



LGI LIMITED
ABN 49 138 085 551

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2021.

LGI Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is at 1/20 Ashtan Place, Banyo, 4014.

DIRECTORS REPORT

The Directors present their report together with the financial statements on LGI Limited (referred to hereafter as the Company or "LGI"), for the half year ended 31 December 2021. Financial comparisons used in this report are of results for the half-year ended 31 December 2020 (the prior corresponding period) for the statement of profit or loss and cashflow analysis and 30 June 2021 for the statement of financial position analysis.

Directors in Office

The names of the directors in office at any time during, or since the end of, the half-year are:

Tim McGavin	Adam Bloomer	Vik Bansal (Chairman)
Jessica North	Andrew Peters	Abigail Cheadle

Principal Activity

The principal activities of LGI are landfill gas flaring generating carbon credits and electricity generation using the landfill gas. LGI also provide custom designed landfill gas solutions of all capacities for landfill owners and operators.

Significant Changes in the State of Affairs

No significant changes in the Company's state of affairs occurred during the financial period.

Review of Operations

LGI continued to engage in its principal activity of landfill gas flaring and landfill gas to power generation, the results of which are disclosed in the attached financial statements.

Revenues and Other Income for the half-year increased by 44% compared to the previous corresponding period. Revenues included full production from the power generation facility in the Australian Capital Territory. The previous period included bringing the facility to full production having commissioned the power station in mid June 2020.

Increase in revenues resulted from increased production of MWh, going from 38,962 in 2020 to 40,535 in 2021. Each generation site is registered as a Renewable Energy site by the Clean Energy Regulator, as such each MWh of electricity results in the creation of a Large Scale Generation Certificate (LGC). There was a corresponding increase in LGCs.

Underlying EBITDA result (non IFRS measure)

Underlying EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation a non IFRS measure) reflects statutory EBITDA adjusted to reflect the Directors' assessment of the result for the ongoing business activities. The items adjusted for are determined to be not in the ordinary course of business. The presentation of non IFRS financial information provides stakeholders the ability to compare against prior periods in a consistent manner. These numbers have not been audited.

Financial Performance - Statutory			31 December 2021	31 December 2020
			\$'000	\$'000
Revenue and other income	Up	44%	10,380	7,193
Earnings before interest, tax, depreciation and amortisation (EBITDA)	Up	28%	4,456	3,493

Earnings before interest & tax (EBIT)	Up	39%	2,437	1,755
Statutory Profit after tax	Up	49%	1,434	960
Adjustments for Underlying EBITDA (non-IFRS measure)				
Earnings before interest, tax, depreciation and amortisation (EBITDA)	Up	28%	4,456	3,493
Expenses relating to capital raising activities			587	-
Underlying Earnings before interest, tax, depreciation and amortisation (EBITDA)	Up	44%	5,043	3,493

Subsequent Events

The Directors are reviewing potential capital raising opportunities to fund further capital expenditure for growth. As at the date of signing this report no firm capital raising has occurred.

In March 2022, The Federal Minister for the Environment, announced a mechanism to exit delivery obligations for federal government offtake contract deliveries of carbon credits (ACCUs). As a result, the spot price of ACCUs declined from \$46.75 to \$29.25. Spot prices have transacted in a band from \$29.25 to \$31.00 since the announcement.

Dividends

No dividends were paid for the financial year ended 30 June 2021 (2020: \$478,255 of 1.38 cents per share). No dividends were declared or recommended but not paid, during the half-year.

Rounding of amounts

LGI is an entity to which ASIC Legislative Instrument 2016/191, applies and, in accordance with that Instrument, amounts in the half-year financial report have been rounded to the nearest thousand dollars unless otherwise stated.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 5.

No officer of LGI is or has been a partner/director of the auditor of the Company.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director.....



JESSICA NORTH

Dated this 6th day of April 2022



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DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF LGI LIMITED

As lead auditor of LGI Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'R M Swaby', is written over a light grey circular background.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 6 April 2022

**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	Notes	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Revenue from contracts with customers	2	4,438	2,501
Other income	2	5,942	4,692
Expenses			
Cost of Goods Sold		(2,131)	(1,834)
Employee benefits expense		(2,346)	(1,511)
Depreciation and amortisation expense		(2,019)	(1,738)
Capital raise expenses		(587)	-
Finance costs		(380)	(458)
Net loss on derivative financial instrument		(264)	-
Professional fees		(177)	(53)
Insurance expense		(128)	(105)
Other expenses		(291)	(197)
Profit before income tax		2,057	1,297
Income tax expense		(623)	(337)
Profit after tax for the half-year		1,434	960
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Net change in the fair value of cash flow hedges taken to equity		(580)	-
Income tax relating to cashflow hedges taken to equity		145	-
Other comprehensive income for the year, net of tax		(435)	-
Total comprehensive income for the half year attributable to the shareholders of LGI Limited		999	960

