

2024
IGNITE LIMITED
APPENDIX 4C QUARTERLY CASH FLOW REPORT
AND
QUARTERLY ACTIVITY REPORT
31 December 2023

ABN 43 002 724 334

Lodged with ASX under Listing Rules 4.7B and 4.7C.

www.igniteco.com

Appendix 4C

Quarterly Cash Flow Report for Entities Subject to Listing Rule 4.7B

Name of entity

Ignite Limited

ABN

43 002 724 334

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	29,797	58,024
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(24,607)	(47,944)
(c) advertising and marketing	(143)	(293)
(d) leased assets	(102)	(187)
(e) staff costs	(1,849)	(3,566)
(f) administration and corporate costs	(953)	(1,863)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	13
1.5 Interest and other costs of finance paid	(45)	(119)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST)	(1,721)	(3,360)
1.9 Net cash from operating activities	388	705
2. Cash flows used in investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(2)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash (used in) investing activities	-	(2)
3.	Cash flows used in financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,093	3,093
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(2,405)	(2,009)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (payment of lease liabilities)	(86)	(169)
3.10	Net cash from financing activities	602	915
4.	Net movement in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at the beginning of the period	866	234
4.2	Net cash from operating activities (item 1.9 above)	388	705
4.3	Net cash (used in) investing activities (item 2.6 above)	-	(2)
4.4	Net cash from financing activities (item 3.10 above)	602	915
4.5	Effect of movement in exchange rates on cash held	(10)	(6)
4.6	Cash and cash equivalents at the end of the period	1,846	1,846

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,846	866
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,846	866

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 ¹	152
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		
1.	These amounts comprise the total fees paid to Directors of the Company during the quarter.	
	Cameron Judson will continue to lead the Business as an Executive Director.	

7.	Financing facilities <i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A’000	Amount drawn at quarter end \$A’000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (debtor finance facility)	3,219	-
7.4	Total financing facilities	3,219	-
7.5	Unused financing facilities available at quarter end		3,219
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
The Company 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. The maximum Facility amount is the lower of 85% of approved trade receivables or \$15,000k and is subject to certain drawdown conditions. At 31 December 2023, the applicable interest rate was 10.34% p.a.			

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from operating activities (item 1.9)	388
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,846
8.3 Unused finance facilities available at quarter end (item 7.5)	3,219
8.4 Total available funding (item 8.2 + item 8.3)	5,065
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	N/A
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25 January 2024

Authorised by: By the Board of Directors

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its Executive Director and Finance Director that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Quarterly Activity Report for Entities Subject to Listing Rule 4.7C

Ignite Limited (the “Company”) and its controlled entities (the “Group”) (ASX: IGN) presents its unaudited Quarterly Activity Report for the quarter ended 31 December 2023.

FINANCIAL RESULTS compared to prior corresponding period (ending 31 December 2022):

- Revenue of \$23,815k down 13%.
- Gross profit of \$2,801 down 18%.
- Total operating overheads of \$2,439k down 22%.
- Cash received from Rights Entitlement Issue - \$3.093m.
- Financing Facility draw down as at 31 December 2023 - \$0.
- The business has had positive operating cashflows for five consecutive quarters, with net cash received from operating activities of \$388k, and closing cash balance of \$1,846k.

FINANCIAL SUMMARY

The quarter ended 31 December 2023 reflected the following:

- Revenue of \$23,815k decreased 13% against the comparative quarter in the 2023 financial year (“FY23”) due to continuing the move away from high volume, low margin assignments and the conclusion of several Managed Service contracts at the end of FY23.
- Gross profit of \$2,801k is down 18% on the comparative quarter in FY23 as:
 - Specialist Recruitment, contingent labour hire gross margin decreased by 10% due to the continued focus on high margin engagements that has seen a 19% increase in average gross margin per contractor versus the comparative FY23 quarter. Compared to Q1 FY24, contingent labour hire gross margin decreased by 8%, in part due to Federal Government stand downs in December; and
 - Managed Services gross margin decreased by 72% due to the conclusion of several projects that were present in the comparative quarter in FY23 and the closure of the Talent Solutions business in Q3 FY23. Gross margin decreased by 20% compared to Q1 FY24.
- The Group’s active contractors decreased by 224 contractors, or 29%, to 543 compared to the comparative quarter in FY23, with Managed Services responsible for 70 of this decrease and Business Support for 74 contractors. Active contractors reduced by 36 contractors, or 6%, compared to Q1 FY24 where there were 579 active contractors, with Specialist Recruitment responsible for 33 of this decrease.
- Gross profit margin was 11.8%, down from 12.5% for the comparative quarter in FY23, due to the decline in the profit contribution of higher margin Managed Services and Permanent Revenue. Contingent labour hire represented 87% of the Group’s gross margin as compared to 81% in the comparative quarter in FY23.
- Total operating overheads decreased by 22% versus the comparative quarter in FY23 largely due to a reduction in headcount and cost savings from subscription costs and software licences.
- Cash and cash equivalents were \$1,846k, increasing 955%, or \$1,671k, against the comparative quarter in FY23 and increasing 113%, or \$980k, compared to Q1 FY24, with net cash received from operating activities of \$388k and a further \$602k from financing activities. Financing reflects cash received from the Entitlement Offer net of the repayment of the debt facility.
- Cash receipts from customers of \$29,797k decreased by 9% compared to the comparative quarter in FY23 and increased by 6% compared to Q1 FY24. Meanwhile, payments for contingent labour of \$24,607k decreased by 6% relative to the comparative FY23 quarter and increased by 5% compared to Q1 FY24.
- Cash payments for staff costs were \$1,849k which decreased by 29% compared to the comparative quarter in FY23 and increased 8% compared to Q1 FY24.