

2021
IGNITE LIMITED
APPENDIX 4E
PRELIMINARY FINAL REPORT
30 JUNE 2021
ABN 43 002 724 334

Lodged with the ASX under Listing Rule 4.3A

www.igniteco.com

REPORT PERIOD

Financial year end:

30 June 2021

Previous corresponding period:

30 June 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Description	30 June 2021 \$000	30 June 2020 \$000	Change \$000	Change %
Revenue from ordinary activities	113,878	127,990	14,112	(11.0)
Profit/ (loss) from ordinary activities after tax attributable to members	2,415	(6,272)	8,687	138.5
Net profit/ (loss) for the period attributable to members	2,415	(6,272)	8,687	138.5

BUSINESS REVIEW

In the 2021 financial year, revenue from ordinary activities for Ignite Limited and its controlled entities (the Group) declined 11.0% from \$127,990k to \$113,878k. The result for the previous corresponding period included Lloyd Morgan China Limited until its disposal. Continuing operations for the Group comprise the business operating in Australia and New Zealand.

In the current financial year, revenue from continuing operations declined 9.6% from \$125,958k to \$113,878k while gross profit from continuing operations decreased 11.7% from \$15,267k to \$13,488k and the gross profit margin from continuing operations decreased slightly from 12.1% in 2020 to 11.8%.

The Australian and New Zealand Specialist Recruitment business accounted for 91.9% of revenue from continuing operations (2020: 90.9%), the On Demand IT Services business accounted for 7.1% (2020: 7.3%) and the People Services business made up the balance.

Consolidated profit before corporate overheads and tax for continuing operations increased 133.8% to \$7,997k (2020: \$3,420k), a movement of \$4,577k. The movement reflects the \$2,072k improvement in the Australia and New Zealand Specialist Recruitment contribution plus a net \$2,551k from JobKeeper Payment subsidies received less payment of "top-up" wages to eligible staff and contractors ("Net JobKeeper").

Excluding the benefit of Net JobKeeper, consolidated profit before corporate overheads and tax for continuing operations increased 59.2% to \$5,446k.

Profit for continuing operations before financing and tax increased 174.3% to \$2,631k (2020: \$3,540k loss) due to the \$6,026k (30.9%) reduction in net operating overheads partially offset by the \$1,779k reduction in gross profit.

The \$3,188k (24.7%) reduction in employee benefits expense from continuing operations arose primarily from reduced headcount and lower salaries, lower commission payments due to reduced gross profit and reduced short term performance-based incentive payments tied to divisional operating performance. The 60.0% reduction in occupancy expense was associated with the relocation of the 2 Sydney offices to more cost-effective premises during the 2020 financial year.

Profit for continuing operations after tax increased 163.9% to \$2,415k (2020: \$3,777k loss). Excluding the benefit of Net JobKeeper, there was a small loss from continuing operations after tax of \$136k, an improvement of 96.4% on the comparative period. The full year profit for continuing operations after

tax included a second half profit for continuing operations after tax of \$196k, an improvement of 115.3% on the comparative period.

Net cash from operating activities was \$670k (2020: \$4,581k), an 85.4% decrease for the year due to the combination of higher cash collections from higher revenue and improved trade receivables ageing in the 2020 financial year, versus the combination of lower cash collections from lower revenue and a deterioration in trade receivables ageing in the 2021 financial year.

At 30 June 2021 the Group had net assets of \$5,330k (2020: \$2,916k), with the movement reflecting the profit from continuing operations after tax of \$2,415k, and a foreign currency translation loss of \$1k. The profit from continuing operations after tax included Net JobKeeper of \$2,551k.

The Group's total assets of \$13,124k (2020: \$13,849k) consisted primarily of net trade receivables of \$8,080k (2020: \$7,578k) and accrued income of \$3,888k (2020: \$4,372k). Net trade receivables increased 6.6% due to a small deterioration in ageing at year end. The Group's total liabilities of \$7,794k (2020: \$10,933k) primarily comprised trade and other payables of \$5,670k (2020: \$7,696k).

The cash balance at 30 June 2021 decreased 78.7% to \$87k (2020: \$408k) primarily due to the decrease in cash from operating activities discussed previously. Despite the deterioration in net cash from operating activities, there was a net repayment of the debtor finance facility during the year. As a result, the debtor finance facility utilised at the end of the year decreased 34.0% to \$783k (2020: \$1,187k).

The debtor finance facility drawdown fluctuates during the course of a month depending on contractor payments and customer billing cycles, as well as the timing of staff payroll, supplier payments and Federal and State Government statutory payments. Consequently, gearing at 30 June 2021 decreased to 11.5% (2020: 21.1%) with net debt down 10.7% to \$696k (2020: \$779k).

COVID-19 continues to have a significant impact on both local and global communities and economies. The Group has once again assessed the impact of COVID-19 on its financial reporting and determined the financial performance for the year ended 30 June 2021 and overall financial position as at 30 June 2021 have been materially impacted.

DIVIDENDS OR DIVIDEND DISTRIBUTION PLAN

On 30 August 2021, the Directors resolved not to declare an interim or final dividend for the year ended 30 June 2021. No dividends were paid by the Company in the previous corresponding period.

PARENT ENTITY

The ultimate parent entity and ultimate controlling entity within the Group is Ignite Limited. The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities.

Entity Name	Country of Incorporation	Class of Shares	Equity Holding %	
			2021	2020
Ignite New Zealand Holdings Limited	New Zealand	Ordinary	100	100
Ignite IT Services Limited	New Zealand	Ordinary	100	100

During the financial year the Company's wholly owned non-operating Hong Kong subsidiary Lloyd Morgan Limited was deregistered.

ASSOCIATES AND JOINT VENTURES

Ignite Limited does not have any holdings in joint ventures and associates.

OTHER DISCLOSURE REQUIREMENTS

This preliminary final report has been prepared using financial statements that have been audited. Additional ASX Appendix 4E (Listing Rule 4.3A) disclosures can be found in the audited financial statements, included as part of the Ignite Limited 2021 Annual Report lodged separately to this document. This document should be read in conjunction with the 2021 Annual Report and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the Corporations Act 2011 and ASX Listing Rules.

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