

Need assistance?



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1300 850 505 (within Australia)
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Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AEDT) Tuesday, 22 December 2020.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

The only way you can attend the meeting is by joining the webcast. To join the webcast you must first register at least 24 hours before the meeting as set out in the Notice of Meeting.

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms", which must be lodged at the time of registration to attend the virtual meeting, as set out in the Notice of Meeting.

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 184860

SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Ignite Limited hereby appoint

☐ the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Ignite Limited to be held as a virtual meeting on Thursday, 24 December 2020 at 10:00am and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1. Election of Daniel Altiock Brown as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Election of Trevor Robertson as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Directors advise that they will be voting AGAINST Resolutions 1 and 2.

The Chairman of the Meeting intends to vote undirected proxies AGAINST each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

IGNITE LIMITED

ABN 43 002 724 334

NOTICE OF GENERAL MEETING

to be held at 10:00 am on
Thursday 24 December 2020
By video conference

<http://EGMWebinar.igniteco.com>

Ignite Limited

ABN 43 002 724 334

Notice is hereby given that a General Meeting ("the Meeting") of Ignite Limited ("the Company") will be held at 10:00 am on Thursday 24 December 2020 by video conference.

Important Information regarding the holding of, and attendance at, the Meeting.

The health, safety and well-being of our shareholders and staff are of great concern to the Company. As such, in line with NSW State Government regulations and ASIC relief during the COVID-19 pandemic, the Company will hold the Meeting by way of a video conference. There will be no physical location where shareholders can attend the Meeting.

The consequences are as follows:

1. If you wish to attend the virtual Meeting, you must register **at least** 24 hours before the Meeting by providing the following details:
 - Name as per the register
 - Address as per the register
 - Number of shares
 - Last 4 digits of your HIN/SRN
 - (i) If you are an individual shareholder:
 - Register at <http://EGMRegistration.igniteco.com>
 - (ii) If the shareholder is a non-person:
 - The proxy or appointed representative must register at <http://EGMRegistration.igniteco.com>; and
 - Email a copy of your proxy form or evidence of appointment as corporate/other entity representative to EGM@igniteco.com.

Following registration all shareholders will be sent a link to the Meeting video conference (<http://EGMWebinar.igniteco.com>) and the password to enter the video conference.

2. We will provide an opportunity to ask questions at the Meeting. However, we recommend that any questions concerning the business of the Meeting are submitted during registration or 48 hours before the Meeting in case there are any connectivity and other technical issues during the video conference.
3. Please mute your microphone during the Meeting unless you wish to ask a question.
4. If you wish to ask a question or make a comment, please raise your hand and wait until the Chairman acknowledges you and invites you to speak.
5. All resolutions will be determined by way of a poll. The poll will be conducted based on votes submitted by proxy and online voting, and by shareholders who have registered to attend and who vote at the Meeting in accordance with the instructions above.
6. Due to the virtual nature of the Meeting, the Company's share registry, Computershare, will be facilitating voting during the Meeting. If you wish to cast your vote during the Meeting, you will need to visit <http://web.lumiagm.com/349464546> on your smartphone, tablet or computer. You will need the latest version of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible. For further instructions on how to participate online please view the online meeting user guide at: <http://computershare.com.au/onlinevotingguide>. You can also vote online before the Meeting or lodge a proxy form, using the instructions above.

Shareholders are encouraged to lodge a proxy form to vote at the Meeting at least 48 hours before the Meeting or lodge your vote online before the Meeting, if you do not intend to join the Meeting by video and cast your vote at that time.

Ignite Limited

ABN 43 002 724 334

ORDINARY BUSINESS

Appointment of Directors

A shareholder, OC20181 Pty Ltd ITF OC20181 Trust, who holds more than 5% of the issued capital of the Company, has requested that the following resolutions be put to a General Meeting of shareholders.

Resolution 1: Election of Daniel Altiock Brown as a director.

“That Daniel Altiock Brown, having consented to act as director of the Company, be appointed as a director of the Company effective immediately from the close of this general meeting.”

Resolution 2: Election of Trevor Robertson as a director.

“That Trevor Robertson, having consented to act as director of the Company, be appointed as a director of the Company effective from the close of this general meeting.”

The Directors of the Company recommend you vote **AGAINST** both Resolutions. Each Director will be voting all shares that they hold or control **AGAINST** both Resolutions.



Ian Gilmour
Company Secretary

16 November 2020

VOTING EXCLUSION

There are no voting exclusions.

EXPLANATORY NOTES

This Explanatory Memorandum has been prepared for the shareholders of the Company to provide information about the items of business to be considered at the General Meeting of shareholders to be held on Thursday 24 December 2020. Shareholders are encouraged to read this document in full.

Both Resolutions to be voted on are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by shareholders entitled to vote on the Resolution in order for it to be carried.

Both Resolutions will be determined by way of a poll.

Shareholders may cast their vote in any of the following ways:

1. Submitting a proxy form to be received by Computershare at least 48 hours before the commencement of the Meeting.
2. Lodging their vote online (via the appointment of a proxy) before the Meeting as detailed on the proxy document.
3. Voting during the Meeting, by visiting the website advised on registering attendance, which must be done no later than 24 hours before the commencement of the Meeting.

How will the Chairman vote as a proxy if the shareholder has not directed the Chairman to vote?

The Chairman intends to vote **against** both Resolutions. If a shareholder appoints the Chairman of the Meeting as proxy and does not direct the Chairman how to vote on a Resolution then, if that shareholder is entitled to vote on that Resolution, the Chairman will vote **against** that Resolution.

Resolution 1: Election of Daniel Altiock Brown as a director.

Statement by Mr Brown.

See Annexure A attached.

Statement by the Directors.

See Annexure B attached.

Resolution 2: Election of Trevor Robertson as a director.

Statement by Mr Robertson.

