

2022
IGNITE LIMITED
APPENDIX 4E
PRELIMINARY FINAL REPORT
30 JUNE 2022
ABN 43 002 724 334

Lodged with the ASX under Listing Rule 4.3A

www.igniteco.com

REPORT PERIOD

Financial year end:

30 June 2022

Previous corresponding period:

30 June 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Description	30 June 2022 \$000	30 June 2021 \$000	Change \$000	Change %
Revenue from ordinary activities	115,522	113,878	1,644	1.4
Profit/ (loss) from ordinary activities after tax attributable to members	(285)	2,415	(2,700)	(111.8)
Net profit/ (loss) for the period attributable to members	(285)	2,415	(2,700)	(111.8)

BUSINESS REVIEW

In the 2022 financial year, the loss from ordinary activities after income tax for Ignite Limited and its controlled entities ("Group") was \$285k versus a \$2,415k profit in the comparative period. The loss from ordinary activities before financing and tax was \$99k versus a \$2,631k profit in the comparative period primarily reflecting Net JobKeeper¹ received in the comparative period.

Consolidated profit before corporate overheads and tax decreased 31.6% to \$5,472k (2021: \$7,997k), a movement of \$2,525k, primarily reflecting Net JobKeeper¹ received in the comparative period. Excluding the benefit of Net JobKeeper in the comparative period, consolidated profit before corporate overheads and tax increased 0.5% in the current financial year.

Revenue increased 1.4% from \$113,878k to \$115,522k in the financial year while gross profit increased 4.5% from \$13,488k to \$14,089k and the gross profit margin increased slightly from 11.8% to 12.2%. The greater increase in gross profit relative to the revenue increase was due to the higher gross profit contribution from permanent recruitment revenue.

The Australian and New Zealand Specialist Recruitment business accounted for 92.6% of revenue (2021: 91.9%), the On Demand IT Services business accounted for 6.2% (2021: 7.1%) and the Technology & Talent Solutions business made up the balance.

Employee benefits expense increased \$180k (1.9%) primarily due to increased salary costs following the establishment of the National Resource Centre, redundancy costs from the restructure of On Demand IT Services and fees for an additional director offset by lower short-term performance-based incentive payments and provisions. Total internal headcount at 30 June 2022 was 87 versus 72 in the comparative period.

The 4.6% reduction in occupancy expense was associated with negotiating lower rates on short-term lease renewals.

Other expenses meanwhile increased 22.3% on the comparative period. This increase reflected increased marketing and advertising expenditure of 60.9% with large price increases from Seek as well as insurance premium increases of 38.2% on renewal. Professional fees, principally legal fees, increased 27.4% due to a number of shareholder related matters including an extraordinary general meeting during the financial year. In addition, consulting fees increased 67.3% reflecting the outsourcing of the internal IT function to a managed services provider and the one-time costs associated with the implementation of two software as-a-service ("SaaS") platforms during the financial year. These SaaS platforms have replaced the legacy financial system and the legacy customer and contractor management system supporting the On Demand IT Services division.

¹ Net JobKeeper equates to \$2,551k, being the JobKeeper Payment subsidies received less payment of "top-up" wages to eligible staff and contractors in the comparative period.

Cash and cash equivalents at 30 June 2022 increased 321.8% to \$367k (2021: \$87k). Net cash used in operating activities was \$779k (2021: \$670k cash from operating activities), a 216.3% decrease for the financial year with the movement largely due to the Net JobKeeper cash receipts in the comparative period. The reduction in cash receipts from Government grants in the current financial year was partly offset by improved cash collections on the back of higher revenue and improved trade receivables ageing. Cash receipts from customers increased \$2,311k (1.8%) to \$127,378k (2021: \$125,067k) while payments to suppliers and employees increased \$1,165k (1.0%) to \$119,719k (2021: \$118,554k), a net improvement of \$1,146k (17.6%) in the financial year.

Cash used in investing activities of \$58k reflected investment in computer equipment as part of a company-wide computer hardware refresh project during the financial year. Cash from financing activities was \$1,139k (2021: \$990k cash used in financing activities) comprising debtor finance facility borrowings of \$1,537k offset by payment of lease liabilities of \$398k (2021: \$586k).

The debtor finance facility provides working capital and the drawdown fluctuates during the course of a month depending on customer billing cycles and contractor payments, as well as the timing of staff payroll, supplier payments and Federal and State Government statutory payments. The debtor finance facility increased to \$2,320k at 30 June 2022 (2021: \$783k). Consequently, gearing increased to 28.0% (2021: 11.5%) with net debt up 180.6% to \$1,953k (2021: \$696k).

The Group's total assets of \$14,064k (2021: \$13,291k) consisted primarily of net trade receivables of \$7,311k (2021: \$8,080k) and accrued income of \$4,311k (2021: \$3,888k). Net trade receivables decreased 9.5% due to improved trade receivables ageing at financial year end. The Group's total liabilities of \$9,052k (2021: \$7,961k) primarily comprised trade and other payables of \$4,874k (2021: \$5,837k).

At 30 June 2022 the Group had net assets of \$5,012k (2021: \$5,330k), with the movement reflecting the loss from ordinary activities after income tax of \$285k, and a foreign currency translation loss of \$33k.

Group active contractors in June 2022 were 843 versus 906 in the comparative period.

COVID-19 continues to have an impact on both local and global communities and economies. The Group has once again assessed the impact of COVID-19 on its financial reporting and determined that the financial performance for the year ended 30 June 2022 and overall financial position as at 30 June 2022 have been impacted, particularly in the On Demand IT Services division during the financial year. The health, safety and well-being of staff and contractors working in Australia and New Zealand has been a key focus of the Group since the initial impact of COVID-19 in late March 2020.

More recently, there has been a resurgence in COVID-19 cases across most Australian States and Territories. Public health orders and guidelines continue to be monitored and adhered to, thus ensuring the safety and well-being of all staff and contractors. Despite this, customer demand for contingent and permanent labour remains strong across all sectors. It remains to be seen whether health restrictions will be reintroduced and therefore it is difficult to assess the extent of any impact on the Group's revenues and gross profit in the 2023 financial year.

DIVIDENDS OR DIVIDEND DISTRIBUTION PLAN

On 25 August 2022, the Directors resolved not to declare an interim or final dividend for the year ended 30 June 2022. No dividends were paid by the Company in the previous corresponding period.

PARENT ENTITY

The ultimate parent entity and ultimate controlling entity within the Group is Ignite Limited. The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities.

Entity Name	Country of Incorporation	Class of Shares	Equity Holding %	
			2022	2021
Ignite New Zealand Holdings Limited	New Zealand	Ordinary	100	100
Ignite IT Services Limited	New Zealand	Ordinary	100	100

ASSOCIATES AND JOINT VENTURES

Ignite Limited does not have any holdings in joint ventures and associates.

OTHER DISCLOSURE REQUIREMENTS

This preliminary final report has been prepared using financial statements that have been audited. Additional ASX Appendix 4E (Listing Rule 4.3A) disclosures can be found in the audited financial statements, included as part of the Ignite Limited 2022 Annual Report lodged separately to this document. This document should be read in conjunction with the 2022 Annual Report and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the Corporations Act 2011 and ASX Listing Rules.

Cross Reference Index for Other Disclosures Included in the 2022 Annual Report	Page
Financial and operational review	4
Statement of comprehensive income together with notes	30
Statement of financial position together with notes	31
Statement of changes in equity	32
Statement of cash flows together with notes	33
Net tangible assets per share	60
Additional information	71