

2024
IGNITE LIMITED
APPENDIX 4C QUARTERLY CASH FLOW REPORT
AND
QUARTERLY ACTIVITY REPORT
30 September 2023

ABN 43 002 724 334

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

www.igniteco.com

Appendix 4C

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

Name of entity

Ignite Limited

ABN

43 002 724 334

Quarter ended ("current quarter")

30 September 2023

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	28,227	28,227
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(23,337)	(23,337)
(c) advertising and marketing	(150)	(150)
(d) leased assets	(85)	(85)
(e) staff costs	(1,717)	(1,717)
(f) administration and corporate costs	(910)	(910)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(74)	(74)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	2
1.8 Other (GST)	(1,639)	(1,639)
1.9 Net cash from operating activities	317	317
2. Cash flows used in investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(2)
(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	-	-
2.6	Net cash used in investing activities	(2)	(2)
3.	Cash flows used in 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	396	396
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (payment of lease liabilities)	(83)	(83)
3.10	Net cash from financing activities	313	313
4.	Net movement in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at the beginning of the period	234	234
4.2	Net cash from operating activities (item 1.9 above)	317	317
4.3	Net cash used in investing activities (item 2.6 above)	(2)	(2)
4.4	Net cash from financing activities (item 3.10 above)	313	313
4.5	Effect of movement in exchange rates on cash held	4	4
4.6	Cash and cash equivalents at the end of the period	866	866

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	866	234
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)	866	234

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	164
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><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></p> <p>^{1.} These amounts comprise the total fees paid to the Directors of the Company during the quarter.</p> <p>Cameron Judson will continue to assume all CEO responsibilities and lead the Business as an Executive Director.</p>		

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)	5,139	2,404
7.4	Total financing facilities	5,139	2,404
7.5	Unused financing facilities available at quarter end		2,735
7.6	<p>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.</p> <p>The Company relies on a secured debtor finance facility provided by ScotPac Business Finance, expiring on 20 February 2025 (the "Facility"), to meet its working capital requirements. The maximum Facility amount is the lower of 85% of approved trade receivables or \$15,000k and is subject to certain drawdown conditions. At 30 September 2023, the applicable interest rate was 10.11% p.a.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from operating activities (item 1.9)	317
8.2	Cash and cash equivalents at quarter end (item 4.6)	866
8.3	Unused finance facilities available at quarter end (item 7.5)	2,735
8.4	Total available funding (item 8.2 + item 8.3)	3,601
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: 20 October 2023

Authorised by: By the Board of Directors

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

Notes

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

Quarterly Activity Report for Entities Subject to Listing Rule 4.7C

Ignite Limited (the “Company”) and its controlled entities (the “Group”) (ASX: IGN) presents its unaudited Quarterly Activity Report for the quarter ended 30 September 2023.

FINANCIAL HIGHLIGHTS compared to prior corresponding period (ending 30 September 2022):

- Revenue of \$26,311k down 9%
- EBITDA of \$305k, up 173%
- NPAT of \$140k up 123%
- Net cash received from operating activities \$317k, up 122%

FINANCIAL SUMMARY

The quarter ended 30 September 2023 reflected the following:

- Revenue of \$26,311k has decreased 9% against the comparative quarter in the 2023 financial year (“FY23”) due to continuing the focus on moving away from high volume, low margin assignments.
- Gross profit of \$3,032k is down 11% on the comparative quarter in FY23 as:
 - Specialist Recruitment, contingent labour hire gross margin decreased by 5% due to the continued focus on lower volume, high margin engagements that has seen a 20% increase in average gross margin per contractor versus the comparative FY23 quarter. Compared to Q4 FY23, contingent labour hire gross margin increased by 12%; and
 - Managed Services gross margin decreased by 62% (and 40% compared to Q4 FY23) due to the expiration of several high margin projects that were present in the comparative quarter in FY23, as well as the closure of the Talent Solutions business in Q3 FY23.
- The Group’s active contractors as at 30 September 2023 decreased by 155 contractors (21%) to 579 compared to the comparative quarter in FY23, with Managed Services responsible for 53 of this decrease and Business Support a further reduction of 79 contractors. Active contractors reduced by 77 contractors (12%) compared to Q4 FY23 where there were 656 active contractors, with Managed Services responsible for 28 of this decrease.
- Gross profit margin was 11.5%, down from 11.9% for the comparative quarter in FY23, largely due to the decline in the proportion of profit contribution of higher margin Managed Services and Permanent Revenue. Contingent labour hire represented 88% of the Group’s gross margin in the current quarter, compared to 77% in the comparative quarter in FY23;
- Total operating overheads decreased by 30% versus the comparative quarter in FY23 largely due to a reduction in headcount and cost savings from moving office locations, and reviewing all subscription costs and software licenses. Total operating overheads were 16% lower than Q4 FY23 due to one-time website development costs and a reduction in legal fees;
- Cash and cash equivalents were \$866k, increasing 401% (\$693k) against the comparative quarter in FY23 and increasing 270% (\$632k) compared to Q4 FY23, with net cash received from operating activities of \$317k adding to the net cash received from financing activities of \$313k. The closing balance reflects cash receipts in the operating bank account on the last day of the quarter, rather than offset against the debt facility;
- Cash receipts from customers of \$28,227k decreased by 8% compared to the comparative quarter in FY23 and decreased by 6% compared to Q4 FY23. Meanwhile, payments for contingent labour of \$23,337k decreased by 10% relative to the comparative FY23 quarter and decreased by 5% compared to Q4 FY23; and
- Cash payments for staff costs were \$1,717k which decreased by 43% compared to the comparative quarter in FY23 and 23% compared to Q4 FY23.