



RECRUITMENT & TECHNOLOGY SOLUTIONS

# 2024

## HALF YEAR REPORT

[igniteco.com](https://igniteco.com)

# Ignite Limited

ABN 43 002 724 334

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## Directors' Report

The Directors of Ignite Limited (the “Company”) and its controlled entities (the “Group”) (ASX: IGN) present their report together with the financial report for the half year ended 31 December 2023 and the independent auditor’s review report.

### Directors

The Directors of the Company for the half year ended 31 December 2023 were:

Garry Sladden  
Jennifer Elliott  
Cameron Judson

### Principal activities

The principal activities of the Group during the half year were the provision of contingent labour and permanent recruitment services (“Specialist Recruitment”), and on demand information technology services (“On Demand IT Services”). The Group operates in Australia and New Zealand and employs 49 people. 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 20 February 2024 the Directors resolved not to declare an interim dividend for the half year ended 31 December 2023.

## Directors' Report (continued)

### Financial and operational review

#### Financial Results from continuing operations compared to prior corresponding period (ending 31 December 2022):

- Revenue from continuing operations of \$50,241k down 9%
- Gross profit from continuing operations of \$5,951k down 9%
- Statutory profit of \$213k up 126%, and underlying profit of \$460k up 233%
- EBITDA of \$499k up 462%
- \$3,093k cash received from Accelerated Non-Renounceable Entitlement Offer<sup>1</sup>
- Net cash received from operating activities of \$705k up 428%

|  | 31 Dec 2023 | 31 Dec 2022 | Increase/<br>(Decrease) | Increase/<br>(Decrease) |
|--|-------------|-------------|-------------------------|-------------------------|
|  | \$000       | \$000       | \$000                   | %                       |
| <b>Continuing operations</b>   |             |             |                         |                         |
| Revenue  | 50,241      | 55,252      | (5,011)                 | (9.1)                   |
| Gross profit   | 5,951       | 6,566       | (615)                   | (9.4)                   |
| Gross profit margin  | 11.84%      | 11.88%      | -                       | -                       |
| Employee benefits expense  | 3,617       | 4,924       | (1,307)                 | (26.5)                  |
| Occupancy expense  | 173         | 223         | (50)                    | (22.4)                  |
| Other expenses   | 1,663       | 1,559       | 104                     | 6.7                     |
| Profit from continuing operations before corporate overheads and tax   | 2,973       | 2,362       | 611                     | 25.9                    |
| Corporate overheads  | 2,760       | 2,869       | (109)                   | (3.8)                   |
| Profit/ (loss), net of income tax                                      | 213         | (507)       | 720                     | 142.0                   |
| Earnings before interest, tax, depreciation, and amortisation (EBITDA) | 499         | (138)       | 637                     | 461.6                   |
| Underlying operating profit/ (loss)                                    | 460         | (346)       | 806                     | 232.9                   |
| Net cash from/ (used in) operating activities                          | 705         | (215)       | 920                     | 427.9                   |

|                         | 31 Dec 2023 | 30 Jun 2023 | Increase/<br>(Decrease) | Increase/<br>(Decrease) |
|-------------------------|-------------|-------------|-------------------------|-------------------------|
|                         | \$000       | \$000       | \$000                   | %                       |
| Debtor finance facility | -           | (2,008)     | (2,008)                 | (100.0)                 |
| Cash                    | 1,846       | 234         | 1,612                   | 688.9                   |
| Net assets              | 6,709       | 3,486       | 3,223                   | 92.5                    |

<sup>1</sup> Details of the accelerated pro-rata non-renounceable entitlement offer (Entitlement Offer) are available on the ASX. First announced on 23 November 2023, with results of Institutional and Retail rounds published on 27 November 2023 and 22 December 2023 respectively.

## Directors' Report (continued)

### Financial and operational review (continued)

The reconciliation between the statutory profit and underlying profit is detailed below.

|   | 31 Dec 2023 | 31 Dec 2022 | Increase/<br>(Decrease) | Increase/<br>(Decrease) |
|---|-------------|-------------|-------------------------|-------------------------|
|   | \$000       | \$000       | \$000                   | %                       |
| Statutory profit/ (loss)                  | 213         | (820)       | 1,033                   | 126.0                   |
| Loss from discontinued operations         | -           | 313         | (313)                   | 100.0                   |
| Profit/ (loss) from continuing operations | 213         | (507)       | 720                     | 142.0                   |
| Add back                                  |             |             |                         |                         |
| Systems implementation costs              | 231         | 17          | 214                     | 1,258.8                 |
| Legal and professional fees               | 16          | 105         | (89)                    | (85.0)                  |
| Redundancy costs                          | -           | 31          | (31)                    | (100.0)                 |
| Other                                     | -           | 8           | (8)                     | (100.0)                 |
| Underlying operating profit/ (loss)       | 460         | (346)       | 806                     | 232.9                   |

The underlying result for the half year ended 31 December 2023 was a profit of \$460k (31 December 2022: \$346k loss) after adjusting for non-recurring expenditure incurred during the half year. Non-recurring expenditure primarily related to systems implementation costs associated with One Way of Working and some legal and professional fees incurred in dealing with various shareholder matters.

