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**LGI LIMITED**

**ABN 49 138 085 551**

**APPENDIX 4D AND FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

**APPENDIX 4D**

**LGI LIMITED**  
**ABN 49 138 085 551**

Results for announcement to the market  
for the half-year ended 31 December 2022

FINANCIAL PERFORMANCE	Up / down	Movement %	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Revenue from ordinary activities	Up	61.4%	16,318	10,108
Statutory EBITDA	Up	37.1%	6,098	4,448
Statutory Profit before tax	Up	61.1%	3,313	2,057
Statutory Profit after tax	Up	73.3%	2,485	1,434
Pro forma EBITDA <sup>1</sup>	Up	47.0%	7,134	4,852
Pro forma Profit after tax <sup>1</sup>	Up	102.1%	3,479	1,784
NET TANGIBLE ASSET BACKING			31 Dec 2022 \$	30 Jun 2022 \$
Net tangible asset backing per share	Up	245%	\$0.51	\$0.15
DIVIDENDS			Amount per share (cents)	Tax rate for franking credit
Final dividend per share for the year ended 30 June 2022 fully franked			1.0	25%
Interim dividend per share for the half-year ended 31 December 2022 fully franked <sup>2</sup>			1.113	25%

**1. Pro forma EBITDA and Profit after tax results (non IFRS measure, unaudited)**

Pro forma 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 expenses in relation to LGI's IPO. 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.

**2. Record date for determining entitlements to the interim dividend:**

27<sup>th</sup> March 2023 and payable 6<sup>th</sup> April 2023.

This information should be read in conjunction with the 2022 Annual Report. Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the financial statements for the half-year ended 31 December 2022 which have been reviewed by BDO Audit.

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## 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 2022

### Directors in Office

The following Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Vik Bansal - Non-Executive Director and Chair  
 Adam Bloomer - Managing Director and Chief Executive Officer  
 Jessica North - Executive Director and Co-Chief Executive Officer  
 Timothy McGavin - Non-Executive Director  
 Andrew Peters - Non-Executive Director  
 Abigail Cheadle - Non-Executive Director

### Principal Activity

The principal activities of LGI are 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.

### Significant Changes in the State of Affairs

In October 2022, following the IPO, LGI listed on the Australian Stock Exchange. No other significant changes in the Company's state of affairs occurred during the financial period.

### Review of Operations

The Directors' review of LGI's operations during the half-year and the results of those operations are set out in the Operating & Financial Review attached. The Operating & Financial Review forms part of this Directors' Report.

The profit for the Company for the half-year ended 31 December 2022 after providing for income tax amounted to \$2.485m (31 December 2021 \$1.434m).

Reconciliation of profit after income tax (audited) to EBITDA and Pro forma EBITDA (unaudited):

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Profit before income tax expense	2,485	1,434
Depreciation and amortisation	2,275	2,019
Finance costs	547	380
Interest income	(37)	(8)
Income tax expense	828	623
<b>EBITDA</b>	<b>6,098</b>	<b>4,448</b>
Pro forma transaction costs in relation to the IPO	1,036	404
<b>Pro forma EBITDA</b>	<b>7,134</b>	<b>4,852</b>

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation a non IFRS measure) reflects statutory EBITDA and has been 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. Pro forma EBITDA is adjusted for pro forma transaction costs in relation to the IPO. 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.



### Subsequent Events

In January 2023, the government released the key findings and recommendations of the Chubb Review into Australian Carbon Credit Units (ACCUs). The Chubb review panel's recommendations focused on improvements to the governance, structure, and transparency of the ACCU scheme, with the integrity of key ACCU methodologies found to be generally sound. No changes were made to landfill methodologies, confirming LGI's current holding of ACCUs and current recognition process.

A period of consultation also commenced in January 2023 concerning the government's proposed design for the Safeguard Mechanism. The proposed design requires emissions reductions from the industrial sector in line with Australia's climate targets. The government is accepting feedback on the proposed design until 24 February 2023, with a view to legislate prior to commencing the reformed Safeguard Mechanism on 1 July 2023. None of the landfills where LGI has the rights to gas, are captured by the Safeguard Mechanism.

Following the federal government making these two announcements, the ACCU spot price increased 14%.

### Dividends

During the half-year a final dividend of \$712,000 was paid for the financial year ended 30 June 2022 of 1.0 cents per share (2021: \$nil). No dividends were declared or recommended but not paid, during the half-year. The Directors have declared an interim dividend of 1.113 cents per share, fully franked (2021: \$nil).

