

**IGNITE LIMITED**

**ACCELERATED NON-RENOUNCEABLE RIGHTS  
ISSUE AND SHORTFALL OFFER**

**INVESTOR PRESENTATION**



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This Presentation has been prepared in connection with IGNITE's proposed pro rata accelerated non-renounceable entitlement offer of New Shares to eligible existing IGNITE shareholders and an offer of any remaining New Shares not applied for under the entitlement offer as part of a separate shortfall offer (together, the **Offer**).

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### Summary information

This Presentation contains summary information about the current activities of IGNITE as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete. This Presentation does not purport to contain all the information that an investor should consider when making an investment decision nor does it contain all the information which would be required in a disclosure document prepared in accordance with the requirements of the Corporations Act 2001 (Cth) (**Corporations Act**). It should be read in conjunction with IGNITE's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at [www.asx.com.au](http://www.asx.com.au). IGNITE does not give any warranties in relation to the statements and information in this Presentation.

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### Financial information

The historical financial information in this Presentation is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by the Australian Accounting Standards (**AAS**) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

### General

All dollar values are in Australian dollars (A\$) and financial data is presented as at 30 June 2023 unless otherwise stated. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

### Past performance

Past performance and pro forma historical information in this Presentation is given for illustrative purposes only and should not be relied upon and is not an indication of future performance including future share price information.

### Forward-looking statements

This Presentation contains certain “forward-looking statements”. The word “estimate”, “likely”, “anticipate”, “believe”, “expect”, “project”, “opinion”, “predict”, “outlook”, “should”, “could”, “may”, “target”, “plan”, “consider”, “aim”, “will”, “seek” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, and include statements in this Presentation regarding the outcome of the Offer, the use of proceeds, the future performance of IGNITE, IGNITE’s debt position and IGNITE’s outlook for FY24. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of IGNITE and its affiliates and each of their respective directors, officers, employees, partners, consultants, contractors, agents, advisers and representatives (**Beneficiaries**). This includes statements about market and industry trends, which are based on interpretations of current market conditions. Refer to the ‘Key risks’ on slides 15 to 21 of this Presentation for a summary of certain risk factors that may affect IGNITE.

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Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and geopolitical tensions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may vary materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based. These statements may assume the success of IGNITE's business strategies including following completion of the Offer, the success of which may not be realised within the period for which the forward-looking statements may have been prepared, or at all. No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this Presentation. The forward-looking statements are based only on information available to IGNITE as at the date of this Presentation. Except as required by applicable laws or regulations, none of IGNITE, its representatives or advisers undertake any obligation to provide any additional or updated information or revise the forward-looking statements or other statements in this Presentation, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances.

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## Importance notice and disclaimer

### Information and liability

To the maximum extent permitted by law, IGNITE and its Beneficiaries exclude and expressly disclaim:

- all duty and liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any expenses, losses, damage or costs incurred by you as a result of your participation in, or failure to participate in, the Offer or the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise;
- any obligations or undertaking to release any updates or revisions to the information in this Presentation to reflect any change in expectations or assumptions; and
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## Executive Directors Update

As noted in our Annual Report for the period ending 30 June 2023, the statutory result for the Group was a loss after income tax of \$1,549,000 as compared to loss after income tax of \$285,000 in the prior corresponding period.

Since Cameron Judson commenced as an Executive Director in March 2023, action has been taken to turn around IGNITE's financial performance. We have made positive early progress in Q1 FY24 turning around the Group's performance, as reflected in our most recent Appendix 4C.

Today, we have announced a 1-for-1 pro-rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares in IGNITE at an offer price of \$0.05 per New Share to raise approximately \$4.45 million.

