ignite

2022 HALF YEAR REPORT

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IGNITE LIMITED

ABN 43 002 724 334

2022 HALF YEAR REPORT

Directors' Report

The Directors present their report together with the financial report of Ignite Limited (the "Company") and its controlled entities (the "Group") for the half year ended 31 December 2021 and the independent auditor's review report thereon.

Directors

The Directors of the Company at any time during or since the end of the half year are:

Garry Sladden
Jennifer Elliott
Fred van der Tang

Principal activities

The principal activities of the Group during the half year were the provision of contingent labour and permanent recruitment services ("Specialist Recruitment"), on demand information technology services ("On Demand IT Services") and outsourced recruitment and human resource consulting services ("Talent Solutions"). The Group operates nationally through 5 offices in Australia as well as in New Zealand and employs approximately 75 permanent staff. There have been no changes in the principal activities of the Group during the half year.

Dividends

No dividends were paid or declared during the half year. On 24 February 2022 the Directors resolved not to declare an interim dividend for the half year ended 31 December 2021.

Financial and operational review

Key financial metrics

The half year reflected the following movements on the comparative period:

	31 Dec 2021 $000	31 Dec 2020 $000	Increase/ (Decrease) $000	Increase/ (Decrease) %
Continuing operations				
Revenue	59,459	56,743	2,716	4.8
Gross profit	6,747	6,515	232	3.6
Gross profit margin	11.35%	11.48%	-	-
(Loss)/ profit, net of income tax	(80)	2,219	(2,299)	(103.6)
Operating loss[1]	(80)	(388)	308	79.4
Earnings before interest, tax, depreciation and amortisation (EBITDA)[1]	264	111	153	137.8
Employee benefits expense	4,743	4,889	(146)	(3.0)
Corporate overheads	2,787	2,783	4	0.1
Net cash from operating activities	423	699	(276)	(39.5)

	31 Dec 2021 $000	30 Jun 2021 $000	Increase/ (Decrease) $000	Increase/ (Decrease) %
Debtor finance facility	708	783	(75)	(9.6)
Net assets	5,238	5,330	(92)	(1.7)

1. Excluding the Australian Federal Government JobKeeper Payment subsidy received during the prior comparative period.

Directors' Report (continued)

Financial and operational review (continued)

Financial review

During the half year ended 31 December 2021 the Group generated a loss from ordinary activities net of income tax of $80k (31 December 2020: profit of $2,219k), a 103.6% decline on the comparative period. The prior comparative period included the Australian Federal Government JobKeeper Payment subsidy of $2,607k which was recognised in “other income”. The result for the half year represented a 79.4% improvement on the underlying 31 December 2020 loss of $388k, excluding the JobKeeper Payment subsidy.

Revenue from continuing operations increased 4.8% to $59,459k (31 December 2020: $56,743k) while the gross profit from continuing operations increased 3.6% to $6,747k (31 December 2020: $6,515k) and the gross profit margin decreased slightly from 11.48% to 11.35%. The increases in revenue and gross profit were primarily due to a rebound in the demand for permanent recruitment from the prior year’s COVID-19 low as well as an increase in the number of contingent labour contractors. The marginal gross profit margin decline and the lower gross profit increase relative to the revenue increase was due to the revenue mix with a lower contribution from the high margin On Demand IT Services and Talent Solutions businesses relative to the prior comparative period.

As at 31 December 2021, there were 882 active contractors across the Group versus 878 as at 31 December 2020.

Employee benefits expense decreased 3.0% on the prior comparative period due to a lower headcount and associated salaries and on costs at the beginning of the half year. Occupancy expense decreased 7.1% on the prior comparative period due to negotiated reductions in rent at various office premises. Depreciation and amortisation expense also decreased 20.5% due to the intangible assets being fully amortised in the prior financial year. Other expenses increased 13.9% on the prior comparative period due to increased marketing and advertising expenditure and the one-time costs associated with planned projects to implement two software as a service (“SaaS”) platforms. These platforms are replacing the legacy financial system and the legacy customer and contractor management system supporting the On Demand IT Services division.

Adding back non-recurring expenditure in the half year underlying earnings were an operating profit of $38k. The non-recurring expenditure related to, among other things, the SaaS implementation costs which are now required to be expensed rather than capitalised pursuant to revisions to AASB138 Intangible Assets, as well as additional professional fees incurred in dealing with shareholder matters.