### 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  Director Jessica Norton (Feb 26, 2023 19:09 GMT+10).....

Dated this 26th day of February 2023



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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 2022, 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 blue horizontal line.

**R M Swaby**

Director

**BDO Audit Pty Ltd**

Brisbane, 26 February 2023

**STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<b>Income</b>			
Revenue from contracts with customers	3	8,104	4,174
Environmental Certificates income	3	8,213	5,934
Other income	3	37	8
<b>Expenses</b>			
Cost of Goods Sold		(5,022)	(2,131)
Employee benefits expense		(2,997)	(2,346)
Depreciation and amortisation expense		(2,275)	(2,019)
Capital raise expenses		(1,020)	(587)
Finance costs		(547)	(380)
Professional fees		(355)	(177)
Insurance expense		(269)	(128)
Other expenses		(556)	(291)
<b>Profit before income tax</b>		3,313	2,057
Income tax expense		(828)	(623)
<b>Profit after income tax for the half-year</b>		2,485	1,434
<b>Other comprehensive income</b>			
Items that will be reclassified subsequently to profit or loss:			
Net change in the fair value of cash flow hedges taken to equity		10,832	(580)
Income tax relating to cashflow hedges taken to equity		(2,708)	145
<b>Other comprehensive income for the year, net of tax</b>		8,124	(435)
<b>Total comprehensive income for the half year attributable to the shareholders of LGI Limited</b>		10,609	999
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit attributable to the owners of the Company</b>			
Basic earnings per share		3.1	2.0
Diluted earnings per share		2.8	2.0

*The 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 2022**

	Note	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,104	889
Trade and other receivables		1,865	3,366
Environmental Certificates	6	9,998	8,187
Derivative financial instruments	12	1,336	-
Other assets	5	1,241	1,866
<b>TOTAL CURRENT ASSETS</b>		<b>16,544</b>	<b>14,308</b>
<b>NON-CURRENT ASSETS</b>			
Other assets	5	1,638	1,589
Property, plant and equipment	7	38,265	35,474
Intangible assets	8	3,180	2,882
Derivative financial instruments	12	1,536	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>44,619</b>	<b>39,945</b>
<b>TOTAL ASSETS</b>		<b>61,163</b>	<b>54,253</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	2,724	5,251
Borrowings	10	637	2,070
Derivative financial instruments	12	-	7,959
Provisions		391	751
Current tax liabilities		1,061	1,061
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,813</b>	<b>17,092</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	10	4,016	22,669
Deferred tax liabilities		4,378	1,074
Provisions		154	124
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>8,548</b>	<b>23,867</b>
<b>TOTAL LIABILITIES</b>		<b>13,361</b>	<b>40,959</b>
<b>NET ASSETS</b>		<b>47,802</b>	<b>13,294</b>
<b>EQUITY</b>			
Issued capital		32,029	7,417
Reserves		2,920	(5,204)
Retained earnings		12,853	11,081
<b>TOTAL EQUITY</b>		<b>47,802</b>	<b>13,294</b>

*The 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 2022**

	Note	Issued share capital \$'000	Retained earnings \$'000	Share based payment reserve \$'000	Hedge reserve (Cash flow hedges) \$'000	Total equity \$'000
<b>Balance at 1 July 2022</b>		7,417	11,080	766	(5,970)	13,294
<b>Comprehensive income</b>						
Profit after income tax for the half year		-	2,485	-	-	2,485
Cashflow hedge (net of tax)		-	-	-	8,124	8,124
<b>Total comprehensive income for the year</b>		-	2,485	-	8,124	10,609
<b>Transactions with owners, in their capacity as owners</b>						
Shares issued during the period (net of costs)	11	24,612	-	-	-	24,612
Dividends paid	4	-	(712)	-	-	(712)
<b>Transactions with owners, in their capacity as owners</b>		24,612	(712)	-	-	23,989
<b>Balance at 31 December 2022</b>		32,029	12,853	766	2,154	47,802
<b>Balance at 1 July 2021</b>		6,440	6,307	735	(111)	13,371
<b>Comprehensive income</b>						
Profit after income tax for the half year		-	1,434	-	-	1,434
Cashflow hedge (net of tax)		-	-	-	(435)	(435)
<b>Total comprehensive income for the year</b>		-	1,434	-	(435)	999
<b>Transactions with owners, in their capacity as owners</b>						
Share based payments		-	-	15	-	15
Shares issued during the period (net of costs)		977	-	-	-	977
<b>Transactions with owners, in their capacity as owners</b>		977	-	15	-	992
<b>Balance at 31 December 2021</b>		7,417	7,741	750	(546)	15,362