The Entitlement Offer is intended to raise funds to:

1. strengthen IGNITE's balance sheet by:
  - a. reducing IGNITE's reliance on the secured debtor finance facility provided by ScotPac Business Finance, which expires on 20 February 2025 (the **Facility**) to meet its working capital requirements;
  - b. assisting IGNITE to explore alternate financing arrangements with banks in advance of the expiry of the current Facility and on potentially more advantageous facility terms.
2. improving stakeholder confidence in IGNITE's balance sheet, as we believe that our people, our clients (particularly those who review IGNITE's financial position prior to entering into key client engagements, such as State and Federal Government clients) and shareholders are seeking to see a stronger balance sheet, with financing arrangements appropriate to IGN's financial and business profile;

## Executive Directors Update

3. support organic growth in contracting in Specialist Recruitment;
4. support inorganic growth, as IGNITE explores options in Managed Services; and
5. support the attraction of new talent, and retention of IGNITE's high performers.

IGNITE is Specialist Recruitment business in Technology, Engineering and Business Support and is a small Managed Services business.

Our focus is on our PEOPLE, our CUSTOMERS, our CANDIDATES, and our SHAREHOLDERS. Adopting a GROWTH MINDSET will support growing our Specialist Recruitment gross margins and volumes, and developing ONE WAY OF WORKING will improve the costs, productivity and performance of the Group.

## Proposed offer timetable

Event	Date
Announcement of the Entitlement Offer	23 November 2023
Record Date for eligibility to participate in the Entitlement Offer and announcement of the results of the Placement and Institutional Entitlement Offer	27 November 2023
Dispatch of Offer Booklet to Eligible Retail Shareholders	30 November 2023
Issue date for Institutional Entitlement Offer	1 December 2023
Last day to extend the Retail Entitlement Offer	12 December 2023
Retail Entitlement Offer closes	15 December 2023
Announcement of the results of the Retail Entitlement Offer	22 December 2023
Last day to issue the New Shares under Retail Entitlement Offer	22 December 2023
Notify ASX of undersubscriptions and announcement of Shortfall Offer (if applicable)	22 December 2023

The above timetable is indicative only and subject to change. IGNITE reserves the right (subject to the Corporations Act 2001 (Cth) and the ASX listing rules, to withdraw or vary this indicative timetable without prior notice.



## PEOPLE

Being a business that is heavily reliant on its key people, the Board believes developing and retaining talent is key to IGNITE's future success and growth. We will use the funds raised to continue to invest time, energy, and resources in on the desk coaching, learning and development, leadership development, recognition, and rewards.

In Q1 FY24, we invested in Leaders26, Launch24, and Celebrate23, and launched our new employee value proposition, which includes a commitment to 40 hours of learning and development to support career progression.

In addition to this, we plan to use the funds raised to source, assess, select and recruit new talent for our Specialist Recruitment business. We will be very disciplined in our approach, ensuring any investment delivers an appropriate commercial return. Our improved employee value proposition, together with our new Equity Incentive Scheme adopted on 20 October 2023, will support IGNITE to attract and retain high performers, and strengthen the alignment with the creation of shareholder value.

## CLIENTS and CANDIDATES

From a client and candidate perspective, our Specialist Recruitment business continues to focus on Federal Government, where IGNITE is a Top 10 provider of recruitment services. We will use the funds raised to accelerate our contracting growth, with our aim to become a Top 3 provider of recruitment services to each of our key Federal Government clients. We plan to accelerate our contracting growth by executing on current opportunities such as the People Panel Phase 2, for whole of Federal Government, and inorganically as and when appropriate opportunities present.

In addition, we continue to operate a small Managed Services business that works with commercial clients. We will use the funds raised to continue to explore organic and inorganic options to grow and scale this higher gross margin business.

In Q1 FY24, we have had some success growing our gross margins and volumes with several of our Top 20 Federal Government clients, in the Specialist Recruitment business.

By the end of H1 FY24, we will have completed a commercial review of all existing Specialist Recruitment and Managed Services customer contracts to assess opportunities to improve our gross margins and grow volumes.

## ONE WAY OF WORKING

We are developing one way of working across the Group regarding our processes, systems, technology, and exploring future innovations to support our people to be more productive and make more placements.