	31 Dec 2021 $000
Operating loss	(80)
Add back	
SaaS implementation costs	72
Professional fees	21
Other	25
Underlying operating profit	38

Directors' Report (continued)

Financial and operational review (continued)

Operational review

Specialist Recruitment

Specialist Recruitment contributed a profit before allocation of corporate overheads of $2,624k versus $1,950k in the prior comparative period. This 34.6% increase reflected a 6.4% increase in contingent labour revenue and a 92.1% increase in permanent placement revenue on the prior comparative period.

In New South Wales, despite the shadow cast by COVID-19 related public health order lockdowns, new leadership and an increase in customer demand delivered a 173.3% increase in profit before allocation of corporate overheads versus the prior comparative period. The improvement was driven through the gross profit contribution of contingent labour up 11.8% and permanent placement revenue up 62.0%. In the Australian Capital Territory gross profit improved 5.1% on the prior comparative period driven by a number of permanent placements in the half year with contingent labour up 2.1%.

The increase in permanent placement revenue reflected customers opting to engage candidates on a permanent rather than contingent labour basis as they looked to address their resourcing requirements for calendar year 2022. The Federal Government business continues its robust performance while the Engineering vertical has also delivered strong results in the half year.

As at 31 December 2021, there were 750 active contractors within Specialist Recruitment versus 715 as at 31 December 2020.

On Demand IT Services

The On Demand IT Services business recorded a profit before allocation of corporate overheads of $193k in the half year, a 54.6% decrease on the prior comparative period. The decrease reflected a 18.6% decline in revenue with the business being particularly impacted by COVID-19 during the half year with customers delaying project work and various State and Territory public health order related lockdowns preventing access to customer sites to complete on site work. Operating expenses increased significantly in the half year due to the one-time costs associated with the project to implement a SaaS platform to replace the legacy customer and contractor management system as well as the ongoing platform subscription costs.

Talent Solutions

Talent Solutions (rebranded from People Services in the half year) delivered a loss before allocation of corporate overheads of $115k, a 291.7% decrease on the prior comparative period. This result reflected a 10.1% decrease in revenue as well as a significant investment in new headcount, including the appointment in August 2021 of a new leader, Nikki Grech, as Executive General Manager. Nikki has been actively building out the skills and capabilities of the team, refreshing the division’s go to market proposition and developing an improved pipeline of opportunities to drive revenue and gross profit growth in subsequent periods.

Shared Services

Net corporate overheads decreased $4k (0.1%) against the prior comparative period. This was due to reductions in operating expenses, finance costs and depreciation and amortisation offset by a 12.2% increase in salary and on costs. A 3.4% reduction in operating expenses arose from legal fees, software licenses, subscriptions and telephony, offset by costs associated with the project to implement a SaaS platform to replace the legacy financial system. Finance costs decreased 38.1% due to improved working capital principally from the continuing benefits of the JobKeeper Payment subsidies received in the prior comparative period resulting in a lower drawdown of the debtor finance facility. The intangible assets were fully amortised in the prior financial year resulting in a 63.1% reduction in the depreciation and amortisation expense.

Financial and operational review (continued)

Operational review (continued)

Outlook

We are pleased to report the continued improved performance of the Group as demonstrated by back-to-back quarters of gross profit growth in the first half of the financial year. The executive team is focused on profitable growth whilst also investing in new headcount and enhancements to the delivery of our services. The greatly reduced statutory operating loss of $80k, which includes $118k of non-recurring strategic investment and other costs that are unlikely to impact the business moving forward, is a significant improvement on the performance in the prior comparative period (excluding the JobKeeper Payment subsidy).

The Group expects to be operating in the second half of the financial year in a market where customer demand within our main sectors continues to be high. The Specialist Recruitment business is anticipated to maintain its positive trend and this will be the main contributing factor in the Group achieving year on year revenue growth in the current financial year.

From a sector perspective, a key part of our customer growth strategy is Federal Government and the outlook is for continued demand in the third quarter. The Business Support vertical was severely impacted by COVID-19 related lockdowns in the first half of the financial year and we are now starting to see an improved performance as lockdowns ease and customer demand returns.

The NSW and Victorian businesses are also expecting continued customer demand and our delivery has been bolstered with key staff appointments in the first half of the financial year. Whilst we are pleased with the progress made in the appointment of staff we are still in the early stages of onboarding.