See Annexure A attached.

Statement by the Directors.

See Annexure B attached.

Ignite Limited

ABN 43 002 724 334

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on the member's behalf. If the member is entitled to cast two or more votes at the Meeting, the member may appoint not more than two proxies to attend and vote on the member's behalf.
2. If a member appoints two proxies, each proxy should be appointed to represent a specified proportion or number of the member's votes. In the absence of such a specification, each proxy will be entitled to exercise half the votes.
3. A proxy need not be a member of the Company.
4. To appoint a proxy (or two proxies), a proxy form must be signed by the member or the member's attorney duly authorised in writing. If the member is a corporation, the proxy form must be signed either under the corporation's common seal (if any) or under the hand of its attorney or an officer duly authorised.
5. To be effective, a proxy form (and, if it is signed by an attorney, the authority under which it is signed or a certified copy of the authority) must be received by the Company not later than 10.00 am on Tuesday 22 December 2020 – i.e. 48 hours before the Meeting. Proxy forms and authorities may be sent to the Company by post, personal delivery or fax as follows:

Computershare Investor Services Pty Limited

Street address: Level 3, 60 Carrington Street, Sydney NSW 2000

Mailing address: GPO Box 242, Melbourne VIC 3001

Fax: (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555

Web: www.investorvote.com.au and follow the instructions provided

For custodians – who are subscribers of Intermediary Online, please submit your votes electronically via www.intermediaryonline.com

6. A corporate shareholder entitled to attend and vote at the Meeting may appoint a corporate representative to attend and vote for the shareholder. Also, as noted previously, a corporate representative may be appointed as a proxy.

The Company will accept the original appointment, a certified copy of the appointment or a certificate from the corporate shareholder giving notice of the appointment as satisfactory evidence of the appointment.

You must lodge your corporate representative appointment document before the Meeting.

7. For the Meeting, persons on the register of members as at 7:00 pm on Tuesday 22 December 2020 will be treated as members. This means that if you are not the registered holder of a relevant share at that time you will not be entitled to vote in respect of that share.

Annexure A

26th October 2020.

The Directors and Company Secretary
Ignite Ltd
Mez Level, 3 Spring St
Sydney NSW 2000

Dear Sirs/Madam,

We enclose the following documents;

1. Request for Directors to call a General Meeting pursuant to section 249D of the Corporations Act 2001 (Cth) (Corporations Act) dated 26th October 2020;
2. Request for distribution of Members Statement pursuant to section 249P that is enclosed with the 249P request;
3. A separate copy of the Members Statement pursuant to section 249P that is enclosed with the 249P request;
4. Consent to act as Director of Ignite Ltd signed by Daniel Altiok Brown; and
5. Consent to act as Director of Ignite Ltd signed by Trevor Robertson.

Yours Sincerely,



Daniel Altiok Brown.

Executive Director

OC20181 Pty Ltd ITF for OC20181 Trust.

26th October 2020.

The Directors and Company Secretary
Ignite Ltd
Mez Level, 3 Spring St
Sydney NSW 2000

REQUEST FOR DIRECTORS TO CALL A GENERAL MEETING PURSUANT TO SECTION 249D OF THE CORPORATIONS ACT 2001 (CTH)

Dears Sirs/Madam,

Pursuant to section 249D of the Corporations Act 2001 (Cth) (**Corporations Act**), OC20181 Pty Ltd ITF OC20181 Trust being a member of Ignite Ltd (ACN-002 724 334)(**Company**) holding at least 5% of the votes that may be cast at a general meeting of the Company (**Requesting Shareholder**), hereby requests the Company and the directors of the Company to convene a general meeting of members of the Company.

The business at that general meeting is to consider and, if thought fit, pass each of the following resolutions as ordinary resolutions:

Resolution 1: Election of Daniel Altiock Brown as a director

"That Daniel Altiock Brown, having consented to act as director of the Company, be appointed as a director of the Company effective immediately from the close of this general meeting."

Resolution 2: Election of Trevor Robertson as a director

"That Trevor Robertson, having consented to act as director of the Company, be appointed as a director of the Company effective from the close of this general meeting."

To ensure compliance with section 249L of the Corporations Act and to ensure the notice of meeting for the general meeting is truly informative, the Requesting Shareholder also enclose, as attachment "A" biographical details of Daniel Altiock Brown and Trevor Robertson and request that the Company include these details in the explanatory materials to be delivered to all shareholders together with the notice of meeting.

The Requesting Shareholder reserves the right to request the Company to distribute too all its shareholders with its notice of meeting, a member's statement in accordance with section 249P of the Corporations Act. A copy of the member's statement is enclosed below.

The Requesting Shareholder further request that the directors of the Company disclose this request to the market by lodging it with the Australian Securities Exchange as soon as possible.

Executed for and on behalf of

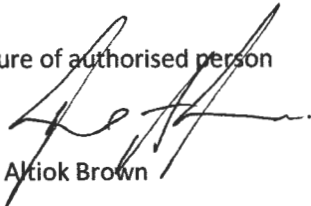
OC20181 Pty Ltd ITF OC20181 Trust

A company incorporated in Australia

By its authorised representatives in accordance

with the laws of Australia

Signature of authorised person



Daniel Altiok Brown

Dated 26.10.2020

Attachment A – Biographical details

Daniel Altiok Brown

Daniel Altiok Brown B.Bus UTS – GAICD AICD is the executive director of OC20181 - Octavium Capital the second largest shareholder & a substantial shareholder in Ignite since 2018 with a current shareholding in Ignite Ltd of approx. 22.5%. He has had previous ASX listed experience and is being proposed as a Nominee Director.

Octavium Capital is private capital fund that invests in the long term optimisation of companies primarily in the microcap space that have underperformed in the long term in relation to shareholder returns and operational performance.