### Financial review

Revenue from continuing operations decreased 9.1% from \$55,252k to \$50,241k in the half year while gross profit decreased 9.4% from \$6,566k to \$5,951k and the gross profit margin decreased modestly from 11.88% to 11.84%. The decrease in gross profit relative to revenue was due to the lower gross profit contribution from permanent recruitment and Managed Services compared to the prior comparative period. Contingent labour hire now represents 87.0% of the Group's gross margin from continuing operations.

Specialist Recruitment accounted for 98.1% of revenue from continuing operations (31 December 2022: 95.2%), with the Managed Services business making up the balance.

Employee benefits expense decreased \$1,307k (26.5%) primarily due to the reduction in headcount. Total internal headcount on 31 December 2023 was 49 versus 66 in the comparative period.

Other expenses increased \$104k (6.7%) compared to the prior comparative period, which is primarily related to the increase in non-recurring expenses of \$247k. Systems implementation costs associated with One Way of Working were \$231k. From February 2024 we will deliver \$200k of the \$400k annualised savings previously communicated.

Cash and cash equivalents on 31 December 2023 increased 688.9% to \$1,846k (30 June 2023: \$234k). Net cash from operating activities for the half year was \$705k (31 December 2022: \$215k cash used in operating activities), a 427.9% improvement compared to the prior comparative period, with the movement due to improved cash collections and reduced GST payable. Cash receipts from customers decreased \$5,481k (8.6%) to \$58,024k (31 December 2022: \$63,505k) while payments to suppliers, contractors and employees decreased \$5,818k (9.8%) to \$53,853k (31 December 2022: \$59,671k), a net improvement of \$337k (8.8%) compared to the prior comparative period.

## Directors' Report (continued)

### Financial and operational review (continued)

#### Financial review (continued)

Cash from financing activities was \$915k (31 December 2022: \$11k), reflecting cash received from the Institutional and Retail rounds of the Entitlement Offer<sup>2</sup> of \$3,093k, with associated costs of \$89k paid after 31 December 2023. The Shortfall round of the Entitlement Offer remains open at the date of this report. The funds received through the offer have been used to repay the debtor finance facility which was undrawn on 31 December 2023 (30 June 2023: \$2,008k drawn). It is expected that these funds will significantly reduce the reliance of the Group on the facility, with substantial interest cost savings in the second half of the financial year. The applicable interest rate on 31 December 2023 was 10.34%. The balance of financing activities related to the payment of lease liabilities of \$169k (31 December 2022: \$198k).

#### Operational review

##### Specialist Recruitment

Specialist Recruitment contributed 98.1% of the Group's revenue from continuing operations and 95.5% of profit before corporate overheads. Specialist Recruitment contributed a profit before allocation of corporate overheads of \$2,838k versus \$1,999k in the prior comparative period. This 42.0% increase in profitability was primarily due to a decrease in employee benefits expense of 30.9% compared to prior comparative period.

The 6.3% decrease in consolidated revenue results from the decrease in contingent labour revenue of 5.8% due to a significant reduction in the number of low margin contractors in Business Support, as well as the 34.6% decrease in permanent placement revenue on the prior comparative period. Gross profit from Specialist Recruitment decreased by 4.5% to \$5,676k with gross margins increasing modestly from 11.3% to 11.5%.

As of 31 December 2023, there were 507 active contractors within Specialist Recruitment versus 659 as of 31 December 2022, due to the continued focus on higher margin engagements that has seen a 20.4% increase in the average gross margin per contractor compared to the prior comparative period.

##### On Demand IT Services

The On Demand IT Services business recorded a profit before allocation of corporate overheads of \$136k in the half year, a 62.5% decrease on the prior comparative period due to the loss of the largest gross margin customer contract as communicated in the 2023 Annual Report.

#### FY24 Outlook

Ignite has a significantly lower total headcount and overall cost base than FY23.

Management continues to invest in training, learning and development to provide our people with the necessary skills, experience, and qualifications they need to be successful.