The progress in establishing the national resourcing centre in the half year has been pleasing, however, we are still in the early phase of creating a new scalable customer delivery model. The creation of the national resourcing centre is a key strategic initiative for the Group with a leader hired externally and the first cohort of new hires joining in the third quarter. Given the nature of the project, the impact of this investment will be seen in the third and fourth quarters and we expect the full benefits of the national resourcing centre to be realised in the 2023 financial year.

The On Demand IT Services business should also see an improved performance in the second half of the financial year with lockdowns easing and COVID-19 delayed projects now being recommenced. The current focus of the business is the acquisition of new customers and contracts that will better align with the strengths of the Specialist Recruitment business.

Within the Talent Solution business we have seen very strong uplift in revenue in the first half of the financial year with the acquisition of a range of new customers and generally strong market conditions. Whilst pleasing, the results are against a severely COVID-19 impacted prior comparative period. We have recently increased our business development capability to drive growth in the second half of the financial year and are looking towards the 2023 financial year with a positive outlook. Although the Talent Solutions business has typically been Federal Government focused and operating almost exclusively within the ACT, the momentum gained during the half year was partly due to winning new customers outside of Federal Government and the ACT, which is testimony to the efforts of the new leadership team. The customer contracts won in the first half of the year have also been extended to the end of the financial year.

From a talent acquisition perspective, we have been very pleased with the investment in new talent in the first half of the financial year. We expect this hiring to form the basis for continued momentum and revenue growth in the business during the 2023 financial year.

After a pleasing performance where we have generated consistent growth across the first half of the financial year for the first time in many years, our focus for the second half of the financial year is:

- Further penetration within our key customers to achieve greater cross sell opportunity across all business lines;
- Successful onboarding of new staff and continued investment within our most profitable sectors and business lines; and

Directors' Report (continued)

Financial and operational review (continued)

Operational review (continued)

Outlook (continued)

- Taking refreshed "customer and market" strategies for our On Demand IT Services and Talent Solutions businesses to our customers supported by an increased business development capability.

The key business risks that may impact our ability to achieve our short to medium term financial objectives are the ability to achieve sales penetration within key customers and to successfully onboard new staff. These two items are the key variables that will impact the rate of revenue growth.

Events subsequent to the reporting date

The Group is exposed to the ongoing impact of COVID-19 and associated public health restrictions creating uncertainty around the medium-term trading environment and economic impact in Australia and New Zealand. Subsequent to the end of the half year, and as of the date of this report, there has been no material impact on the Group's financial performance.

Subsequent to the end of the half year the Group successfully extended its debtor finance facility with ScotPac Business Finance for a further twenty-four months such that it will now expire on 20 February 2025.

No other matters or circumstances have arisen since the end of the half year that significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Auditor's independence declaration

The lead auditor's independence declaration for the half year ended 31 December 2021 is set out on page 6 of the Directors' Report.

Rounding of amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/ Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the condensed consolidated financial statements are rounded off to the nearest thousand dollars or in certain cases to the nearest dollar, unless otherwise indicated.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the Corporations Act 2001.

Garry Sladden
Chairman

Dated at Sydney this 24th day of February 2022.

Ignite Limited

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021, there have been:

a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and

b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF

PKF

P. Pearman

PAUL PEARMAN
PARTNER

24 FEBRUARY 2022
SYDNEY, NSW

PKF (NS) Audit & Assurance Limited Partnership
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Condensed Consolidated Financial Statements

Condensed consolidated statement of profit or loss and other comprehensive income For the half year ended 31 December 2021

	Note	31 Dec 2021 $000	31 Dec 2020 $000
Continuing operations			
Revenue	5, 7	59,459	56,743
Contingent labour costs		(52,712)	(50,228)
Gross profit		6,747	6,515
Other income	6	5	2,622
Employee benefits expense		(4,743)	(4,889)
Depreciation and amortisation expense		(194)	(244)
Occupancy expense		(301)	(324)
Other expenses		(1,519)	(1,334)
(Loss)/ profit from continuing operations		(5)	2,346
Finance income		-	1
Finance costs		(75)	(128)
(Loss)/ profit from continuing operations before income tax		(80)	2,219
Income tax		-	-
(Loss)/ profit from ordinary activities attributable to the Owners of the Company		(80)	2,219
Other comprehensive (loss)/ income			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation differences for foreign operations		(12)	1
Income tax on other comprehensive income		-	-
Other comprehensive (loss)/ income, net of income tax		(12)	1
Total comprehensive (loss)/ income		(92)	2,220