Trevor Robertson

Trevor Robertson is currently the executive director of Capital Knowledge. Previous specific recruitment sector experience - Executive director / CEO of Forstaff – Hire & Recruitment services & Maintenance Company - \$270m revenue & over 2000 employees. Successful merger w Chandler McLeod Recruitment and ASX IPO exit. Current NED: RSL Lifecare, Anti-Discrimination NSW, Wesley College. Past NED: – Sydney Ports Corporation, Yarra Trams and Sydney Pilots Service & currently Advisory Board Industry Partner - The Silverfern Group – NY based Global PE firm. Past roles: Group executive roles in large ASX enterprises and Australian Public Service. Professional qualification include MAICD, MBA and MA (Business Research – Corporate Governance).

26th October 2020.

The Directors and Company Secretary

Ignite Ltd

Mez Level, 3 Spring St

Sydney NSW 2000

Dear Sirs/Madam,

REQUEST FOR DISTRIBUTION OF STATEMENT TO MEMBERS PURSUANT TO SECTION 249P OF THE CORPORATIONS ACT 2001(CTH).

Reference is made to the notice given by), OC20181 Pty Ltd ITF OC20181 Trust (**Requesting Shareholder**) on the 26th October 2020 under section 249D of the Corporations Act 2001 (Cth).

The Requesting Shareholder is a member of Ignite Ltd (IGN) holding at least 5% of the votes that may be cast on the resolutions referred to in the Notices.

Pursuant to section 249D of the Corporations Act 2001 (Cth) the undersigned hereby requests the Company to give to all its members a copy of the enclosed statement in support of those resolutions that are proposed to be moved at the next general meeting of the company.

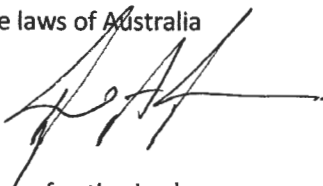
Executed for and on behalf of

OC20181 Pty Ltd ITF OC20181 Trust

A company incorporated in Australia

By its authorised representatives in accordance

with the laws of Australia



Signature of authorised person

Daniel Altiok Brown

Dated 26.10.2020

26th October 2020.

The Directors and Company Secretary

Ignite Ltd

Mez Level, 3 Spring St

Sydney NSW 2000

REQUEST FOR DIRECTORS TO CALL A GENERAL MEETING

PURSUANT TO SECTION 249D OF THE CORPORATIONS ACT 2001 (CTH)

Executed for and on behalf of

OC20181 Pty Ltd ITF OC20181 Trust

A company incorporated in Australia

By its authorised representatives in accordance

with the laws of Australia



Signature of authorised person

Daniel Altiok Brown

Dated 26.10.2020

OC20181 Pty Ltd (OC2018) MEMBERS STATEMENT PURSUANT TO SECTION 249P CORPORATIONS ACT 2001 (Cth)

As at 26th October 2020 OC2018 Pty Ltd beneficially owns approx. 22.5% of Ignite Ltd (IGN).

OC20181 gives the following statement in connection with the general meeting of IGN to be convened pursuant to section 249D of the Corporations Act 2001 (Cth) by no later than the 26 December 2020.

A. A NEW APPROACH IS URGENTLY REQUIRED FOR THE BENEFIT OF ALL IGNITE SHAREHOLDERS AS IGNITE HAS FINANCIALLY UNDERPERFORMED UNDER THE EXISTING BOARD LEADERSHIP.

- Ignite has had **7 straight years of losses totalling over \$30+ million dollars.**
- Ignite's **market cap has gone from approx. \$27m in 2014 to its current approx. \$2.7million dollars** market cap in 2020 under the existing Ignite board leadership (based on a share price of 3c per share).
- Ignite has **lost approx. \$11million dollars+ in Profits and Net Tangible Value in the last 2 years alone. Not one profitable year in 7.**
- **This is not because of Covid19 or just down to external factors.** 90%+ of IGN's business is temp/contract servicing which has been relatively unaffected during Covid.
- Ignite was **unprofitable with revenue at approx. \$184m in 2016**, it was **unprofitable at approx. \$152m revenue** (2 years ago in 2018) and is still **unprofitable in 2020 at approx. \$125m revenue.**
- Ignite as per the 2020 Annual report believes it will **lose money again in 2021. Year no 8. The current board structure has we believe effectively conceded that it does not have a plan to profitability going forward.**
- **Not one current board member has more than 0.3% of shares in Ignite** – yet in 2020 FYE whilst the market cap was approx. \$2.8m they collected \$590,000 from Ignite (executive and director fees).
- **Other competitors in the same sector** with revenues of \$30m+ generate profits of \$3m plus have a **market cap of approx. \$50m+.** Other similar companies in this space have market caps of \$30-100m plus. **IGN's current market cap has been currently sitting at less than approx. \$3.5m.**
- In our opinion we also **don't believe IGN reports to all its shareholders adequately especially given its poor financial performance. Ignite shareholders we believe have a right to understand where the company is at that they have invested in.**
- Having a **joint Chair/CEO coming up to 2 years is not acceptable from a corporate governance perspective,** nor is it conducive to getting Ignite right, with a new approach and a viable, profitable plan going forward.
- **We believe there is a way forward & real intrinsic value in Ignite above the current market capitalisation.**

B. NEW DIRECTORS ARE NEEDED FOR THE BENEFIT OF ALL IGNITE SHAREHOLDERS.

We do not believe that the current Director structure is working. Based on the financial results and performance of the last 7 years under the existing board leadership with over an approx. 90% loss of market capitalisation and \$30+ m of losses and nil returns to shareholders. We do not believe there is an effective focus or pathway under the existing board structure to return the company to profitability in the near term.

We believe we the shareholders of Ignite urgently need a fresh perspective and a new approach to execute an effective plan to profitability. We do not believe Ignite's situation will materially change until there is a change at board level.