In improving each team member's productivity and performance, and our leaders applying appropriate commercial discipline and focus, Ignite is well placed to grow its market share in Federal Government, where we are a Top 10 provider.

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<sup>2</sup> Details of the accelerated pro-rata non-renounceable entitlement offer (Entitlement Offer) are available on the ASX. First announced on 23 November 2023, with results of Institutional and Retail rounds published on 27 November 2023 and 22 December 2023 respectively. The Shortfall round will close no later than 14 March 2024.



## Directors' Report (continued)

### Financial and operational review (continued)

#### FY24 Outlook (continued)

For our Managed Services business, following the unfortunate news in June 2023 that our largest gross margin customer contract would not be renewed, its relative contribution to the Group will be significantly lower in FY24.

The seasonally adjusted unemployment rate of 3.9% for December 2023 continues to point to a shortage of appropriate candidates in the market.

Management expects to deliver a significant improvement in full year profit for our shareholders.

### Business Strategies, Prospects and Risks

The primary areas of focus for the Group are to:

- Increase the number of active contingent labour contractors in Specialist Recruitment, with State and Federal Government, to drive revenue and gross profit growth.
- Increase the number of permanent placements in Technology, Engineering, and Business Support where customer demand remains positive.
- Ensure all our Specialist Recruitment resources understand their productivity contribution and performance targets on a daily, weekly, monthly, quarterly, and annual basis.
- Grow Managed Services, increasing the pipeline of opportunities, and improve the conversion rate to grow the gross profit contribution.
- Grow our share of wallet (our goal is to be a top 3 provider to each of our key customers in State and Federal Government) and improve gross margins.
- Continue to focus on understanding, measuring, and rewarding people for their productivity, performance, and contribution to profit; and
- Continue to invest time, energy and resources in learning and development, leadership development, recognition, and rewards.

The future financial performance of the Group is at risk from the following factors:

- There is a high reliance on revenue and gross profit from the Federal Government. A significant reduction in the volume of contingent labour provided to the Federal Government could materially impact the Group's revenue and gross profit.
- There is a high reliance on experienced account managers who manage the Group's customers and contingent labour contractors. The loss of these experienced account managers may adversely impact the Group's revenue and gross profit.
- There is a reliance on several third-party SaaS platforms that support the Group's daily operations and, as such, loss of access to, or compromise in relation to those systems, may adversely impact the Group's operations.

## Directors' Report (continued)

### Financial And Operational Review (continued) Business Strategies, Prospects and Risks (continued)

- The seasonally adjusted unemployment rate of 3.9% for December 2023 continues to point to a shortage of appropriately skilled and/ or qualified candidates in the market. This may impact the Group's ability to source contingent labour and make permanent placements for its customers, with the potential to impact the Group's ability to grow revenue and gross profit.
- The December 2023 annual consumer price index of 4.1% and higher official cash rates may dampen business confidence, and lead to less customer demand for contingent labour and permanent placements.
- The borrowing rate on the Group's Facility is a margin over a floating reference rate tied to the movement in official cash rates. As such, if official cash rates continue to increase and/ or the Facility drawdown increases, it is likely that the Group will incur higher finance expenses. Given the current cash balance and the likelihood that rates are at, or near, peak, this risk is low.

### Events subsequent to the reporting date

No 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 2023 is set out on page 7 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  
Chairperson

Dated at Sydney this 20th day of February 2024.





PKF(NS) Audit & Assurance Limited Partnership

ABN 91 850 861 839

755 Hunter Street, Newcastle West NSW 2302

Level 8, 1 O'Connell Street, Sydney NSW 2000

Newcastle T: +61 2 4962 2688 F: +61 2 4962 3245

Sydney T: +61 2 8346 6000 F: +61 2 8346 6099

info@pkf.com.au

www.pkf.com.au

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 2023, 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.

A handwritten signature in black ink that reads 'PKF'.

PKF

A handwritten signature in black ink that reads 'P. Pearman'.