Our leaders' focus is on ensuring all our Specialist Recruitment resources understand their productivity contribution and performance targets on a daily, weekly, monthly, quarterly, and annual basis.

We engaged a Technology lead, a Data Expert and a Bullhorn Expert in Q1 FY24 to help take advantage of Bullhorn Analytics, and Bullhorn Automations to improve the costs, productivity, and performance of our Specialist Recruitment business.

In parallel, we have invested to replicate all our DATA in Bullhorn and Astute to improve the costs, productivity, and capacity of our Shared Services team.

This existing programme of work and one-off investment will conclude in H1 FY24. The Board may apply some proceeds of the funds raised to assess current and future innovations in the recruitment industry to continue to improve the productivity, performance and profitability of the Group.

## BALANCE SHEET

IGNITE currently has the secured debt Facility in place with ScotPac Business Finance to meet its working capital requirements. The key commercial terms of the Facility include (without limitation) the following:

- the maximum Facility amount is the lower of 85% of 'approved debtors' or \$15,000,000;
- in determining an 'approved debtor', the following exclusions will apply:
  - disputed, part paid or unverified amounts;
  - debtors aged greater than 90 days;
  - aged debtors and those exceeding the customer credit limits;
  - contra accounts held in reserve to the value of any accounts payable amounts;
  - where the value of a debtor exceeds 25% of the total net value of the approved account (unless otherwise approved in ScotPac's discretion); and
  - amounts withheld in the case of a default (or potential default) event.
- the term of the Facility ends on 20 February 2025; and
- as at 6 November 2023, the applicable interest rate under the Facility was 10.24%.

We will use the funds raised to strengthen IGNITE's balance sheet and reduce our reliance on the Facility. Given that the interest rate is currently at 10.24%, this would reduce our net financing cash outflows and improve our net profitability.

The Board also expects that this increased balance sheet strength may also assist in improving stakeholder confidence, as we believe that our clients (particularly State and Federal Government clients) and shareholders are seeking to see a stronger balance sheet from IGNITE (with a decreased reliance on the Facility). Clients considering the engagement of IGNITE also regularly request and consider information on IGNITE's financial position, and a stronger balance sheet is expected to provide additional comfort to these potential and existing clients. For example, two of IGNITE's largest clients in Managed Services undertake an annual 'balance sheet stress test' on IGNITE (the results of which would benefit from a stronger equity position).

## FY24 YEAR TO DATE FINANCIAL PROGRESS

We have made positive early progress in Q1 FY24 towards turning around the Group's performance. The **FINANCIAL HIGHLIGHTS** for the quarter ending 30 September 2023 as compared to prior corresponding period (ending 30 September 2022) are:

- EBITDA of \$305k, up 173%
- NPAT of \$140k up 123%
- Net Cash received from operating activities of \$317k, up 122%

The business has now had positive operating cash flows for four consecutive quarters, for the period ending 30 September 2023.

## OUTLOOK

IGNITE has traded profitably for the first 4 months of FY24.

We will continue to invest in training and 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.

The seasonally adjusted unemployment rate of 3.7% for October 2023 continues to point to a shortage of appropriate candidates in the market. The October 2023 annual CPI of 5.4% and higher official cash rates point to increased costs of living with resultant upward pressure on employment costs.

We expect these factors to positively impact the Group, highlighting the vital role our people play in sourcing candidates for our clients while also benefiting from upward pressure on revenue and gross margins from increases in the cost of labour.

Our focus for the year ahead is on creating a high-performance environment for our people, and developing an accountable culture, to deliver results for our clients, our candidates, and our shareholders.

IGNITE will deliver a significant improvement in year-on-year net profit.

## Risks of the Offer

As with any securities investment, there are risks associated with investing in the Company.

Before subscribing for New Shares, Eligible Retail Shareholders should carefully consider and evaluate the Company and its business and whether the New Shares are suitable for them to acquire having regard to their own investment objectives and financial circumstances and needs and taking into consideration the material risk factors.

