gross profit margin of 70%.

- **Additional employee costs forecast for FY25** to accommodate the on boarding of large clients and further product development. One large client is believed to cost $1.5m in implementation alone. Resources will also be needed for a go-live in Hong Kong around October 2024 and a likelihood that other MUFG clients will follow REST; and
- **$130k R&D tax rebate forecast for FY25** on the back of the accelerated (capitalised) R&D spend in FY24. We have no tax credits forecast into FY26 as we forecast revenue to exceed $20m.

A summary of changes to our estimates are tabled in Exhibit 2 below, with revised P&L assumptions by division tabled in Exhibit 3.

Exhibit 2: RaaS WRK earnings adjustments (in A$m unless otherwise stated)

Variable	FY24a	FY25f	FY26f	FY27f	Comments
Revenue					
Previous	9.5	16.9	21.1	29.3	Mainly timing
Revised	9.6	12.9	20.0	30.4	-
% CHG	1.0	**(23)**	**(5)**	**4**	
Adj. EBITDA					
Previous	(0.1)	5.7	10	16.9	Mainly timing
Revised	0.5	2.0	8.7	18.1	
% CHG	nm	**(65)**	**(12)**	**7**	
Adj. EPS ($)					
Previous	0.000	0.004	0.005	0.009	Higher shares on issue
Revised	0.000	0.001	0.004	0.008	
% CHG	nm	**(68)**	**(25)**	**(10)**	

Source: Company data (FY24a), RaaS estimates (FY25-FY27)

Exhibit 3: WRK financial year earnings summary (in A$ unless otherwise stated)

Line item	2023fa	2024a	2025f	2026f	2027f
Revenue	**6.6**	**9.6**	**13.0**	**20.0**	**30.4**
Wrkr PAY	3.9	7.3	8.1	14.1	23.8
Wrkr PLATFORM	2.6	2.3	3.1	3.9	4.3
Wrkr READY	0.1	0.0	1.8	2.0	2.2
Gross profit	**5.8**	**8.3**	**10.8**	**18.5**	**29.2**
GP%	88.7	86.4	83.4	92.1	96.1
Operating costs	7.2	7.8	8.8	9.7	11.1
EBITDA	**(1.3)**	**0.5**	**2.0**	**8.8**	**18.1**
D&A	2.8	2.6	2.6	2.6	2.6
EBIT	**(4.1)**	**(2.2)**	**(0.6)**	**6.1**	**15.5**
Interest expense/(income)	0.1	0.1	(0.3)	(0.5)	(0.6)
Tax expense	0.0	0.0	0.5	2.7	5.6
NPAT	(4.2)	(2.2)	(0.8)	3.9	10.5
NPATA	**(1.4)**	**0.4**	**1.8**	**6.5**	**13.2**
Adjustments	0.0	(1.6)	0.0	0.0	0.0
Reported NPAT	(4.1)	(3.8)	(0.8)	3.9	10.5

Source: Company announcements and RaaS estimates (FY25-FY27)

Investment Case Revisited

From the $9.6m revenue base in FY24 we see a range of partnerships and events that combined could drive revenue to $30m by FY27, supporting a fully diluted valuation of $0.078/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, in our view.
- The commercial agreement with MUFG (previously Link) opens the way for the migration of key retirement and super clients of MUFG to the Wrkr infrastructure (PAY), offering transaction fee, float interest and other revenue opportunities. MUFG counts three of the top-10 super funds in Australia as clients being Australian Super (3.2m members), REST (2.0m members) and HOSTPLUS (1.8m members). REST will trial an updated suite between October and December 2024, and we expect migration of the 1.4m active member base in FY26.
- Australia's second-largest super fund (ART) is the major customer on the Wrkr PLATFORM with ~1.0m members and is yet to materially add QSuper members following the merger with SunSuper in February 2022 to create ART. Such a migration could deliver at least 0.6m members or ~$1.5m revenue per annum post legacy contract expiry and platform upgrade at QSuper.

- 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 potential of an even stronger moat across a range of solutions.
- Some of WRK's product development is funded by its clients in the form of managed service programme and consulting fees, reducing the cash-flow burden on the group. WRK says it has also invested heavily in new product development over the past 12 months, spending $2.3m.
- We view a DCF as the most appropriate methodology to value WRK, with a summary of the key assumptions driving our $0.078/share valuation detailed in Exhibit 4 below.