	31 Dec 2021 Cents	31 Dec 2020 Cents
(Loss)/ profit per share from ordinary activities		
Basic	(0.09)	2.48
Diluted	(0.09)	2.48

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statement of financial position
As at 31 December 2021

	Note	31 Dec 2021 $000	30 Jun 2021 $000
Current assets			
Cash and cash equivalents	8	230	87
Trade and other receivables		11,524	12,627
Total current assets		11,754	12,714
Non-current assets			
Plant and equipment		55	70
Right-of-use assets		164	340
Total non-current assets		219	410
Total assets		11,973	13,124
Current liabilities			
Trade and other payables		4,752	5,670
Debtor finance facility	9	708	783
Lease liabilities		193	335
Provisions		990	837
Total current liabilities		6,643	7,625
Non-current liabilities			
Lease liabilities		4	58
Provisions		88	111
Total non-current liabilities		92	169
Total liabilities		6,735	7,794
Net assets		5,238	5,330
Equity			
Contributed equity	10	83,541	83,541
Reserves		(108)	(96)
Accumulated losses		(78,195)	(78,115)
Total equity		5,238	5,330

The condensed consolidated statement of financial position should be read in conjunction with the accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statement of changes in equity
For the half year ended 31 December 2021

	Contributed Equity $000	Reserves $000	Accumulated Losses $000	Total $000
Current period				
Balance as at 1 July 2021	83,541	(96)	(78,115)	5,330
Loss for the period attributable to the Owners of the Company	-	-	(80)	(80)
Other comprehensive income/ (loss)				
Foreign currency translation differences for foreign operations	-	(12)	-	(12)
Total comprehensive loss for the period attributable to the Owners of the Company	-	(12)	(80)	(92)
Balance as at 31 December 2021	83,541	(108)	(78,195)	5,238
Prior comparative period				
Balance as at 1 July 2020	83,541	(95)	(80,530)	2,916
Profit for the period attributable to the Owners of the Company	-	-	2,219	2,219
Other comprehensive income				
Foreign currency translation differences for foreign operations	-	1	-	1
Total comprehensive income for the period attributable to the Owners of the Company	-	1	2,219	2,220
Balance as at 31 December 2020	83,541	(94)	(78,311)	5,136

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statement of cash flows
For the half year ended 31 December 2021

	Note	31 Dec 2021 $000	31 Dec 2020 $000
Cash flows from operating activities			
Receipts from customers		66,426	64,229
Payments to suppliers and employees		(61,690)	(61,590)
Interest received		-	1
Interest and other borrowing costs paid		(75)	(128)
Government grants and subsidies		-	2,607
Goods and services tax paid		(4,238)	(4,420)
Net cash from operating activities	13	423	699
Cash flows used in investing activities			
Purchase of plant and equipment		(4)	-
Net cash used in investing activities		(4)	-
Cash flows used in financing activities			
Net repayment of debtor finance facility		(75)	(603)
Payment of lease liabilities		(197)	(254)
Net cash used in financing activities		(272)	(857)
Net increase/ (decrease) in cash		147	(158)
Cash and cash equivalents at the beginning of the period		87	408
Effect of exchange rates on cash holdings in foreign currencies		(4)	3
Cash and cash equivalents at the end of the period	8	230	253

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes to the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

Note 1. Reporting Entity

The Company is incorporated and domiciled in Australia and is limited by shares. The condensed consolidated financial statements represent the Group as at and for the half year ended 31 December 2021.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2021 are available upon request from the Company's registered office at Level 2, 55 Wentworth Avenue, Kingston, ACT 2604 or at www.igniteco.com.

Note 2. Basis of Preparation

Statement of compliance

The condensed consolidated financial statements are general purpose financial statements prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 Interim Financial Reporting ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The condensed consolidated financial statements do not include notes of the type normally included in annual financial statements and should be read in conjunction with the most recent consolidated annual financial statements.

The condensed consolidated financial statements have been prepared under the historical cost convention. All amounts are presented in Australian dollars, unless otherwise noted.

The condensed consolidated financial statements were authorised for issue by the Directors on the 24th day of February 2022.