We are not proposing that the existing 3 Ignite Directors resign. The least disruptive approach in our view is to add additional directors, adding to the capability of the existing board with a new perspective and focus.

The proposed two new directors would not cost Ignite anything extra in remuneration/fees than the Board structure of the FYE 2020. We both have previous ASX listed company experience.

The two new directors would instigate an analysis of the whole Ignite business with the view to formulating a viable new plan going forward, focussed in the first instance on making Ignite profitable and obtaining a reasonable return for Ignite shareholders on their investment.

We also would focus on reviewing the business development of the Ignite business. It is not all doom & gloom. We do not believe Ignite has to be a shrinking revenue business. There are some real and growing opportunities in the recruitment space. But it is about shareholder profitability not just revenue for revenue's sake.

The newly formed board would immediately address;

1. Locating and appoint, potentially through a third party recruitment firm to establish the independence of this process a suitable & effective independent recruitment CEO with a focus on long term shareholders returns.
2. An effective plan, at its core focussed on profitability and shareholder returns similar to other companies in the sector with market caps of \$30-100m.
3. Improved shareholder focussed reporting.

Relevant biographical details (summary):

Daniel Altiock Brown - B.Bus UTS – GAICD AICD the executive director of OC20181 - Octavium Capital a shareholder in Ignite since 2018 and currently the second largest shareholder with a current shareholding of approx. 22.5%. Proposed as a Nominee Director, with previous ASX experience & the view to providing Ignite with more focussed shareholder aligned values.

Octavium Capital is a private capital investment fund that invests with the long term view to optimise company performance where they have underperformed over the long term in relation to shareholder returns.

Trevor Robertson is currently the executive director of Capital Knowledge. Previous specific recruitment sector experience - Executive director / CEO of Forstaff – Hire & Recruitment services & Maintenance Company - \$270m revenue & over 2000 employees. Successful merger w Chandler McLeod Recruitment and ASX IPO exit. Current NED: RSL Lifecare, Anti-Discrimination NSW, Wesley College. Past NED: – Sydney Ports Corporation, Yarra Trams and Sydney Pilots Service & currently Advisory Board Industry Partner - The Silverfern Group – NY based Global PE firm. Past roles: Group executive roles in large ASX enterprises and Australian Public Service. Professional qualification include MAICD, MBA and MA (Business Research – Corporate Governance).

(Separate Copy)

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Consent to act as Director of Ignite Ltd form signed by Daniel Altiok Brown.

CONSENT TO ACT AS DIRECTOR of IGNITE LTD.

I, Daniel Altiok Brown of 543 New South Head Rd Double Bay, 2028 consent to become a Director of Ignite Ltd (ACN-002 724 334).

For the purposes of the Corporations Act 2001 (Cth), my personal details are as follows;

Name Daniel Altiok Brown. (Former name Daniel Brown).

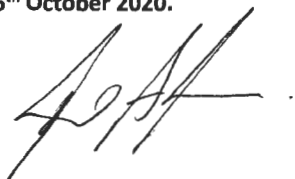
Date of Birth 7th March 1963.

Place of Birth Sydney, Australia.

Residential Address 543 New South Head Rd Double Bay NSW 2028.

Dated 26th October 2020.

Signed



Daniel Altiok Brown

26.10.2020



Consent to act as Director of Ignite Ltd form signed by Trevor Robertson.

CONSENT TO ACT AS DIRECTOR of IGNITE LTD.

I, Trevor Robertson of 49A Chilton Parade Warrawee 2074 consent to become a Director of Ignite Ltd (ACN-002 724 334).

For the purposes of the Corporations Act 2001 (Cth), my personal details are as follows;

Name	Trevor Robertson.
Date of Birth	7 June 1957
Place of Birth	Wycheproof, Victoria, Australia
Residential Address	49A Chilton Parade Warrawee NSW 2074
Dated	26 th October 2020.
Signed	 Trevor Robertson. 26.10.2020



Octavium Capital / 586 - 370 Wattle St Ultimo NSW Australia P - +61 2 9211 3055 E - corporate@octavium.com.au

Annexure B

Statement by the Directors

Dear Shareholder

As we announced on 27 October 2020, Ignite Limited (**Company**) received a notice given under section 249D of the Corporations Act 2001 (Cth) from the Company's second largest shareholder, who holds approximately 22.5% of the Company's shares (**Requisitioning Shareholder**), requesting that the Company convene a meeting for shareholders to vote on resolutions to appoint Mr Daniel Altiok-Brown and Mr Trevor Robertson as additional Non-Executive Directors (**Resolutions**).

On 25 September 2020, the Company announced the date of its 2020 Annual General Meeting (**AGM**), which provided an opportunity for other potential candidates to be nominated to the position of Non-Executive Director. These nominations would have been considered as additional resolutions at the 2020 AGM and shareholders would have had the opportunity to vote on these resolutions. At the closing date for these nominations on 5 October 2020, the Company had not received ANY nominations for new Directors at the 2020 AGM. If the Requisitioning Shareholder had made any Director nominations for the 2020 AGM, the Company would NOT have been required to call ANOTHER General Meeting 30 days after the 2020 AGM and would not have had to expend executive time and incur additional costs in preparing for and convening this SECOND General Meeting in less than two months to vote on the Resolutions.

The Directors of the Company strongly urge you to vote AGAINST the Resolutions proposed by the Requisitioning Shareholder.

The Board of Directors of the Company (**Board**) has successfully guided the Company through some very challenging times, including the extraordinarily disruptive COVID-19 pandemic which has significantly impacted the recruitment industry both in Australia and globally. The Board implemented significant structural changes and operational cost reductions in the 2020 financial year (**FY20**), which have been successful to date and leave the Company well placed to disrupt the factors that have historically challenged profits.