PAUL PEARMAN  
PARTNER

20 FEBRUARY 2024  
SYDNEY, NSW

## Condensed Consolidated Financial Statements

### Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

#### For the half year ended 31 December 2023

| Note   | 31 Dec<br>2023<br>\$000 | 31 Dec<br>2022<br>\$000 |
|--|-------------------------|-------------------------|
| <b>Continuing operations</b>   |                         |                         |
| Revenue  | 50,241                  | 55,252                  |
| Contingent labour costs  | (44,290)                | (48,686)                |
| <b>Gross profit</b>  |                         |                         |
|  | 5,951                   | 6,566                   |
| Other income   | 1                       | 2                       |
| Employee benefits expense  | (3,617)                 | (4,924)                 |
| Depreciation and amortisation expense  | (180)                   | (210)                   |
| Occupancy expense  | (173)                   | (223)                   |
| Other expenses   | (1,663)                 | (1,559)                 |
| <b>Profit/ (loss) from continuing operations</b>   |                         |                         |
|  | 319                     | (348)                   |
| Finance income   | 13                      | 2                       |
| Finance costs  | (119)                   | (161)                   |
| <b>Profit/ (loss) from continuing operations before income tax</b>                       |                         |                         |
|  | 213                     | (507)                   |
| Income tax   | -                       | -                       |
| <b>Profit/ (loss) from continuing operations net of income tax</b>                       |                         |                         |
|  | 213                     | (507)                   |
| <b>Discontinued operations</b>   |                         |                         |
| Profit/ (loss) from discontinued operations, net of income tax                           | 7                       | (313)                   |
| <b>Profit/ (loss) from ordinary activities attributable to the Owners of the Company</b> |                         |                         |
|  | 213                     | (820)                   |
| <b>Other comprehensive income/ (loss)</b>  |                         |                         |
| Items that may be subsequently reclassified to profit or loss:                           |                         |                         |
| Foreign currency translation differences for foreign operations                          | 6                       | 31                      |
| Income tax on other comprehensive income   | -                       | -                       |
| <b>Other comprehensive income, net of income tax</b>                                     |                         |                         |
|  | 6                       | 31                      |
| <b>Total comprehensive income/ (loss)</b>  |                         |                         |
|  | 219                     | (789)                   |

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the Consolidated Financial Statements.

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the half year ended 31 December 2023 (continued)

|                                    | 31 Dec 2023 | 31 Dec 2022 |
|------------------------------------|-------------|-------------|
|                                    | Cents       | Cents       |
| <b>Ordinary activities</b>         |             |             |
| Basic earnings/ (loss) per share   | 0.22        | (0.92)      |
| Diluted earnings/ (loss) per share | 0.17        | (0.92)      |
| <b>Continuing operations</b>       |             |             |
| Basic earnings/ (loss) per share   | 0.22        | (0.57)      |
| Diluted earnings/ (loss) per share | 0.17        | (0.57)      |
| <b>Discontinued operations</b>     |             |             |
| Basic loss per share               | -           | (0.35)      |
| Diluted loss per share             | -           | (0.35)      |

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the Consolidated Financial Statements.

## Condensed Consolidated Statement of Financial Position As at 31 December 2023

|                                      | Note | 31 Dec 2023<br>\$000 | 30 Jun 2023<br>\$000 |
|--------------------------------------|------|----------------------|----------------------|
| <b>Current assets</b>                |      |                      |                      |
| Cash and cash equivalents            | 8    | 1,846                | 234                  |
| Trade and other receivables          |      | 8,485                | 11,012               |
| <b>Total current assets</b>          |      | <b>10,331</b>        | <b>11,246</b>        |
| <b>Non-current assets</b>            |      |                      |                      |
| Plant and equipment                  |      | 43                   | 53                   |
| Right-of-use assets                  |      | 375                  | 543                  |
| <b>Total non-current assets</b>      |      | <b>418</b>           | <b>596</b>           |
| <b>Total assets</b>                  |      | <b>10,749</b>        | <b>11,842</b>        |
| <b>Current liabilities</b>           |      |                      |                      |
| Trade and other payables             |      | 2,792                | 4,868                |
| Debtor finance facility              | 9    | -                    | 2,008                |
| Lease liabilities                    |      | 300                  | 321                  |
| Provisions                           |      | 704                  | 764                  |
| <b>Total current liabilities</b>     |      | <b>3,796</b>         | <b>7,961</b>         |
| <b>Non-current liabilities</b>       |      |                      |                      |
| Lease liabilities                    |      | 104                  | 252                  |
| Provisions                           |      | 140                  | 143                  |
| <b>Total non-current liabilities</b> |      | <b>244</b>           | <b>395</b>           |
| <b>Total liabilities</b>             |      | <b>4,040</b>         | <b>8,356</b>         |
| <b>Net assets</b>                    |      | <b>6,709</b>         | <b>3,486</b>         |
| <b>Equity</b>                        |      |                      |                      |
| Contributed equity                   | 10   | 36,491               | 83,541               |
| Reserves                             |      | 113                  | (106)                |
| Accumulated losses                   |      | (29,895)             | (79,949)             |
| <b>Total equity</b>                  |      | <b>6,709</b>         | <b>3,486</b>         |

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the Consolidated Financial Statements.