Exhibit 4: WRK base-case DCF valuation

Parameters	Outcome
Discount rate /WACC	12.5%
Beta	1.3x
Terminal growth rate assumption	2.2%
Sum of PV ($m)	46.8
PV of terminal value ($m)	76.1
PV of enterprise ($m)	123.0
Pro-forma cash @ Jun 24 ($m)	(8.9)
Net value – shareholder ($m)	131.9
No. of diluted shares on issue (m)	1,688
NPV ($/share)	**$0.078**

Source: RaaS estimates

Exhibit 5: WRK Financial Summary

Wrkr Ltd (ASX:WRK)					
Profit and Loss (A$m)					
Y/E 30 Jun	FY23A	FY24A	FY25F	FY26F	FY27F
Revenue	6.6	9.6	13.0	20.0	30.4
Gross profit	5.8	8.3	10.8	18.5	29.2
GP margin %	88.7%	86.4%	83.4%	92.1%	96.1%
EBITDA	**(1.3)**	**0.5**	**2.0**	**8.8**	**18.1**
Depn	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
RoU	0.0	0.0	0.0	0.0	0.0
Amortisation	(2.8)	(2.6)	(2.6)	(2.6)	(2.6)
EBIT	(4.1)	(2.2)	(0.6)	6.1	15.4
Interest expense	(0.1)	(0.1)	0.3	0.5	0.6
Tax	0.0	0.0	(0.5)	(2.7)	(5.6)
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0
NPATA normalised	**(1.5)**	**0.4**	**1.8**	**6.5**	**13.1**
Adjustments	0.0	(1.6)	0.0	0.0	0.0
NPAT (reported)	**(4.2)**	**(3.8)**	**(0.8)**	**3.8**	**10.5**
Cash flow (A$m)					
Y/E 30 Jun	FY23A	FY24A	FY25F	FY26F	FY27F
Adj EBITDA (after rent)	(1.3)	0.5	2.0	8.8	18.1
Interest	(0.2)	(0.3)	0.3	0.5	0.6
Tax	0.9	0.0	0.1	0.0	(6.5)
Working capital/other	0.8	0.2	(0.0)	(0.1)	(0.2)
Operating cash flow	**0.2**	**0.3**	**2.4**	**9.1**	**12.0**
Mtce capex	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Capitalised Software	(0.4)	(2.3)	(2.0)	(1.0)	0.0
Free cashflow	**(0.3)**	**(2.1)**	**0.3**	**8.0**	**11.9**
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	**(0.3)**	**(2.1)**	**0.3**	**8.0**	**11.9**
Equity	4.2	0.0	7.1	0.0	0.0
Borrowings	0.1	(0.1)	(0.4)	0.0	0.0
Net Dividends paid	0.0	0.0	0.0	0.0	0.0
Change in cash	**4.0**	**(2.2)**	**7.0**	**8.0**	**11.9**
Balance sheet (A$m)					
Y/E 30 Jun	FY23A	FY24A	FY25F	FY26F	FY27F
Cash	4.1	1.9	9.0	17.0	28.8
Accounts receivable	0.6	0.4	0.5	0.7	1.1
Other receivables	0.9	1.9	1.9	1.9	1.9
Restricted client trust funds	28.9	38.4	64.9	111.3	156.1
Total current assets	*34.5*	*42.6*	*76.2*	*130.9*	*188.0*
PPE	0.1	0.1	0.2	0.3	0.4
Intangibles	12.6	12.3	11.6	10.0	7.3
Other	0.0	0.1	0.1	0.1	2.0
Total non current assets	*12.7*	*12.5*	*11.9*	*10.4*	*9.7*
Total Assets	47.2	55.2	88.1	141.3	197.7
Trade payables	0.1	0.2	0.3	0.4	0.7
Other Payables	0.7	1.1	1.4	2.2	3.5
Contract Liabilities	0.7	0.8	1.1	1.7	2.6
Borrowings/CN	0.2	4.2	0.2	0.2	0.2
Employee benefits/other	0.9	1.1	1.3	1.6	1.5
Liability for restricted funds	28.9	38.4	64.9	111.3	156.1
Total current liabilities	*31.5*	*45.9*	*69.1*	*117.4*	*164.6*
Employee benefits	0.1	0.2	0.2	0.2	0.2
Convertible Note	2.6	0.0	0.0	0.0	0.0
Other	0.5	0.2	0.5	1.5	0.2
Total long term liabilities	*3.2*	*0.4*	*0.7*	*1.7*	*0.5*
Total Liabilities	34.7	46.3	69.8	119.1	165.0
Net Assets	**12.5**	**8.8**	**18.4**	**22.2**	**32.7**
Share capital	44.9	44.9	55.3	55.3	55.3
Reserves	0.2	0.3	0.3	0.3	0.3
Accumulated losses	(32.7)	(36.3)	(37.2)	(33.3)	(22.8)
Total Shareholder funds	**12.5**	**8.8**	**18.4**	**22.2**	**32.7**