In the period from January to October 2020, the Board has met over 25 times by telephone, video conference and in person. The Board will continue to meet regularly and make all of its decisions in the best interests of the Company and its shareholders as a whole.

The Board believes that having regard to the size of the Company, three Directors is the appropriate number for both efficiency and cost purposes. If the position of the Company changes and a further Director with specific skills is necessary, the Board will consider seeking such a person at that time. The Board regularly assesses its skills and capabilities in light of the Company's operations. Any candidate sought by the Board as an additional Director would need to have skills and experience appropriate for the Company and complementing the skills of the existing Directors.

The Board strongly believes that the proposed appointment of the two additional Non-Executive Directors in Mr Daniel Altiok-Brown and Mr Trevor Robertson would not bring any appropriate additional skills, strategic input or recruitment industry knowledge to the Board.

The Requisitioning Shareholder has now written to the Company's shareholders twice, and the Board assumes all shareholders have received these letters. The Requisitioning Shareholder has also provided a statement to be included in the Notice of Meeting in support of its proposal. Attached as Annexure A is a copy of this statement by the Requisitioning Shareholder.

The Board responds to the various claims and statements made in the letters to shareholders dated 12 October, 26 October (see Annexure A) and 3 November 2020, as follows.

Requisitioning Shareholder Claim: “Ignite has had 7 straight years of losses totalling over \$30+ million.”

Board Response

- The prior years’ trading losses and the significant challenges that the Company faced have been transparently reported and appropriately discussed with shareholders over this period. The Board does not intend to repeat this publicly available information.
- During FY20 the Board restructured the Company, including the leadership team, and believes that the Company is now well placed to attract a high-quality Chief Executive Officer (**CEO**) and strive for profitability in the future. Despite the ongoing challenges that the COVID-19 pandemic brings to the Australian economy, the Board remains cautiously optimistic that the necessary changes have been made to set the Company on a pathway to success.

Requisitioning Shareholder Claim: “COVID has only effected the economy since Jan 2020.”

Board Response

- Since the previous CEO resigned from the Company in January 2019, your Board has worked tirelessly to implement many essential changes, as explained in the 2020 Annual Report, to set the Company up to generate profits in the future for ALL shareholders, including:
 - Replacing the entire general management leadership team;
 - Selling the China operations;
 - Removing the significant property legacy issues;
 - Significantly reducing headcount and associated costs; and
 - Reducing other costs.
- Having made two senior General Manager appointments in late 2019 in the lead up to the Christmas and New Year holidays, there was a clear strategy in place to grow the Company’s presence in the critical states of NSW and Victoria.
- In January 2020, bushfires raged in the key markets of the ACT, NSW and Victoria, which resulted in a number of our clients going into a period of extended annual holidays. This was then almost immediately followed by the economically destructive COVID-19 pandemic, which has had and continues to have significant implications for many of the Company’s clients, including State and Federal Governments.
- As transparently reported to ALL shareholders, the Board took immediate action to ensure the survival of the Company and these critical actions have proven to be successful as at the time of writing.

- For the Requisitioning Shareholder to claim that COVID-19 has not had any material impact on the Company and the wider recruitment industry in Australia is entirely incorrect. The COVID-19 pandemic has led to many recruitment businesses either being significantly reduced in size, closing down, being sold or in the case of foreign owned businesses, exiting the Australian market.

Requisitioning Shareholder Claim: “Ignite as per the 2020 Annual report believes it will lose money again in 2021. Year no 8. The current board structure has we believe effectively conceded that it does not have a plan to profitability going forward.”

Board Response

- This statement is factually incorrect.
- It is IMPORTANT that shareholders note:
 - To assess the Company’s ability to continue to operate as a “Going Concern” for accounting purposes, the Board must adopt a very conservative approach and use “Base Case” forecasts.
 - Note 2 of the 2020 Annual Report clearly states: ***“The profit and loss forecasts prepared for the going concern assessment are base case forecasts, not growth forecasts, and so do not reflect any material revenue increases or customer wins that may flow through from the activities undertaken in the 2020 financial year.”***
 - The Board notes that other forecasts, including growth forecasts, are prepared as part of the Company’s annual budgeting and planning process in order to determine the appropriate management actions for the year ahead.
 - The Board further notes that while it is always the Board’s aim to deliver profitable results for shareholders, given the current ongoing economic situation in Australia, the Board continues to adopt a cautious approach and will not be providing guidance to the market as to whether or not a profit for the current financial year is reasonably expected.

Requisitioning Shareholder Claim: “...yet in 2020 FYE whilst the market cap was approx. \$2.8m they collected over \$590,000 from Ignite (executive and director fees).”

Board Response

- The total Non-Executive Director fees paid in 2020 were \$283,905 as fully disclosed in the 2020 Annual Report.
- The Board notes each Non-Executive Director receives \$58,500 (including superannuation) while the Non-Executive Chairman receives \$108,405 (including superannuation) and that these fees have remained unchanged for over 7 years. Two of the Non-Executive Directors also act as Chairpersons of the Board Audit, Risk and Compliance Committee and the Board Remuneration and Nomination Committee and DO NOT receive any additional fees for these roles.