In particular, Eligible Retail Shareholders should consider the risk factors outlined in this section 3.11, any of which could affect the operating and financial performance of the Company or the value of an investment in the Company. The risk factors set out below are not exhaustive.

You should consult your stockbroker, accountant, solicitor, financial adviser, taxation adviser or other independent professional adviser to evaluate whether or not to participate in the Entitlement Offer. The Company has applied to ASX for the grant of official quotation of the New Shares. It is expected that normal trading on ASX will commence in relation to New Shares issued under the Retail Entitlement Offer on 27 December 2023. The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law, including for negligence) to persons who trade New Shares before the New Shares are listed on the official list of ASX or before they receive their written confirmation of issue, whether on the basis of confirmation of the allocation provided by the Company or the Share Registry. ASX accepts no responsibility for any statement in this Offer Document.

### a) Risks specific to investing in the Company

#### *The Company operates in a competitive industry*

The Company competes with other Australian labour hire, recruitment and human resources service providers in a highly competitive market. Competitive pricing strategies and demands from high value clients seeking preferred supplier agreements may adversely impact the Company's profit margins and market share.

## Risks of the Offer

The Company is in an industry with low barriers to entry. Competitors could increase their competitive position (for example through pricing of services) which may have an impact on future revenue and margins of the Company.

### *Reliance on key contracts and business relationships*

The Company relies on certain contracts with its significant clients. The financial performance of the Company is therefore susceptible to a loss of one or more major contracts or clients.

### *Downturn in the labour market*

The Company's revenue and growth are susceptible to any downturn in the labour market. The labour market is susceptible to any economic or political changes that lead to a decreased demand for workers. A deterioration in the economic and labour market conditions could have a material adverse effect on the Company's earnings and financial position.

### *Changes in contracting or recruitment patterns*

Changes in contracting or recruitment patterns or demand for managed services in the markets in which the Company operates, particularly any trend where such functions begin to be undertaken in-house as opposed to being outsourced, may adversely affect the labour hire industry, the demand for managed services and the performance of the Company.

### *Disruption or failure of technology systems*

The Company is dependent on the performance, reliability and availability of technology platforms, data centres and global communications systems (including servers, the internet, hosting services and the cloud environment in which products are provided). There is a risk that these systems may be adversely affected by disruption, failure, service outages or data corruption that could occur as a result of computer viruses, "bugs" or "worms", malware, internal or external misuse by websites, cyber attacks or other disruptions including natural disasters, power outages or other similar events.



## Risks of the Offer

### *Security breach and data privacy*

The Company's services involve the storage and transmission of client's confidential and proprietary information, including intellectual property, confidential business information, information regarding their employees, and other confidential information.

The Company could be materially impacted by security breaches of client's data and information, either by unauthorised access, theft, destruction, loss of information or misappropriation or release of confidential client data.

### *Ability to attract and retain key personnel*

The Company's success is dependent upon the retention of key personnel, in particular members of the senior management team. In addition, the Company needs to attract new suitably qualified candidates to fill positions.

Competition for such personnel is intense. There is a risk that the Company may not be able to attract and retain key personnel or be able to find effective replacements for them in a timely manner. The loss of such personnel, or any delay in their replacement, could materially adversely impact the Company's ability to operate the business, achieve growth strategies and secure prospects.

### *Damage to the Company's brand*

A significant factor in the success of the Company is its reputation and branding. Allegations of wrongdoing on the part of the Company or any other labour hire or recruitment services provider could attract adverse media coverage or regulatory scrutiny which focuses not only on the individual provider in question, but on the recruitment industry as a whole.

### *Failure to protect intellectual property rights*

The value of the Company's brand is dependent on an ability to protect intellectual property, including business processes and know-how, copyrights and trademarks. There is a risk that the Company may be unable to detect the unauthorised use of its intellectual property rights in all instances. Further, actions taken to protect intellectual property may not be adequate or enforceable and thus may not prevent the misappropriation of intellectual property and proprietary information.