Share price (9 September 2024)						A$	0.042
Interim (A$m)		H123A	H223A	H124A	H224A	H125F	H225F
Revenue		2.7	3.9	3.9	5.7	6.0	6.9
EBITDA		(1.2)	(0.1)	(0.5)	1.0	0.5	1.6
EBIT		(2.6)	(1.5)	(1.9)	(0.4)	(1.0)	0.1
NPATA (normalised)		**(1.3)**	**(0.2)**	**(0.6)**	**0.9**	**0.5**	**1.2**
Adjustments		0.1	(0.1)	(0.9)	(0.7)	0.0	0.0
NPAT (reported)		(2.5)	(1.6)	(2.8)	(1.2)	(0.8)	(0.2)
EPS (adjusted)		(0.001)	(0.000)	(0.000)	0.001	0.000	0.001
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		H123A	H223A	H124A	H224A	H125F	H225F
Revenue		**2.7**	**3.9**	**3.9**	**5.7**	**6.0**	**6.9**
PAY		1.6	2.3	2.7	4.5	3.8	4.3
PLATFORM		1.0	1.5	1.2	1.2	1.4	1.7
READY		0.0	0.1	0.0	-	0.9	0.9
Gross profit		2.4	3.5	3.3	5.0	4.9	6.0
Gross Profit Margin %		87.6%	89.4%	84.5%	87.7%	80.4%	86.1%
Employees		2.6	2.9	2.8	3.0	3.3	3.2
Administration		0.1	- 0.0	0.1	0.0	0.1	0.0
Other		0.8	0.7	0.9	1.0	1.0	1.1
Total costs (ex SBP/1-off)		**3.6**	**3.6**	**3.8**	**4.0**	**4.4**	**4.4**
EBITDA		**(1.2)**	**(0.1)**	**(0.5)**	**1.0**	**0.5**	**1.6**
EBITDA margin %		(44.8%)	(3.4%)	(12.5%)	17.2%	7.7%	22.6%
Margins, Leverage, Returns			FY23A	FY24A	FY25F	FY26F	FY27F
EBITDA margin %			-20.3%	5.2%	15.7%	43.8%	59.7%
EBIT margin %			-62.5%	-22.7%	-5.0%	30.4%	50.8%
NPAT margin (pre significant items)			-22.2%	4.1%	14.0%	32.4%	43.3%
Net Debt (Cash)			- 3.37	- 0.95	- 7.71	- 15.08	- 25.97
Net debt/EBITDA (x)		(x)	2.5	-1.9	-3.8	-1.7	-1.4
ND/ND+Equity (%)		(%)	(22.5%)	(13.8%)	(52.9%)	(73.6%)	(83.1%)
EBITDA interest cover (x)		(x)	-13.8	6.4	-6.8	-19.5	-30.2
ROA			(8.7%)	(4.3%)	(0.9%)	5.3%	9.1%
ROE			(33.5%)	(43.3%)	(4.6%)	17.3%	32.1%
NTA (per share)			0.00	0.00	0.00	0.01	0.02
Working capital			1.4	2.1	2.1	2.2	2.4
WC/Sales (%)			**20.8%**	**21.6%**	**16.3%**	**11.1%**	**7.9%**
Revenue growth			43.0%	45.9%	35.1%	54.6%	51.6%
EBIT growth pa			nm	nm	nm	nm	153.3%
Pricing			FY23A	FY24A	FY25F	FY26F	FY27F
No of shares (y/e)		(m)	1,272	1,272	1,687	1,688	1,688
Weighted Av Dil Shares		(m)	1,256	1,272	1,618	1,688	1,688
EPS Reported		A$ cps	(0.0033)	(0.0030)	(0.0005)	0.0023	0.0062
EPS Normalised/Diluted		A$ cps	(0.0012)	0.0003	0.0011	0.0038	0.0078
EPS growth (norm/dil)			#REF!	-127%	260%	244%	102%
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)			- 36.2	135.2	37.5	10.9	5.4
PE market			18.0	18.0	18.0	18.0	18.0
Premium/(discount)			(301.2%)	651.3%	108.5%	(39.3%)	(70.0%)
EV/EBITDA (x)			(39.5)	107.4	29.7	6.4	5.5
FCF/Share		A cps	(0.000)	(0.002)	0.000	0.005	0.007
Price/FCF share			(172.0)	(25.5)	207.7	8.9	6.0
Free Cash flow Yield			(0.4%)	(3.0%)	0.5%	11.3%	16.8%

Source: Company data for actuals, RaaS estimates

FINANCIAL SERVICES GUIDE

RaaS Research Group 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

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About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Research Group 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: Level 1, 160 Edward Street, Brisbane, QLD, 4000 www.brsecuritiesaustralia.com.au

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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

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.

How are we paid?

RaaS earns fees for producing research reports about companies we like, and/or producing a financial model as well. 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. Sometimes we write reports using our own initiative.

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.

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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.

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