- All Non-Executive Director fees are within the remuneration pool of \$500,000 approved by shareholders at the 2005 annual general meeting.
- As all shareholders are aware, the Non-Executive Chairman (Garry Sladden), agreed in the absence of a CEO, to undertake the Executive Chairman role during this period of restructuring. In this capacity, Mr Sladden is paid \$309,595 (including superannuation) in addition to his normal Non-Executive Chairman's fee. This is remuneration for this executive position, rather than for his position as Non-Executive Chairman. Other than superannuation, Mr Sladden receives no additional benefits. Notably, he does not receive any short-term or long-term incentives, nor is he entitled to any annual, sick or long services leave benefits.
- The Board notes that previous CEOs of the Company have been paid an annual salary in the order of \$420,000 (including superannuation) as well as being eligible for short-term incentives and were also entitled to annual, sick and long service leave benefits.
- The Board strongly believes that the Company has benefited from Mr Sladden's performance as Executive Chairman and that it has done so without paying a market rate of remuneration for a CEO.
- Corporate Governance:
 - As previously reported to ALL shareholders, the Board believes that the Company is now in a position to attract a high-quality industry experienced CEO and that formal process recommenced in October 2020, with a shortlist due over the next 6 weeks. The Board believes that a new CEO will be able to dedicate 100% of their efforts to growing the business, rather than being continually distracted by dealing with historical challenges and issues.
 - The Board is fully aware of its Corporate Governance obligations and at NO time have these obligations been ignored. Despite having an Executive Chairman during this period of restructuring, clear lines of responsibility and reporting have been and remain in place. All Board meetings are chaired by Jennifer Elliott, who is also the chair of the Board Audit, Risk and Compliance Committee, with the Executive Chairman reporting to the Board.

Requisitioning Shareholder Claim: "In our opinion we also don't believe IGN reports to all its shareholders adequately especially given its poor financial performance."

Board Response

- The Board has and continues to adopt a transparent approach to the way it reports to ALL shareholders in accordance with its continuous disclosure obligations. This includes regular and detailed quarterly cashflow statements, quarterly activity reports, half-year financial statements and annual financial statements in accordance with ASX and ASIC requirements.
- Attached at Annexure C are copies of the Appendix 4C Quarterly Cash Flow Report and Quarterly Activity Report for the September 2020 quarter, being the most recent financial disclosures by the Company.
- The Board has not, and will not, discuss or provide what it deems to be commercially sensitive Company information by way of selective briefings.

Requisitioning Shareholder Claim: “We believe there is a way forward & real intrinsic value in Ignite above the current market capitalisation.”

Board Response

- The Requisitioning Shareholder has not provided any details or supporting information to this claim, nor have they at any stage discussed or provided this to the Board or Executive Chairman, despite the Executive Chairman having met and spoken with the Requisitioning Shareholder on numerous occasions.
- The Board believes that any person seeking appointment to the Board on the basis that there is unrealised value in the Company should provide meaningful and thorough substantiation of the nature of such value, and how it could be realised. This has not been the case in respect of the Requisitioning Shareholder.

Requisitioning Shareholder Claim: “Locating and appoint, potentially through a third party recruitment firm to establish the independence of this process a suitable & effective independent recruitment CEO with a focus on long term shareholders returns.”

Board Response

- The search for a new highly skilled recruitment industry experienced CEO via an executive search firm recommenced in October 2020. A high quality shortlist is currently being prepared and the Board expects to receive this over the next 6 weeks with interviews to begin immediately following that shortlist.
- This vital process is independent and the executive search firm the Board has appointed has a long and successful track record of locating skilled CEO's for a wide variety of senior executive roles in Australia.

As stated above, the Directors DO NOT SUPPORT the appointment of these 2 additional Directors to your Board.

Please see Annexure A for a copy of the statement by the Requisitioning Shareholder.

The Directors of the Company strongly urge you to vote AGAINST the Resolutions proposed by the Requisitioning Shareholder.

Annexure C

2021
IGNITE LIMITED
APPENDIX 4C QUARTERLY CASH FLOW REPORT
AND
QUARTERLY ACTIVITY REPORT
30 SEPTEMBER 2020

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")

30 September 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		30,939	30,939
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(26,998)	(26,998)
(c) advertising and marketing		(46)	(46)
(d) leased assets		(177)	(177)
(e) staff costs		(2,375)	(2,375)
(f) administration and corporate costs		(678)	(678)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	-
1.5 Interest and other costs of finance paid		(67)	(67)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		1,943	1,943
1.8 Other (GST)		(2,379)	(2,379)
1.9 Net cash from operating activities		162	162
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		-	-
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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 (provide details if material)	-	-
2.6	Net cash from/ (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	(433)	(433)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash used in financing activities	(433)	(433)
4.	Net increase/ (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at the beginning of the period	408	408
4.2	Net cash from operating activities (item 1.9 above)	162	162
4.3	Net cash from/ (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash used in financing activities (item 3.10 above)	(433)	(433)
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	Cash and cash equivalents at the end of the period	138	138

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	138	408
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)	138	408

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	150
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 including fees to the Executive Chairman Garry Sladden. Mr Sladden was the Independent Non-Executive Chairman of the entity until 23 January 2019. Following the resignation of the previous Chief Executive Officer, and until such time as a new Chief Executive Officer is appointed, Mr Sladden has acted and will continue to act as the Executive Chairman of the Company. During the period that Mr Sladden has acted as Executive Chairman, Jennifer Elliott, Chairman of the Board Audit, Risk and Compliance Committee, has chaired the meetings of directors.		

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)	5,858	878
7.4	Total financing facilities	5,858	878
7.5	Unused financing facilities available at quarter end		4,980
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 Scottish Pacific Business Finance expiring on 20 February 2022 (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. As at 30 September 2020 the applicable interest rate was 6.74%.			

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from operating activities (item 1.9)	162
8.2	Cash and cash equivalents at quarter end (item 4.6)	138
8.3	Unused finance facilities available at quarter end (item 7.5)	4,980
8.4	Total available funding (item 8.2 + item 8.3)	5,118
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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>		
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: 29 October 2020

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 CEO and CFO 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 (ASX: IGN) (the “Company”) presents its unaudited Quarterly Activity Report for the quarter ended 30 September 2020.