	Cents	Cents
Earnings per share for profit attributable to the owners of the Company		
Basic earnings per share	2.0	2.8
Diluted earnings per share	2.0	2.7

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	31 Dec 2021 \$'000	30 Jun 2021 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,895	928
Trade and other receivables		931	2,020
Environmental Certificates	5	5,161	3,410
Other assets	4	992	810
TOTAL CURRENT ASSETS		8,979	7,168
NON-CURRENT ASSETS			
Other assets	4	1,864	1,110
Property, plant and equipment	6	29,556	28,640
Intangible assets	7	2,632	2,296
TOTAL NON-CURRENT ASSETS		34,052	32,046
TOTAL ASSETS		43,031	39,214
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	2,478	2,477
Borrowings	9	1,607	636
Derivative financial instruments		728	148
Provisions		648	225
Current tax liabilities		228	-
TOTAL CURRENT LIABILITIES		5,689	3,486
NON-CURRENT LIABILITIES			
Borrowings	9	19,939	20,557
Deferred tax liabilities		1,934	1,685
Provisions		107	115
TOTAL NON-CURRENT LIABILITIES		21,980	22,357
TOTAL LIABILITIES		27,669	25,843
NET ASSETS		15,362	13,371
EQUITY			
Issued capital	10	7,417	6,440
Reserves	11	204	624
Retained earnings		7,741	6,307
TOTAL EQUITY		15,362	13,371

The above statement of financial position should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	Note	Issued share capital \$'000	Retained earnings \$'000	Share based payment reserve \$'000	Hedge reserve \$'000	Total equity \$'000
Balance at 1 July 2021		6,440	6,307	735	(111)	13,371
Comprehensive income						
Profit after income tax for the half year		-	1,434	-	-	1,434
Cashflow hedge (net of tax)		-	-	-	(435)	(435)
Total comprehensive income for the year		-	1,434	-	(435)	999
Transactions with owners, in their capacity as owners						
Share based payments	11	-	-	15	-	15
Shares issued during the period (net of costs)	10	977	-	-	-	977
Transactions with owners, in their capacity as owners		977	-	15	-	992
Balance at 31 December 2021		7,417	7,741	750	(546)	15,362
Balance at 1 July 2020		6,095	5,035	564	-	11,694
Comprehensive income						
Profit after income tax for the half year		-	960	-	-	960
Total comprehensive income for the year		-	960	-	-	960
Transactions with owners, in their capacity as owners						
Share based payments	11	-	-	86	-	86
Shares issued during the period (net of costs)	10	-	-	-	-	-
Dividends paid	3	-	(478)	-	-	(478)
Transactions with owners, in their capacity as owners		-	(478)	86	-	(392)
Balance at 31 December 2020		6,095	5,517	650	-	12,262

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Notes	31 Dec 2021 \$'000	31 Dec 2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		10,029	6,803
Payments to suppliers and employees		(5,712)	(3,580)
Interest received and other income		8	8
Interest paid		(373)	(373)
Income tax paid or received		-	(172)
Net cash provided by operating activities		<u>3,952</u>	<u>2,686</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(3,177)	(1,694)
Proceeds from the sale of property, plant and equipment		38	-
Term deposits held as security		-	-
Purchase of intangible assets		(430)	(761)
Net cash used in investing activities		<u>(3,569)</u>	<u>(2,455)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (net of cost)		159	-
Dividends paid	3	-	(478)
Proceeds from borrowings		628	-
Repayment of borrowings		(203)	(88)
Net cash used in financing activities		<u>584</u>	<u>(566)</u>
Cash and cash equivalents at the beginning of the half- year		928	973
Net increase in cash held		<u>967</u>	<u>(335)</u>
Cash and cash equivalents at the end of the half-year		<u><u>1,895</u></u>	<u><u>638</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

LGI Limited is a company limited by shares, incorporated and domiciled in Australia.

The half-year financial report is a general purpose financial report for the period ended 31 December 2021. The report has been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

The half-year financial report does not include all the notes of the type normally included in an annual financial report and should be read in conjunction with the annual report for the year ended 30 June 2021.

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted in the annual report for the year ended 30 June 2021. The amounts presented in the financial statements have been rounded to the nearest thousand dollars.