## Risks of the Offer

Breach of intellectual property may result in the need to commence legal action, such as infringement or administrative proceedings, which could be costly, time consuming and potentially difficult to enforce in certain jurisdictions and may ultimately prove unfavourable. Failure to protect intellectual property rights could have an adverse impact on operations and financial performance.

### *Regulatory risk*

The Company is required to comply with a range of laws and regulations. Regulatory areas which are of particular significance to the Company include employment, industrial relations, workplace health and safety, competition law, corporations law, intellectual property rights and taxation. The introduction of any new laws or changes to existing laws could result in increased costs being incurred by the Company and therefore have an impact on the operating and financial performance of the Company.

### *New Zealand Eligible Retail Shareholders*

New Zealand Eligible Retail Shareholders should also consider the taxation and currency risks associated with investing in New Shares.

### b) General risks

The Company is exposed to a number of other general business risks including risks relating to breach of third-party intellectual property rights, failure to keep abreast of changes in political and regulatory environments, foreign exchange, potential litigation and certain investment risks.

The following risks have been identified as being key risks. These risks have the potential to have a significant adverse impact on the Company which may in turn affect the financial position, prospects and price of its listed securities. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, others can be covered by insurance, but some are outside the control of the Company.

## Risks of the Offer

### *Economic conditions*

The economic condition of both domestic and global markets may affect the performance of the Company. Factors such as fluctuations in currencies (including exchange rates), commodity prices, inflation rate, interest rates, supply and demand and industrial disruption may have an impact on operating costs and therefore future possible revenues and the share market price.

### *Dilution*

Shareholders who do not participate to the full extent of their Entitlement will be diluted by the issue of New Shares under the Institutional Entitlement Offer and Retail Entitlement Offer.

### *Future capital requirements*

The continued operations of the Company may be dependent on its ability to obtain financing through debt, equity financing or capital raising. There is a risk that the Company may not be able to access capital for its services due to factors beyond its control which could have a material adverse impact on the Company's business and financial condition.

### *Taxation*

Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in Shares, or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which the Company operates, may impact the future tax liabilities of the Company.

## Risks of the Offer

### *Asset impairment*

As a consequence of the global financial crisis, ASIC has specifically identified impairment of assets as an issue for Australian companies. Consistent with Australian Accounting Standard AASB 136 Impairment of Assets, the Company is periodically required to assess the carrying value of its non-current assets, including its brands and goodwill. Where the recoverable amount of an asset is assessed to be less than its carrying value, the Company is obliged to recognise an impairment charge in its income statement. Impairment charges can be significant and can reduce the level of a company's profits and, potentially, its capacity to pay dividends. Impairment charges are a non-cash item.

### *Business factors*

The continuing economic viability of the Company will be dependent on managing risk factors normally found in conducting a business, including management of contractual risks, litigation due to breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise), loss of services of key management or operational personnel or change in tax and accounting laws.

There can be no assurance that parties with whom the Company has entered into commercial arrangements will adhere to the terms of the contracts and arrangements. There is the potential of material failure by or insolvency of any customer or supplier used by the Company in any of its activities. Such being the case, this could cause disruption to the operations of the Company. The Company is unable to predict the risk of insolvency or other managerial failure by any of its customers or suppliers or other service providers used by the Company.

All of the mentioned business factors could have a material adverse effect on the results of the operations or the financial condition of the Company.

### *Change in accounting policy*

The Company is subject to the usual business risk that there may be changes in accounting policies which impact the Company.

## Risks of the Offer

### *Share market conditions*

Securities listed on a stock exchange can experience price and volume fluctuations that are often unrelated to the performance of the company. General factors that may affect the market price of the Shares include economic conditions, both locally and internationally, the global security situation, the possibility of terrorist disturbances and changes in government legislation or policy.