Rounding of amounts

The Company has applied the relief available under ASIC Corporations (Rounding in Financials/ Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the condensed consolidated financial statements have been rounded to the nearest thousand dollars, or in certain cases to the nearest dollar, unless otherwise indicated.

Going concern

The Directors have prepared the condensed consolidated financial statements on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the discharge of liabilities in the ordinary course of business.

The condensed consolidated statement of profit or loss and other comprehensive income for the half year ended 31 December 2021 reflects a loss from ordinary activities net of income tax of $80k (31 December 2020: profit of $2,219k) and the condensed consolidated statement of cash flows reflects cash inflows from operating activities of $423k (31 December 2020: $699k). As at 31 December 2021 the condensed consolidated statement of financial position reflects net assets of $5,238k (30 June 2021: $5,330k). The movement in net assets since 30 June 2021 comprises the loss from ordinary activities net of income tax of $80k and a net foreign currency translation loss of $12k in relation to overseas operations.

AASB 101 Presentation of Financial Statements requires Directors to determine the Group's ability to continue as a going concern for the purposes of preparing the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements (continued)

Note 2. Statement of Compliance (continued)

Going concern (continued)

To assist in determining the Group's ability to continue as a going concern the Directors have prepared base case 15-month profit and loss and cash flow forecasts for the period January 2022 to March 2023. The Directors expect the Group to maintain positive net assets at 31 March 2023.

The 15-month profit and loss forecast indicates a nominal loss from operating activities while the cash flow forecast indicates net funds used in operating activities over that period. The Group expects to have sufficient trade receivables at any point in time during that period against which to draw down funds under the debtor finance facility. The Directors, therefore, expect the Group to operate within the overall debtor finance facility limit of $15,000k disclosed at Note 9.

The Directors note that the key assumptions in the cash flow forecast are revenue and days sales outstanding ("DSO"), which drive profitability and cash flow. The Directors further note that contingent labour costs move in line with revenue, so any increase or decrease in revenue results in contingent labour costs moving in the same direction and at the same rate, unless there is a significant improvement or deterioration in the underlying customer margin, which is infrequent. The downside sensitivity of each key assumption has been examined individually.

The Directors note that a sustained 10% reduction in forecast revenue over the 15-month forecast period across all revenue streams, would result in an increase in the aggregate net cash used in operating activities of $1,435k. The Directors also note that a sustained 5-day deterioration in forecast DSO over the 15-month forecast period across all revenue streams, would result in an increase in the aggregate net cash used in operating activities of $2,548k.

The Directors are confident the additional working capital required under both scenarios is capable of being funded by the debtor finance facility as and when required during the forecast period and as such have determined the Group will be able to pay its debts as and when they fall due.

In the Directors' opinion, the ability of the Group to continue as a going concern is primarily dependent upon:

- At least maintaining revenue and gross profit at the current levels without any material deterioration due to the ongoing economic and trading impact of COVID-19;
- Achieving revenue and gross profit growth through customer acquisition and an increase in active contractors;
- Maintaining cash flows from operating activities at current levels including the collection and ageing of trade receivables without any material deterioration;
- Achieving further reductions in shared services costs where possible;
- The Group net assets of $5,238k at 31 December 2021 and the ability to maintain positive net assets at 31 March 2023;
- The existence and continuity of the debtor finance facility with ScotPac Business Finance, which expires on 20 February 2025; and
- The sensitivity analysis undertaken on the cash flow forecast which indicates that even with a sustained 10% reduction in forecast revenue or a sustained 5-day deterioration in forecast DSO, the increased working capital required is capable of being funded by the debtor finance facility, as and when required.

Notes to the Condensed Consolidated Financial Statements (continued)

Note 2. Statement of Compliance (continued)

Going concern (continued)

The Directors are confident in the Group's ability to achieve the aforementioned and have, therefore, concluded that it is appropriate to adopt, and have adopted, the going concern basis in preparing the condensed consolidated financial statements. The Directors are of the view that the Group will be able to pay its debts as and when they become due from net cash from operating activities and funds from the debtor finance facility.

However, in the event that the Group is unable to achieve successful outcomes in relation to the aforementioned, such circumstances would indicate that a material uncertainty exists that may cast significant doubt as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the condensed consolidated financial statements.

The condensed consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Note 3. Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 30 June 2021, which are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New and revised Australian Accounting Standards and Interpretations affecting disclosures and/ or amounts reported in the condensed consolidated financial statements

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the current half year. The application of these amendments does not have any material impact on the disclosures and/ or the amounts recognised in the condensed consolidated financial statements.

- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2; and
- AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions Beyond 30 June 2021.

Notes to the Condensed Consolidated Financial Statements (continued)

Note 3. Significant Accounting Policies (continued)

Impact of the application of new and revised AASB Standards and Interpretations in issue but not yet effective

The Directors have considered the impact of all new and revised AASB Standards and Interpretations and concluded that the application of these amendments is not expected to have any material impact on the disclosures and/ or the amounts recognised in the condensed consolidated financial statements, and do not intend to adopt any of these pronouncements before their effective date. At the date of authorisation of the condensed consolidated financial statements the standards listed below were in issue but not yet effective and were relevant to the Group.

Standards mandatory beyond 31 December 2021	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 January 2023	30 June 2024
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2022	30 June 2023
AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1 January 2022	30 June 2024
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	30 June 2024
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023	30 June 2024
AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	1 January 2023	30 June 2024

Comparatives

Certain comparative amounts, which are not deemed to be material, have been disclosed or reclassified where necessary to provide consistency with current period disclosures.

Note 4. Critical Accounting Estimates and Judgements

The preparation of these condensed consolidated financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgements made by the Directors in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements as at and for the year ended 30 June 2021.

Notes to the Condensed Consolidated Financial Statements (continued)

Note 4. Critical Accounting Estimates and Judgements (continued)

In addition, as described at Note 2, the Directors have prepared the condensed consolidated financial statements on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the discharge of liabilities in the ordinary course of business. In making this assessment the Directors applied significant judgement in reviewing the profit and loss and cashflow forecasts, undertaking sensitivity analysis of those forecasts and understanding the capacity of the debtor finance facility to support the Group's working capital requirements.

Furthermore, the condensed consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities, as the Directors are of the opinion that the condensed consolidated financial statements should be prepared on the going concern basis.

Note 5. Disaggregation of Revenue

The Group derives its revenue from the transfer of services over time and at a point in time through the following service lines and geographic regions. This is consistent with the revenue information that is disclosed for each reportable segment under AASB 8 Segment Reporting as disclosed in Note 7. Revenue information for continuing operations for the half year ended 31 December 2021 is as follows.

	31 Dec 2021 $000	31 Dec 2020 $000
Timing of revenue recognition - over time		
Contingent labour Australia and New Zealand	54,921	51,642
On demand information technology services Australia and New Zealand	3,298	4,051
Outsourced recruitment and human resource consulting services Australia	683	760
	58,902	56,453
Timing of revenue recognition - at a point in time		
Permanent recruitment Australia	557	290
Total revenue	59,459	56,743

Note 6. Other Income

The Group recognised other income for the half year ended 31 December 2021 as follows.

	31 Dec 2021 $000	31 Dec 2020 $000
JobKeeper Payment subsidy[1]	-	2,607
Sundry income	5	15
	5	2,622

1. The Company became eligible for the Australian Federal Government JobKeeper Payment subsidy in June 2020 and met the AASB 120 recognition criteria in July 2020. During the prior comparative period the Australian Taxation Office paid the Company a total of $2,607k for the JobKeeper Payment subsidy.

Notes to the Condensed Consolidated Financial Statements (continued)

Note 7. Segment Reporting

The Group is organised around three operating segments across two geographic regions, which are all labour related. These segments are Specialist Recruitment, On Demand IT Services and Talent Solutions in Australia and New Zealand. Segment information for continuing operations for the half year ended 31 December 2021 is as follows.

	Specialist Recruitment		On Demand IT Services		Talent Solutions		Corporate[1]		Consolidated	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Revenue	55,478	51,932	3,298	4,051	683	760	-	-	59,459	56,743
Profit/ (loss) before tax	2,624	1,950	193	425	(115)	60	5	2,567	2,707	5,002
Less: Corporate overheads									(2,787)	(2,783)
Consolidated (loss)/ profit before tax									(80)	2,219

1. Consolidated profit before tax in the prior comparative period reflected the JobKeeper Payment subsidy receipts less payment of "top-up" wages to eligible staff and contractors.