## Condensed Consolidated Statement of Changes in Equity For the half year ended 31 December 2023

|   | Contributed<br>Equity<br>\$000 | Reserves<br>\$000 | Accumulated<br>Losses<br>\$000 | Total<br>\$000 |
|---|--------------------------------|-------------------|--------------------------------|----------------|
| <b>Current period</b>   |                                |                   |                                |                |
| Balance as at 1 July 2023   | 83,541                         | (106)             | (79,949)                       | 3,486          |
| Profit for the period attributable to the Profit reserve <sup>1</sup>                       | -                              | 213               | -                              | 213            |
| <i>Other comprehensive income</i>   |                                |                   |                                |                |
| Foreign currency translation differences for foreign operations                             | -                              | 6                 | -                              | 6              |
| Total comprehensive profit for the period attributable to the Owners of the Company         | -                              | 219               | -                              | 219            |
| Issue of ordinary shares <sup>2</sup>   | 3,004                          | -                 | -                              | 3,004          |
| Reduction of share capital <sup>3</sup>   | (50,054)                       | -                 | 50,054                         | -              |
| Total transactions with the Owners of the Company   | (47,050)                       | -                 | 50,054                         | 3,004          |
| Balance as at 31 December 2023  | 36,491                         | 113               | (29,895)                       | 6,709          |
| <b>Prior comparative period</b>   |                                |                   |                                |                |
| Balance as at 1 July 2022   | 83,541                         | (129)             | (78,400)                       | 5,012          |
| Loss for the period attributable to the Owners of the Company                               | -                              | -                 | (820)                          | (820)          |
| <i>Other comprehensive income</i>   |                                |                   |                                |                |
| Foreign currency translation differences for foreign operations                             | -                              | 31                | -                              | 31             |
| Total comprehensive income/ (loss) for the period attributable to the Owners of the Company | -                              | 31                | (820)                          | (789)          |
| Balance as at 31 December 2022  | 83,541                         | (98)              | (79,220)                       | 4,223          |

1. On 20 February 2024, the Directors resolved that the profits for the period were appropriated to a Profit Reserve.
2. Details of the accelerated pro-rata non-renounceable entitlement offer (Entitlement Offer) are available on the ASX. First announced on 23 November 2023, with results of Institutional and Retail rounds published on 27 November 2023 and 22 December 2023 respectively.
3. On 31 December 2023, Ignite Limited reduced its share capital by \$50.05m in accordance with section 258F of the Corporations Act 2001, reducing accumulated losses deemed to be of a permanent nature by the same amount. There is no impact on shareholders from the capital reduction as no shares have been cancelled or rights varied, and there is no change in the net asset position of the Company. There is also no impact on the availability of the Company's tax losses from this capital reduction.

## Condensed Consolidated Statement of Cash Flows For the half year ended 31 December 2023

|  | Note | 31 Dec 2023<br>\$000 | 31 Dec 2022<br>\$000 |
|--|------|----------------------|----------------------|
| <b>Cash flows from/ (used in) operating activities</b>             |      |                      |                      |
| Receipts from customers  |      | 58,024               | 63,505               |
| Payments to suppliers and employees                                |      | (53,853)             | (59,671)             |
| Interest received  |      | 13                   | 2                    |
| Interest and other borrowing costs paid                            |      | (119)                | (161)                |
| Goods and services tax paid  |      | (3,360)              | (3,890)              |
| Net cash from/ (used in) operating activities                      | 14   | 705                  | (215)                |
| <b>Cash flows (used in)/ from investing activities</b>             |      |                      |                      |
| (Purchase)/ disposal of plant and equipment                        |      | (2)                  | 1                    |
| Net cash (used in)/ from investing activities                      |      | (2)                  | 1                    |
| <b>Cash flows from financing activities</b>                        |      |                      |                      |
| Proceeds from issue of Share capital                               |      | 3,093                | -                    |
| Net (repayment)/ draw down of debtor finance facility              |      | (2,009)              | 209                  |
| Payment of lease liabilities                                       |      | (169)                | (198)                |
| Net cash from financing activities                                 |      | 915                  | 11                   |
| Net increase/ (decrease) in cash                                   |      | 1,618                | (203)                |
| Cash and cash equivalents at the beginning of the period           |      | 234                  | 367                  |
| Effect of exchange rates on cash holdings<br>in foreign currencies |      | (6)                  | 11                   |
| Cash and cash equivalents at the end of the period                 | 8    | 1,846                | 175                  |

## 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 for the half year ended 31 December 2023.

The consolidated annual financial statements of the Group for the year ended 30 June 2023 are available upon request from the Company's registered office at Level 2, 55 Wentworth Avenue, Kingston, ACT 2604 or at [www.igniteco.com](http://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 20<sup>th</sup> day of February 2024.

