

2023

IGNITE LIMITED

APPENDIX 4E

PRELIMINARY FINAL REPORT

30 JUNE 2023

ABN 43 002 724 334

Lodged with the ASX under Listing Rule 4.3A

www.igniteco.com

Ignite Limited (the “Company”) and its controlled entities (the “Group”) (ASX: IGN) presents its audited full year results for FY2023.

REPORT PERIOD

Financial year end:

30 June 2023

Previous corresponding period:

30 June 2022

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Description	30 June 2023 \$000	30 June 2022 \$000	Change \$000	Change %
Revenue from ordinary activities	106,585	114,200	(7,615)	(6.7)
(Loss)/ profit from continuing operations after tax	(1,107)	36	(1,169)	(3,175.0)
Loss from discontinued operations after tax	(442)	(321)	(121)	(37.7)
Loss from ordinary activities after tax attributable to members	(1,549)	(285)	(1,264)	(443.5)
Net loss for the period attributable to members	(1,549)	(285)	(1,264)	(443.5)

FINANCIAL SUMMARY

For FY23 the statutory loss from ordinary activities net of income tax was \$1,549k versus a \$285k loss in FY22. For FY23 the loss from continuing operations net of income tax was \$1,107k versus a \$36k profit in FY22. For FY23 the loss from discontinued operations net of income tax was \$442k versus a \$321k loss in FY22.

Profit from continuing operations before corporate overheads and tax decreased 20.7% to \$4,592k (2022: \$5,793k), a movement of \$1,201k, primarily reflecting the decrease in gross profit of 8.7%.

Revenue from continuing operations decreased 6.7% from \$114,200k to \$106,585k in the financial year while gross profit decreased 8.7% from \$13,423k to \$12,249k and the gross profit margin decreased slightly from 11.8% to 11.5%. The greater decrease in gross profit relative to the revenue decrease was due to the lower gross profit contribution from permanent recruitment revenue and Managed Services year on year.

The Australian and New Zealand Specialist Recruitment business accounted for 95.3% of revenue from continuing operations (2022: 93.7%), with the Managed Services business making up the balance.

Gross profit margins declined from 11.8% in FY22 to 11.5% in FY23 due to a reduction in the contribution from permanent placements in the year and a smaller relative contribution from Managed Services. Contingent labour hire now represents 78.8% of the Group’s gross margin from continuing operations.

Employee benefits expense increased \$139k (1.5%) primarily due to the higher headcount and associated salaries and on costs at the beginning of the year. By reducing unproductive headcount in the business, the employee benefits expense decreased by 12.9% in H2 FY23, notwithstanding this comparison includes the Talent Solutions business in Q3 FY23 and the CEO’s termination payment in Q4 FY23. Total internal headcount on 30 June 2023 was 52 versus 87 in the comparative period.

Occupancy expense decreased 35.2% on the prior year.

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Other expenses decreased 1.9% on the prior year. The decrease is due to the reduction in advertising expenses and one-time costs associated with the implementation of two SaaS platforms incurred during the prior year, largely offset by implementation costs of a new website, higher insurance premiums, travel costs and software licences.

Cash and cash equivalents on 30 June 2023 decreased 36.2% to \$234k (2022: \$367k). Net cash from operating activities was \$537k (2022: \$779k cash used in operating activities), a 168.9% improvement for the financial year with the movement due to improved cash collections and reduced GST payable. Cash receipts from customers decreased \$7,368k (5.8%) to \$120,010k (2022: \$127,378k) while payments to suppliers and employees decreased \$7,803k (6.5%) to \$111,916k (2022: \$119,719k), a net improvement of \$435k (5.7%) in the financial year.

Cash used in financing activities was \$674k (2022: \$1,139k cash from financing activities) comprising debtor finance facility repayments of \$312k (2022: \$1,537k drawdown on finance facility) and payment of lease liabilities of \$362k (2022: \$398k). The debtor finance facility provides working capital, and the drawdown fluctuates during 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 amount drawn down in the debtor finance facility decreased to \$2,008k on 30 June 2023 (2022: \$2,320k). Gearing increased to 33.7% (2022: 28.0%) with net assets decreased 30.4%, partially offset by the decrease of net debt by 9.2% to \$1,774k (2022: \$1,953k).

The Group's total assets of \$11,842k (2022: \$14,064k) consisted primarily of net trade receivables of \$5,478k (2022: \$7,311k) and accrued income of \$4,250k (2022: \$4,311k). Net trade receivables decreased 25.1% due to improved trade receivables ageing at financial year end and decrease in contract book and Managed Services contribution. The Group's total liabilities of \$8,356k (2022: \$9,062k) primarily comprised of trade and other payables of \$4,867k (2022: \$4,874k).

On 30 June 2023 the Group had net assets of \$3,486k (2022: \$5,012k), with the movement reflecting the loss from ordinary activities after income tax of \$1,549k, and a foreign currency translation income of \$23k. Group active contractors in June 2023 were 652 versus 843 in the comparative period.

DIVIDENDS OR DIVIDEND DISTRIBUTION PLAN

On 22 August 2023, the Directors resolved not to declare an interim or final dividend for the year ended 30 June 2023. 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 %	
			2023	2022
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 2023 Annual Report lodged separately to this document. This document should be read in conjunction with the 2023 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.

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