The half-year financial statements were authorised for issue in accordance with a resolution of directors on 6th April 2022.

New or amended Accounting Standards and Interpretations adopted

LGI has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Operating segments

LGI has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. LGI is managed primarily on a geographic basis that is the location of the respective areas of interest (landfill sites) in Australia. Operating segments are determined on the basis of financial information reported to the Board.

Management currently identifies the Company as having only one operating segment, being landfill gas solutions in Australia. All significant operating decisions are based upon analysis of the Company as one segment. The financial results from the segment are equivalent to the financial statements of the Company as a whole.

NOTE 2: REVENUE AND OTHER INCOME

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Revenue from contracts with customers		
Energy (recognised over time)	3,613	1,754
Infrastructure (recognised at a point in time)	554	442
Biogas Management (recognised over time)	271	302
Other revenue (recognised at a point in time)	-	3
	<hr/> 4,438	<hr/> 2,501
Other Income		
Australian carbon credit units (ACCUs)	4,481	2,371
Large-scale generation certificates (LGCs)	1,453	1,762

NOTE 2: REVENUE AND OTHER INCOME

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Interest and other income	8	8
COVID19 government assistance packages	-	551
	5,942	4,692
Total revenue and other income	10,380	7,193

NOTE 3: DIVIDENDS

Dividends paid during the financial half-year were as follows:

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Final dividend paid for the year ended 30 June 2021 of 1.38 cents per share fully franked (2020:1.51 cents per share)	-	478
Total dividends paid during the period	-	478

NOTE 4: OTHER ASSETS

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Current		
Prepayments	322	99
Accrued income	243	235
Capital raise costs	251	241
Shareholder loans ¹	115	51
Other current assets	61	184
Total Current Assets	992	810
Non-Current		
Shareholder loans ¹	1,048	294
Security Deposits	816	816
Total Non-Current Assets	1,864	1,110
Total Other Assets	2,856	1,920

1. The loans are to purchase shares in LGI as a result of employees exercising share options under the Employee Share Option Plan.

NOTE 5: ENVIRONMENTAL CERTIFICATES

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Current		
Australian carbon credit units (ACCU's)	4,705	3,030
Large scale generation certificates (LGC's)	456	380
Total Environmental Certificates	5,161	3,410

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

Net carrying amounts	Property, plant & equipment \$'000	Plant & equipment under lease \$'000	Right of use land & buildings \$'000	Projects under construction	Total \$'000
31 December 2021					
Cost	34,344	2,309	1,576	3,709	41,938
Accumulated depreciation	(11,064)	(891)	(427)	-	(12,382)
Net carrying amount	23,280	1,418	1,149	3,709	29,556
30 June 2021					
Cost	33,908	1,808	1,577	1,910	39,203
Accumulated depreciation	(9,431)	(790)	(342)	-	(10,563)
Net carrying amount	24,477	1,018	1,235	1,910	28,640
Movements in carrying amounts					
	Property, plant & equipment \$'000	Plant & equipment under lease \$'000	Right of use land & buildings \$'000	Projects under construction	Total \$'000
Balance at 1 July 2021	24,477	1,018	1,235	1,910	28,640
Additions	406	623	-	1,857	2,886
Disposals	(8)	(36)	-	-	(44)
Depreciation & amortisation	(1,653)	(187)	(86)	-	(1,926)
Transfers in/(out) of work in progress	58	-	-	(58)	-
Balance at 31 December 2021	23,280	1,418	1,149	3,709	29,556
Balance at 1 July 2020	24,323	705	1,285	1,414	27,727
Additions	2,435	651	121	1,264	4,471
Disposals	(1)	(105)	-	-	(106)
Depreciation & amortisation	(3,048)	(233)	(171)	-	(3,452)
Transfers in/(out) of work in progress	768	-	-	(768)	-
Balance at 30 June 2021	24,477	1,018	1,235	1,910	28,640

NOTE 7: INTANGIBLE ASSETS

	Goodwill	Licences	Total
	\$'000	\$'000	\$'000
Net carrying amounts			
31 December 2021			
Cost	314	2,818	3,132
Accumulated amortisation and impairment	-	(500)	(500)
Net carrying amount	314	2,318	2,632

30 June 2021

Cost	314	2,389	2,703
Accumulated amortisation and impairment	-	(407)	(407)
Net carrying amount	314	1,982	2,296

	Goodwill	Licences	Total
	\$'000	\$'000	\$'000
Movements in carrying amounts			
Balance at 1 July 2021	314	1,982	2,296
Additions	-	429	429
Amortisation expense	-	(93)	(93)
Balance at 31 December 2021	314	2,318	2,632

Movements in carrying amounts

Balance at 1 July 2020	314	933	1,247
Additions	-	1,185	1,185
Amortisation expense	-	(136)	(136)
Balance at 30 June 2021	314	1,982	2,296

Impairment testing for the period ended 31 Dec 2021

During the period, LGI recognised no impairment of property, plant and equipment or goodwill.