	Australia		New Zealand		Consolidated	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	$000	$000	$000	$000	$000	$000
Revenue	58,759	56,138	700	605	59,459	56,743
Finance income	-	1	-	-	-	1
Total revenue	58,759	56,139	700	605	59,459	56,744
Non-current assets	219	607	-	-	219	607

Note 8. Cash and Cash Equivalents

	31 Dec 2021	30 Jun 2021	31 Dec 2020
	$000	$000	$000
Cash at bank and on hand	230	87	253

Note 9. Debtor Finance Facility

The Group relies on a secured debtor finance facility provided by ScotPac Business Finance expiring on 20 February 2025 (the "Facility") to meet its working capital requirements. Under this Facility, the Group draws down funds for working capital and customers make payments directly to the lender to reduce the Facility draw down. This results in cash inflows and outflows that are treated as financing cash flows. The Facility is secured by a fixed and floating charge over the Company's assets.

The maximum Facility amount is the lower of 85% of approved trade receivables or $15,000k and is subject to certain drawdown and reporting conditions. At the reporting date the total available Facility was $4,577k (30 June 2021: $5,859k) and the applicable interest rate was 6.66% (30 June 2021: 6.66%).

	31 Dec 2021	30 Jun 2021	31 Dec 2020
	$000	$000	$000
Available debtor finance facility	4,577	5,859	5,467
Undrawn debtor finance facility	(3,869)	(5,076)	(4,883)
Amount drawn down	708	783	584

Notes to the Condensed Consolidated Financial Statements (continued)

Note 10. Contributed Equity

	31 Dec 2021	30 Jun 2021
	$000	$000
Paid up share capital at the beginning of the period	83,541	83,541
Paid up share capital at the end of the period	83,541	83,541
	No.	No.
Issued shares at the beginning of the period	89,582,175	89,582,175
Issued shares at the end of the period	89,582,175	89,582,175

Note 11. Dividends

On 24 February 2022 the Directors resolved not to declare an interim dividend for the half year ended 31 December 2021. No interim dividend was paid in the prior comparative period.

Note 12. Subsidiaries

The condensed consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities. The Company does not have any holdings in associates or joint ventures.

				Equity Holding %	
Subsidiary	Principal Activity	Country of Incorporation	Class of Shares	31 Dec 2021	31 Dec 2020
Ignite New Zealand Holdings Limited	Holding	New Zealand	Ordinary	100	100
Ignite IT Services Limited	Operating	New Zealand	Ordinary	100	100

Note 13. Cash Flow Information

Reconciliation of (loss)/ profit from ordinary activities after income tax to cash flows from operating activities

	31 Dec 2021	31 Dec 2020
	$000	$000
(Loss)/ profit from ordinary activities after income tax	(80)	2,219
Adjustments for:		
Depreciation and amortisation expense	194	244
Net foreign exchange differences	(6)	4
Changes in assets and liabilities:		
Decrease in trade and other receivables	1,103	1,635
Decrease in trade and other payables	(918)	(3,199)
Increase/ (decrease) in provisions	130	(204)
Net cash from operating activities	423	699

Notes to the Condensed Consolidated Financial Statements (continued)

Note 14. Events Subsequent to the Reporting Date

The Group is exposed to the ongoing impact of COVID-19 and associated public health restrictions creating uncertainty around the medium-term trading environment and economic impact in Australia and New Zealand. Subsequent to the end of the half year, and as of the date of this report, there has been no material impact on the Group's financial performance.

Subsequent to the end of the half year the Group successfully extended its debtor finance facility with ScotPac Business Finance for a further twenty-four months such that it will now expire on 20 February 2025.

No other matters or circumstances have arisen since the end of the half year that significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Directors' Declaration

In the opinion of the Directors of the Company:

a) the condensed consolidated financial statements and notes that are contained in pages 7 to 18 are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

Garry Sladden
Chairman

Dated at Sydney this 24th day of February 2022.

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF IGNITE LIMITED

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Ignite Limited (the 'consolidated entity'), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Ignite Limited is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021, and of its financial performance for the half year ended on that date; and

(b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

Material Uncertainty Regarding Going Concern

We draw attention to Note 2 in the half year financial report, which describes management's assessment of the consolidated entity's ability to continue as a going concern. The matters described in Note 2 indicate a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors of the consolidated entity a written Auditor's Independence Declaration.

Directors' Responsibility for the Half Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Ignite Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

PKF

PKF

P. Pearman

PAUL PEARMAN
PARTNER

24 FEBRUARY 2022
SYDNEY, NSW

2022 HALF YEAR REPORT

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