

ASX Announcement

27 February 2023

FY23 HALF-YEAR RESULTS INCLUDING OPERATIONS AND FINANCIAL REVIEW

STRONG OPERATING PERFORMANCE, REVENUE AND EBITDA GROWTH IN LINE WITH PROSPECTUS

LGI Limited (ASX: **LGI**, the **Company** or **LGI**) today announced financial results for the six months to 31 December 2022, reporting proforma earnings before interest, taxation, depreciation and amortisation of \$7.13 million.

HIGHLIGHTS

- Statutory EBITDA of \$6.1 million (1H FY22 \$4.5 million) and statutory EBIT of \$3.8 million (1H FY22 \$2.4 million)
 - Pro forma EBITDA of \$7.1 million represents an increase of 47% (1H FY22: \$4.8 million).
 - Total revenue of \$16.3 million, an increase of 61% (1H FY22: \$10.1 million).
 - Strong operating performance, with biogas flows of 55.2 million cubic metres, an increase of 16% (1H FY22: 47.6 m³).
 - LGI's Toowoomba power station, the Company's eighth power station and its first behind-the-meter project, began generating renewable energy in December 2022.
 - The Company completed a successful IPO on 4 October 2022, raising \$25 million to fund its growth strategy and repay debt.
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1H FY23 Overview

LGI's portfolio of 26 renewable energy and carbon abatement projects performed strongly in the first half of the 2022/23 financial year, delivering growth in biogas flows, total revenue and profit.

Electricity revenue grew to \$6.8 million, an increase of 102% compared with the first half of FY21, with total renewable energy generation rising by 12% to 45,847 megawatt hours. Electricity revenue also benefited from a short-term increase in the electricity pool price, particularly in the first quarter.

ACCU revenue for the first half rose to \$6.6 million, an increase of 47% over the prior corresponding period.

Managing Director Adam Bloomer said, "In our first reporting period as a listed company, LGI has

maintained growth momentum based on another good operating performance.”

“Our projects continued to perform well across the portfolio and delivered growth in biogas recovery, and we are seeing strong demand in all of our markets.”

“Gas flows in this half year of 55.2 million cubic metres up 16% from the corresponding period last year. This increase in gas flows results from our continued focus on improving gas flows at all sites.”

“Power station availability in 1H FY23 was 97.14%, above our target of 95%. This combined with increased gas flows resulted in increased generation up to 12% to 45.8 GWhs in 1H FY23.”

“LGI’s Projects & Engineering team completed the installation of the new power station at Toowoomba. This project was delivered in line with forecast timing. The new Toowoomba power station is our first power station using the Jenbacher engine package delivered from our new European supplier.”

“Infrastructure construction revenue was ahead of forecast with several construction projects completed in the first half of the financial year, ahead of programmed completion.”

Financial Performance Summary

A\$('000)	1H FY23	1H FY22	Var %
Revenue	16,318	10,108	61%
Gross Profit	11,295	7,977	42%
Pro forma EBITDA	7,134	4,852	47%
Pro forma EBIT	4,860	2,833	72%
Pro forma Net Profit after Tax	3,521	1,784	97%
Adjusted earnings per share (cents)	2.80	2.00	40%
Operating cashflow	3,780	3,952	-4%

LGI’s pro forma NPAT of \$3.6 million is up 102% from the corresponding period.

Revenue of \$16.3 million is 61% higher than the corresponding period last year. This is both volume and price driven. Pro forma EBITDA of \$7.1 million is up 47% and operating cash flows are \$3.8 million.

The increase in revenue for 1H FY23 is both a result of price and volume variance. GWhs generated of 45.8 by Power stations is 12% higher than previous corresponding. LGI achieved an average of \$147.27 per MWh for 1H FY23, a 79.2% increase on 1H FY22.

ACCU’s acquired or created of 218,804 is 8% higher than previous year. The average price for ACCUs is \$30.07 a 35% increase.

The increase in ACCU prices was assisted by the ability for LGI to exit contracts with the federal government. The ability to exit contracts with the federal government is being reviewed every six months.

Segments

The power station performance for 1H FY23 benefited from the increase in gas flows to our eight generation sites. The increase in gas flows to 36.1 million cubic metres is a 16% increase on the corresponding period from last year this combined with high availability allowed the power stations to produce 45.8 GWH. Total revenue from this segment increased 75% in 1H FY23. Gross margins remain at the same percentage as last year. This was impacted by the rise in prices of inputs to this segment. Particularly the increase in oil prices.

Increases in gas flows in our carbon abatement segment of 16%. Total revenue growth was 47% higher than the corresponding period last year gross margin which declined by 22%. The decline in gross margin was primarily impacted by the price paid to the federal government which allowed ACCU contracts to be exited for the previously contracted price.

Revenue for Infrastructure construction and landfill gas management performance for the six months was 64% higher than corresponding period last year. LGI experienced a decline in gross margin percentage as a result of increased input costs to this segment. In particular, the cost of pipes.

Toowoomba renewable power station

The Company's Toowoomba power station commenced generation in mid-December, recovering biogas from a Toowoomba Regional Council landfill site to generate electricity which is supplied directly to the city's major wastewater treatment facility. The project will supply the majority of the facility's power requirements and can also supply excess power into the local electricity grid. The project will also create Australian Carbon Credit Units (ACCUs) and Large-scale Generation Certificates (LGCs).

Mr Bloomer said, "This innovative project is the first in Queensland to use biogas from a Council landfill to power their wastewater treatment plant, and converts a liability for Toowoomba Regional Council into an environmental and financial benefit."

"Our biogas power station will provide reliable 24/7 renewable electricity which mitigates the effects of methane emissions from landfill and reduces Council's reliance on fossil fuels."

Strategy

LGI's strategy of continuing to pursue opportunities in the electricity market to assist with firming renewable capacity (with locally connected generation), feeding directly into the distribution grid, has progressed across the last six months. Work continues on building generation facilities at Nowra in NSW, and expanding our facility in Canberra.

The automated system to determine optimal operating mode, called DACS, is in advanced development. We are currently running a beta version of the system, which is receiving information from AEMO, the power stations, the landfill gas field and each engine to determine the optimal operating regime for every 5 minute period of the day. DACS will be deployed concurrently with the addition of batteries at our sites.

Interim Dividend

The Board of LGI is pleased to announce an interim dividend of 1.113 cents per share, fully franked, with a record date of entitlement of 27th March 2023. The interim dividend will be paid on 6th April 2023 and represents approximately 40% of NPAT.

Outlook

LGI expects to achieve the pro forma forecast as outlined in the Prospectus dated 17 August 2022 including the supplementary prospectus.

This announcement authorised for release by Board of Directors.

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About LGI (ASX: LGI)

LGI is an established domestic market leader in the recovery of biogas from landfill, and the subsequent conversion into renewable electricity and saleable environmental products. LGI's vertically integrated operations cover the engineering and management of landfill gas infrastructure, whilst providing solutions to create opportunities for the generation of renewable electricity and carbon abatement. LGI is addressing an inherent environmental issue for waste disposal sites.

LGI operates a portfolio of 26 projects across Queensland, New South Wales and the Australian Capital Territory, generating dispatchable, renewable energy and abating carbon to generate revenue through electricity sales, LGCs and ACCUs. These projects contribute towards LGI's vision of engineering a zero carbon, clean energy future.