NOTE 8: TRADE AND OTHER PAYABLES

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Current		
Trade payables	1,359	1,051
Payroll liabilities	226	169
Sundry payables and accruals	893	1,257
Total trade and other payables	2,478	2,477

NOTE 9: BORROWINGS

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Current		
Bank loans	1,000	-
Lease liability	462	494
Right of use liability	145	142
Total Current Borrowings	1,607	636
Non-Current		
Bank loans	17,850	18,850
Lease liability	1,036	600
Right of use liability	1,111	1,185
Less: Borrowing costs	(58)	(78)
Total Non-Current Borrowings	19,939	20,557
Total Borrowings	21,546	21,193

Bank loans comprise the following CBA facility:

Facility	Limit \$'000	Utilised \$'000	Maturity	Average Interest Rate 31 Dec 21
Project loans	18,850	18,850	30 June 2023	3.35%
Overdraft	500	nil	30 June 2023	7.50%
Contingent liability	100	79	30 June 2023	1.75%

Bank loans are secured by a registered company charge over the Company assets and side deeds with each respective local council over prescribed property of each individual project advanced under the facility.

Finance lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements reverting to the lessor in the event of default.

NOTE 10: EQUITY – ISSUED CAPITAL

	31 Dec 2021		30 Jun 2021	
	\$'000	No. of shares '000	\$'000	No. of shares '000
Ordinary shares at beginning of reporting period	6,440	34,890	6,095	34,656
Issue of shares on the exercise of options	967	691	345	234
Subtotal before share split	7,407	35,581	6,440	34,890
Share split 2:1 ¹	-	35,581		
Issue of shares under employment agreement	10	10		
Ordinary shares at reporting date	7,417	71,172		

1. At the AGM held 20th October 2021, shareholders approved to split the ordinary share capital on issue at a ratio of 2:1 shares.

NOTE 11: EQUITY – RESERVES

	31 Dec 2021	30 Jun 2021
	\$'000	\$'000
Share based payment reserve		
Opening balance	735	564
Employee share options provided for during the period	15	171
Balance at reporting date	750	735

	31 Dec 2021	30 Jun 2021
	(thousands)	(thousands)
Number of employee share options outstanding	278	1,203
Employee share options issued during the period	-	-

Cash flow hedge reserve

Opening balance	(111)	-
Gain or (loss) of cashflow hedge instruments	(617)	(148)
Deferred tax	182	37
Balance at reporting date	(546)	(111)

NOTE 12: CONTINGENT LIABILITIES

LGI has provided bank guarantees to the value of \$895,328 at 31 Dec 2021 (30 Jun 2021: \$845,328) including a \$750,000 security obligation under the ACT Mugga Lane landfill gas contract.

NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are reviewing potential capital raising opportunities to fund further capital expenditure for growth. As at the date of signing this report no firm capital raising has occurred.

In March 2022, The Federal Minister for the Environment, announced a mechanism to exit delivery obligations for federal government offtake contract deliveries of carbon credits (ACCUs). As a result, the spot price of ACCUs declined from \$46.75 to \$29.25. Spot prices have transacted in a band from \$29.25 to \$31.00 since the announcement.

NOTE 14: CAPITAL EXPENDITURE COMMITMENTS

As at 31 December 2021, LGI had commitments for the acquisition of power generation plant & equipment of \$3.7 million (30 June 2021: \$1.5 million).

NOTE 14: COMPANY DETAILS

The registered office and the principal place of business of LGI is:

LGI Limited

Unit1, 20 Ashtan Place

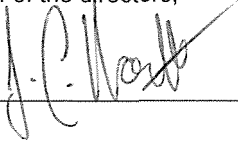
Banyo QLD 4014

DIRECTORS' DECLARATION

In accordance with a resolution of the directors, the directors of LGI Limited declare that, in their opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the directors,



JESSICA NORTH

Director

Dated this 6th day of April 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of LGI Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of LGI Limited (the Company), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Company does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd



R M Swaby
Director

Brisbane, 6 April 2022