FINANCIAL SUMMARY

The 30 September 2020 quarter reflected the following:

- Revenues of \$29,424k decreased 16% against the comparative quarter in 2020 for continuing operations, before inclusion of other income from Government grants and tax incentives;
- Gross profit of \$3,354k decreased 27% against the comparative quarter in 2020 for continuing operations, before inclusion of other income from Government grants and tax incentives, with the greater decline relative to the revenue decline due to the mix with lower contribution from high margin permanent placement revenue and On Demand IT Services and People Services revenues;
- Gross profit margin was 11.40%, before inclusion of other income from Government grants and tax incentives, down from 13.04% for the comparative quarter in 2020, with the decline due to the lower proportion of permanent placement revenue in the September 2020 quarter;
- Cash receipts from customers were \$30,939k and payments for contingent labour were \$26,998k;
- Cash payments for staff costs were \$2,375k;
- Cash receipts from Government grants and tax incentives (specifically JobKeeper) were \$1,943k; and
- Net cash from operating activities for the quarter was \$162k, including \$1,943k of Jobkeeper receipts.

FINANCIAL UPDATE

Revenue

During the quarter ended 30 September 2020 the Company generated revenues of \$29,424k, a decrease of 20% on the comparative quarter in the 2020 financial year (“FY20”), which included revenues from the discontinued China operations. For continuing operations, revenues of \$29,424k represented a 16% decrease against revenues of \$35,161k in the comparative quarter of FY20, before inclusion of other income from Government grants and tax incentives.

During the September quarter the Company, its staff, contractors and many of its customers continued to experience the ongoing impact of COVID-19. This was particularly acute in Victoria where the majority of the State was in lockdown for an extended period. The majority of staff and contractors in Australia and New Zealand continued to work from home where their roles permitted.

As a consequence of COVID-19, revenues from continuing operations declined 21% in July, 16% in August and 13% in September against the comparative periods in FY20, due to reduced customer demand for contingent labour and permanent placement services and the delay in commencement of Federal Government projects in the People Services division. The aggregate result for the quarter was a revenue decline of 16% against the comparative quarter in FY20 for continuing operations.

The Company’s gross profit for the September quarter of \$3,354k, before inclusion of other income from Government grants and tax incentives, decreased 44% on the \$5,954k for the comparative quarter in FY20, which included the discontinued China operations. For continuing operations, gross profit of \$3,354k, before inclusion of other income from Government grants and tax incentives, represented a 27% decrease against gross profit of \$4,584k in the comparative quarter of FY20. The greater decline in gross profit relative to the revenue decline was due to the mix with lower contribution from high margin permanent placement revenue and On Demand IT Services and People Services revenues.

Expenditure

Contingent labour costs of \$26,070k for the September quarter were down 15% on the comparative quarter in FY20 for continuing operations, in line with the decline in revenue from continuing operations. The discontinued China operations focussed on permanent recruitment and did not impact contingent labour costs in the comparative quarter.

The impact of the 35% reduction in Australian headcount during FY20 is reflected in the 35% reduction in staff and related costs during the September quarter against the comparative quarter in FY20 for continuing operations. During the September quarter total headcount reduced by a net 6%.

Following a successful four months of working from home the decision was taken early in the quarter to close the Company's Southern Sydney office with staff to relocate to other Sydney offices post COVID-19.

The September quarter saw other operating costs decrease 53% against the comparative quarter in FY20 for continuing operations reflecting the financial benefit from relocating offices in FY20 as well as reduced marketing, advertising, travel and entertainment costs in the quarter due to COVID-19.

Cashflows

Cash and cash equivalents at 30 September 2020 were \$138k, down from \$408k at 30 June 2020. The net cash outflow for the September quarter was \$270k, with net cash from operating activities of \$162k.

Cash receipts from customers were \$30,939k for the September quarter, down 19% on the June quarter, while cash payments for contingent labour were \$26,998k, down 3% on the June quarter. Cash payments decreased at a slower rate than cash receipts in the September quarter versus the June quarter due to the higher proportion of aged debtors collected which increased the June quarter cash receipts. Cash payments decreased 13% while cash receipts decreased 26% against the comparative quarter in FY20 due to the higher proportion of cash receipts from permanent placement revenue from the discontinued China operations with no corresponding contingent labour payment.

Cash payments for staff costs in the September quarter were \$2,375k, reflecting a 10% decrease on the normalised June quarter cash payments for staff costs of \$2,625k (after adjusting for the reclassification of \$719k from contingent labour costs). This reflects the further headcount reductions in the September quarter.

JobKeeper Payment Subsidy

At the end of the June quarter the Company registered for and claimed the Federal Government JobKeeper Payment subsidy for eligible staff and contractors who wished to participate. During the September quarter the Company received \$1,943k from the Australian Taxation Office for the JobKeeper Payment claims relating to June, July and August 2020, all of which were recognised as other income during the September quarter.

OPERATIONAL UPDATE

Specialist Recruitment

In the quarter ended 30 September 2020, the Specialist Recruitment business contributed a profit before tax and corporate overheads of \$921k versus a \$337k profit in the comparative quarter of FY20, reflecting a 50% reduction in salary and other operating costs offsetting a 23% decline in gross profit. The reductions in salary and other operating costs arose from the headcount reductions, closure of the Brisbane office and the relocation of the Melbourne, Western Sydney and Sydney CBD offices during FY20. The decline in gross profit arose from an 18% decrease in contingent labour gross profit and 66% decrease permanent placement revenue against the comparative quarter of FY20 as customers reduced demand for contingent labour and/or placed recruitment on hold during the quarter due to COVID-19.

The profit before tax and corporate overheads for the September quarter decreased 31% on the June quarter due to a 18% decline in contingent labour gross profit, offset by a 15% decrease in salary and other operating costs due to the recognition of redundancy costs in the June quarter.

The continuing focus on improving consultant performance and productivity resulted in Specialist Recruitment headcount reductions of net 7% during the quarter with some of these roles to be back-filled.