#### 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.

To assist in determining the Group's ability to continue as a going concern the Directors have considered the following:

- The Group has generated five consecutive quarters of positive operating cashflows.
- The Group has reported a statutory and underlying profit for the half year ended 31 December 2023.
- Funds raised from the Entitlement Offer of \$3,093k have enabled the Group to repay all drawn down funds in the debtor finance facility and resulted in a significant increase in the closing cash balance to \$1,846k.
- The existence and continuity of the debtor finance facility with ScotPac Business Finance, which expires on 20 February 2025.
- The reduction in overall cost base of the business.



## Notes to the Condensed Consolidated Financial Statements (continued)

### Note 2. Basis of Preparation (continued)

#### Going concern (continued)

- The Group's net assets of \$6,709k on 31 December 2023 and the ability to maintain positive net assets as at 31 March 2025.
- The Assessment of 15-month profit and loss and cash flow forecasts for the period 1 January 2024 to 31 March 2025.
- 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 existing cash balances and/ or the debtor finance facility, as and when required.

Based on these factors, the Directors are confident in the Group's ability to 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 2023, 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 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates; and
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction.

#### 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.

## Notes to the Condensed Consolidated Financial Statements (continued)

### Note 3. Significant Accounting Policies (continued)

| <b>Standards mandatory beyond 31 December 2023</b>  | <b>Effective for annual reporting periods beginning on or after</b> | <b>Expected to be initially applied in the financial year ending</b> |
|---|---|--|
| AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current | 1 January 2024  | 30 June 2025   |

#### 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 2023.

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.

## Notes to the Condensed Consolidated Financial Statements (continued)

### 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 6. Revenue information for continuing operations for the half year ended 31 December 2023 is as follows:

|   | 31 Dec 2023<br>\$000 | Consolidated<br>31 Dec 2022<br>\$000 |
|---|----------------------|--------------------------------------|
| <b>Timing of revenue recognition - over time</b>                    |                      |                                      |
| Contingent labour Australia and New Zealand                         | 48,787               | 51,813                               |
| On demand information technology services Australia and New Zealand | 956                  | 2,677                                |
|   | 49,743               | 54,490                               |
| <b>Timing of revenue recognition - at a point in time</b>           |                      |                                      |
| Permanent recruitment Australia                                     | 498                  | 762                                  |
| <b>Total revenue</b>  | <b>50,241</b>        | <b>55,252</b>                        |

### Note 6. Segment Reporting

The Group is organised around two operating segments across two geographic regions, which are all labour related. These segments are Specialist Recruitment and On Demand IT Services in both Australia and New Zealand. Segment information for continuing operations for the half year ended 31 December 2023 is as follows:

|   | Specialist Recruitment |                      | On Demand IT Services |                      | Corporate            |                      | Consolidated         |                      |
|---|------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 31 Dec 2023<br>\$000   | 31 Dec 2022<br>\$000 | 31 Dec 2023<br>\$000  | 31 Dec 2022<br>\$000 | 31 Dec 2023<br>\$000 | 31 Dec 2022<br>\$000 | 31 Dec 2023<br>\$000 | 31 Dec 2022<br>\$000 |
| Revenue                                       | 49,285                 | 52,575               | 956                   | 2,677                | -                    | -                    | 50,241               | 55,252               |
| Profit / (loss) before tax                    | 2,838                  | 1,999                | 135                   | 363                  | -                    | -                    | 2,973                | 2,362                |
| Less: Corporate overheads                     |                        |                      |                       |                      |                      |                      | (2,760)              | (2,869)              |
| Consolidated profit/ (loss) before income tax |                        |                      |                       |                      |                      |                      | 213                  | (507)                |

|                    | Australia            |                      | New Zealand          |                      | Consolidated         |                      |
|--------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                    | 31 Dec 2023<br>\$000 | 31 Dec 2022<br>\$000 | 31 Dec 2023<br>\$000 | 31 Dec 2022<br>\$000 | 31 Dec 2023<br>\$000 | 31 Dec 2022<br>\$000 |
| Revenue            | 50,241               | 54,991               | -                    | 261                  | 50,241               | 55,252               |
| Finance income     | 13                   | 2                    | -                    | -                    | 13                   | 2                    |
| Total income       | 50,254               | 54,993               | -                    | 261                  | 50,254               | 55,254               |
| Non-current assets | 418                  | 777                  | -                    | -                    | 418                  | 777                  |

## Notes to the Condensed Consolidated Financial Statements (continued)

### Note 7. Disposal of Subsidiaries

#### a) Results of discontinued operations

|  | 31 Dec 2023 | 31 Dec 2022 |
|--|-------------|-------------|
|  | \$000       | \$000       |
| Revenue  | -           | 546         |
| Contingent labour costs                                      | -           | (291)       |
| Gross profit   | -           | 255         |
| Employee benefits expense                                    | -           | (499)       |
| Depreciation and amortisation expense                        | -           | (2)         |
| Other expenses   | -           | (67)        |
| Loss from discontinued operations                            | -           | (313)       |
| Finance income   | -           | -           |
| Finance cost   | -           | -           |
| Loss from discontinued operations before income tax          | -           | (313)       |
| Income tax benefit   | -           | -           |
| Loss from discontinued operations, net of income tax benefit | -           | (313)       |
| Loss on disposal of discontinued operations                  | -           | -           |
| Income tax on disposal of discontinued operations            | -           | -           |
| Loss, net of income tax benefit                              | -           | (313)       |

The prior period relates to the discontinuation of the Technology & Talent Solutions business segment.

#### b) Disposal of discontinued operations

No consideration was received for the disposal of the discontinued operations.

#### c) Cash flows used in discontinued operations

|   | 31 Dec 2023 | 31 Dec 2022 |
|---|-------------|-------------|
|   | \$000       | \$000       |
| Net cash from/ (used in) operating activities | -           | (330)       |
| Net cash used in investing activities         | -           | -           |
| Net cash (used in)/ from financing activities | -           | 330         |
| Net increase in cash for the period           | -           | -           |

### Note 8. Cash and Cash Equivalents

|                          | Consolidated |             |             |
|--------------------------|--------------|-------------|-------------|
|                          | 31 Dec 2023  | 30 Jun 2023 | 31 Dec 2022 |
|                          | \$000        | \$000       | \$000       |
| Cash at bank and on hand | 1,846        | 234         | 175         |

## Notes to the Condensed Consolidated Financial Statements (continued)

### 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 \$3,219k (30 June 2023: \$4,324k) and the applicable interest rate was 10.34% (30 June 2023: 9.94%).

Following the completion of the Shortfall round that is currently scheduled to close no later than 14 March 2024<sup>3</sup>, the Group will engage with ScotPac Business Finance as well as explore alternate and potentially more advantageous financing arrangements with banks in advance of the expiry of the current Facility.

|                                   | 31 Dec 2023 | 30 Jun 2023 | 31 Dec 2022 |
|-----------------------------------|-------------|-------------|-------------|
|                                   | \$000       | \$000       | \$000       |
| Available debtor finance facility | 3,219       | 4,324       | 5,328       |
| Undrawn debtor finance facility   | (3,219)     | (2,316)     | (2,799)     |
| Amount drawn down                 | -           | 2,008       | 2,529       |

### Note 10. Contributed Equity

|   | Consolidated |             |
|---|--------------|-------------|
|   | 31 Dec 2023  | 30 Jun 2023 |
|   | \$000        | \$000       |
| Paid up share capital at the beginning of the year                | 83,541       | 83,541      |
| Shares Issued – accelerated non-renounceable equity offer         | 3,093        | -           |
| Cost of shares issued – accelerated non-renounceable equity offer | (89)         | -           |
| Reduction of share capital <sup>1</sup>                           | (50,054)     | -           |
| Paid up share capital at the end of the year                      | 36,491       | 83,541      |
|   | No.          | No.         |
| Issued Shares at the beginning of the year                        | 89,582,175   | 89,582,175  |
| Shares issued – accelerated non-renounceable equity offer         | 61,853,494   | -           |
| Issued Shares at the end of the year                              | 151,435,669  | 89,582,175  |

1. On 31 December 2023, Ignite Limited reduced its share capital by \$50.05m in accordance with section 258F of the Corporations Act 2001, reducing accumulated losses deemed to be of a permanent nature by the same amount. There is no impact on shareholders from the capital reduction as no shares have been cancelled or rights varied, and there is no change in the net asset position of the Company. There is also no impact on the availability of the Company's tax losses from this capital reduction.

<sup>3</sup> Details of the accelerated pro-rata non-renounceable entitlement offer (Entitlement Offer) are available on the ASX. First announced on 23 November 2023, with results of Institutional and Retail rounds published on 27 November 2023 and 22 December 2023 respectively. Remaining shares available in Shortfall round.