The NSW business achieved a net profit before tax and corporate overheads in the September quarter, up 132% on the loss in the comparative quarter in FY20. Meanwhile, the Victorian business achieved a modest net profit before tax and corporate overheads in the September quarter against a breakeven comparative quarter in FY20 reflecting the ongoing impact of COVID-19 in Victoria. The ACT business continued to perform ahead of expectations contributing \$798k in net profit before tax and corporate overheads for the September quarter, up 47% on the comparative quarter in FY20.

On Demand IT Services

The On Demand IT Services business achieved a net profit before tax and corporate overheads of \$221k in the September quarter, an increase of 121% on the comparative quarter in FY20. This result reflected a 39% reduction in salary and other operating costs, offset by a 7% decline in gross profit against the comparative quarter in FY20. The net profit before tax and corporate overheads was an improvement on the net loss before tax and corporate overheads for the June quarter. COVID-19 continues to impact many of the major On Demand customers.

People Services

The People Services business recorded a net profit before tax and corporate overheads of \$63k, a 79% decrease against the comparative quarter in FY20 and a 20% decrease against the June quarter. This unfavourable movement reflected the generally lower volume of work and several ongoing project delays due to COVID-19 and the delay in the delivery of the Federal Government budget, which has had a direct impact on many of their Federal Government customers.

Shared Services

Net corporate overheads decreased 28% against the comparative quarter in FY20 due to a 19% reduction in salary and related costs and a 44% reduction in other operating costs, primarily facilities expenses and consulting fees. The September quarter net corporate overheads decreased 10% on the June quarter due to a 14% reduction in salary and related costs, following the recognition of redundancy costs in the June quarter and lower salary and related costs in the September quarter, as well as a 14% reduction in other operating costs, principally in facilities expenses.

DEBTOR FINANCE FACILITY

The Company relies on a secured debtor finance facility provided by Scottish Pacific Business Finance expiring on 20 February 2022 ("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.

The total available Facility as at 30 September 2020 was \$5,858k, with the amount drawn down \$878k (15%) and the applicable interest rate 6.74%.

OUTLOOK FOR THE SECOND QUARTER 2021

The uncertain ongoing economic and trading impacts of COVID-19 experienced in the September quarter are expected to continue in the December quarter of the 2021 financial year ("FY21").

The financial benefit from the significant FY20 rationalisation of the Company's fixed infrastructure costs in labour and property were realised in the September quarter of FY21. As outlined above, the Company's restructuring and cost mitigation have continued in the September quarter and the financial benefits from these changes and those made in FY20 are expected to continue in the December quarter.

The final JobKeeper payment subsidy of \$663k for the September 2020 claim period was received in October 2020. As a result, the total JobKeeper payment subsidy received in FY21 is \$2,606k. Based on the Company's 16% revenue decline in the September 2020 quarter versus the September 2019 quarter it will not be eligible for JobKeeper 2.0.

In the Specialist Recruitment division, customer demand for contingent labour services in the December quarter should remain at levels consistent with the September quarter, mainly from Federal and State Government customers. While permanent placement revenues are still not at their pre-COVID-19 levels, there is selective permanent recruitment occurring amongst existing and new customers. The Federal Government budget delivered at the beginning of October has removed a degree of uncertainty for Federal and State Government customers. Many IT service providers are expected to be beneficiaries of significant budget allocations to be spent on various IT projects in the short to medium term in Federal and State Government departments. The ACT Specialist Recruitment business, in particular, should benefit from any new IT projects.

The new On Demand IT Services division leadership team commenced in August 2020. They have spent the initial months engaging with customers, planning the implementation of new projects and building out their project pipeline. The second of the three projects awarded at the end of the 2020 financial year commenced during the September quarter. In addition, the division expects to deliver a new large one-off project for an existing customer in the December quarter.

The People Services division started well in July but was not able to continue the excellent start. Due to customer engagement complications caused by COVID-19 and the delayed Federal Government budget, the August and September results remained flat. Now that the Federal Government budget has been released, momentum is expected to pick up in the December quarter. The division has a customer profile skewed to Federal Government.

The Company has begun investigating options for returning staff to their offices during the December quarter or sometime early in the new year. This return will be undertaken after considering the individual requirements of staff in each state while ensuring it is aligned with the directions from each State Government.

As recently announced, with the business operations now focussed on Australia and New Zealand and several challenges removed, the search for an industry-experienced Chief Executive Officer to join the Company recommenced in early October.

The focus for the December quarter is to:

- Continue driving operational efficiencies and expenditure reductions where possible;
- Review and renegotiate several IT infrastructure and software supplier contracts due for renewal;
- Attract high-quality consultants, with a particular focus on IT & Digital to ensure the Company is well-positioned to take advantage of the continued growth in this sector;
- Work closely with Federal and State Government customers positioning the Company as a leading provider of contingent labour and recruitment services, and in particular skilled IT labour, to meet demand arising from IT projects funded by the Federal Government budget;
- Retain and grow the contingent labour workforce; and
- Focus all business units on business development activities in sectors hiring during COVID-19.

The Company has now traded through two consecutive full quarters impacted by COVID-19 and despite experiencing revenue declines of 10% in the June 2020 quarter and 16% in the September 2020 quarter against the comparative period for continuing operations, the core contingent labour business has been impacted to a proportionately lesser extent. The activities undertaken in FY20 to reduce fixed infrastructure costs in labour and property have resulted in a 35% reduction in staff and related costs and a 53% reduction in other operating costs during the September quarter against the comparative period for continuing operations. The Company was also able to access the Federal Government JobKeeper payment subsidy and at the date of this report had received a total of \$2,606k in FY21. Furthermore, the delayed Federal Government stimulus budget released in October 2020 is expected to benefit the Company's Federal and State Government customers and result in demand for contingent labour with IT skills. As such, despite the uncertain ongoing economic and trading impacts of COVID-19, the Directors continue to remain confident about the prospects for FY21.

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