## Notes to the Condensed Consolidated Financial Statements (continued)

### Note 11. Share-based Payments

A share option plan has been established by the Group and approved by the Board, whereby the Group may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain key personnel of the Group. These shares have been issued in compliance with ASX Listing Rule 7.1. The options are issued for nil consideration and are granted in accordance with service periods and performance guidelines established by the Nomination and Remuneration Committee. The exercise price is payable by the employees.

Set out below are summaries of options granted under the plan:

#### 31 Dec 2023

| Grant Date                      | Expiry Date | Exercise Price | Balance at the start of the half year | Options granted | Options exercised | Options expired | Balance at the end of the half year |
|---------------------------------|-------------|----------------|---------------------------------------|-----------------|-------------------|-----------------|-------------------------------------|
|                                 |             |                | No.                                   | No.             | No.               | No.             | No.                                 |
| 01/11/2023                      | 30/11/2030  | \$0.08         | -                                     | 3,625,000       | -                 | -               | 3,625,000                           |
|                                 |             |                | -                                     | 3,625,000       | -                 | -               | 3,625,000                           |
| Weighted average exercise price |             |                | \$0.00                                | \$0.08          | \$0.00            | \$0.00          | \$0.08                              |

#### 31 Dec 2022

There were no share-based payments in the half year ending 31 December 2022.

Set out below are the options exercisable at the end of the 31 December 2023:

| Grant date | Expiry date | 31 Dec 2023 | 31 Dec 2022 |
|------------|-------------|-------------|-------------|
|            |             | No.         | No.         |
| 1/11/2023  | 30/11/2030  | 1,208,337   | -           |
|            |             | 1,208,337   | -           |

The weighted average share price during the half year to 31 December 2023 was \$0.05 (31 December 2022: \$0.06).

The weighted average remaining contractual life of options outstanding at the end of the half year was 6.92 years (31 December 2022: N/A).

The total expense recorded in relation to the options during the period was \$nil (31 December 2022: \$nil).

### Note 12. Dividends

On 20 February 2024 the Directors resolved not to declare an interim dividend for the half year ended 31 December 2023. No interim dividend was paid in the prior comparative period.

## Notes to the Condensed Consolidated Financial Statements (continued)

### Note 13. 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.

| Subsidiary                          | Principal Activity | Country of Incorporation | Class of Shares | Equity Holding % |             |
|-------------------------------------|--------------------|--------------------------|-----------------|------------------|-------------|
|                                     |                    |                          |                 | 31 Dec 2023      | 31 Dec 2022 |
| Ignite New Zealand Holdings Limited | Holding            | New Zealand              | Ordinary        | 100              | 100         |
| Ignite IT Services Limited          | Operating          | New Zealand              | Ordinary        | 100              | 100         |

### Note 14. Cash Flow Information

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

|  | Consolidated |             |
|--|--------------|-------------|
|  | 31 Dec 2023  | 31 Dec 2022 |
|  | \$000        | \$000       |
| Profit/ (loss) from ordinary activities after income tax | 213          | (820)       |
| Adjustments for:   |              |             |
| Depreciation and amortisation expense                    | 180          | 212         |
| Loss on disposal of fixed assets                         | -            | (2)         |
| Net exchange differences                                 | 12           | 19          |
| Changes in assets and liabilities:                       |              |             |
| Decrease in trade and other debtors and accrued revenue  | 2,602        | 1,817       |
| (Increase)/ decrease in prepayments                      | (75)         | 309         |
| Decrease in trade creditors and accruals                 | (2,164)      | (1,692)     |
| Decrease in provisions                                   | (63)         | (58)        |
| Net cash from/ (used in) from operating activities       | 705          | (215)       |

### Note 15. Events Subsequent to the Reporting Date

No 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 8 to 20 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 2023 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  
Chairperson  
Dated at Sydney this 20th day of February 2024



PKF(NS) Audit & Assurance Limited Partnership  
ABN 91 850 861 839

755 Hunter Street, Newcastle West NSW 2302  
Level 8, 1 O'Connell Street, Sydney NSW 2000

Newcastle T: +61 2 4962 2688 F: +61 2 4962 3245

Sydney T: +61 2 8346 6000 F: +61 2 8346 6099

info@pkf.com.au

www.pkf.com.au

## 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 2023, 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 2023, 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.

#### 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 2023 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.



## Auditor's Responsibility (cont'd)

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.

A stylized, handwritten version of the letters "PKF" in black ink.

PKF

A handwritten signature in black ink that reads "P. Pearman .".

PAUL PEARMAN  
PARTNER

20 FEBRUARY 2024  
SYDNEY, NSW



RECRUITMENT & TECHNOLOGY SOLUTIONS

# 2024

## HALF YEAR REPORT

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