*The 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 2022**

	Notes	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers inclusive of GST		17,602	10,029
Payments to suppliers and employees inclusive of GST		(13,376)	(5,712)
Interest received and other income		15	8
Interest paid		(461)	(373)
<b>Net cash provided by operating activities</b>		3,780	3,952
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(4,531)	(3,177)
Proceeds from property, plant and equipment		7	38
Term deposits held as security		66	-
Purchase of intangible assets		(426)	(430)
<b>Net cash used in investing activities</b>		(4,884)	(3,569)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares (net of cost)		23,148	159
Repayment of borrowings		(20,143)	(203)
Dividends paid	4	(712)	-
Proceeds from borrowings		26	628
<b>Net cash provided by (used in) financing activities</b>		2,319	584
Cash and cash equivalents at the beginning of the half- year		889	928
Net increase in cash held		1,215	967
<b>Cash and cash equivalents at the end of the half-year</b>		2,104	1,895

*The 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 whose shares are publicly traded on the Australian Securities Exchange.

### Basis of preparation

The half-year financial report is a general purpose financial report for the period ended 31 December 2022. 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. Accordingly, these financial statements should be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with continuous disclosure requirements of Corporations Act 2001.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for 30 June 2022.

### New accounting standards and interpretations

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. There has been no material effect. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### 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.

## NOTE 2: OPERATING SEGMENTS

### Identification of operating segments

LGI has identified its operating segments based on the internal monthly reports that are reviewed and used by the Executive team and the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. LGI has identified Operating Segments based on the three revenue streams generated from its business activities. LGI's identified operating segments are described as follows:

- **Renewable Energy** - LGI's renewable power stations generate revenue from the sale of renewable electricity and Large Scale Generation Certificates (LGCs).
- **Carbon abatement** - Revenue is derived from the acquisition, creation and sale of Australian Carbon Credit Units (ACCUs).
- **Infrastructure construction and management** - LGI generates revenue from the engagement with landfill owners including landfill infrastructure construction projects, site management services and consulting.

### Operating segments financial results

Operating segments are presented using the "management approach" whereby the information presented is on the same basis as the internal reports provided to the CODM's. The CODM's review Revenue and Gross Profit on a monthly basis. The accounting policies adopted for internal reporting to the CODM's are consistent with those adopted in the financial statements.

Operating segments financial results	Renewable Energy	Carbon abatement	Infrastructure construction and management	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>31 December 2022</b>					
<b>Revenue</b>					
Sales to external customers	8,385	6,579	1,353	-	<b>16,317</b>
Cost of goods sold	(2,432)	(1,720)	(870)	-	<b>(5,022)</b>
<b>Gross Profit</b>	<b>5,953</b>	<b>4,859</b>	<b>483</b>	<b>-</b>	<b>11,295</b>
Total other income and expenses				(5,197)	<b>(5,197)</b>
<b>EBITDA*</b>				<b>6,098</b>	<b>6,098</b>
Depreciation & amortisation				(2,275)	<b>(2,275)</b>
Interest income				37	<b>37</b>
Finance costs				(547)	<b>(547)</b>
<b>Profit/(loss) before income tax expense</b>				<b>3,313</b>	<b>3,313</b>
Income tax expense				(828)	<b>(828)</b>
<b>Profit/(loss) after income tax expense</b>				<b>(8,810)</b>	<b>2,485</b>
<b>31 December 2021</b>					
<b>Revenue</b>					
Sales to external customers	4,802	4,481	825	-	<b>10,108</b>
Cost of goods sold	(1,393)	(242)	(496)	-	<b>(2,131)</b>
<b>Gross Profit</b>	<b>3,409</b>	<b>4,239</b>	<b>329</b>	<b>-</b>	<b>7,977</b>
Total other income and expenses				(3,529)	<b>(3,529)</b>
<b>EBITDA*</b>				<b>4,448</b>	<b>4,448</b>
Depreciation & amortisation				(2,019)	<b>(2,019)</b>
Interest income				8	<b>8</b>
Finance costs				(380)	<b>(380)</b>
<b>Profit/(loss) before income tax expense</b>				<b>2,057</b>	<b>2,057</b>
Income tax expense				(623)	<b>(623)</b>
<b>Profit/(loss) after income tax expense</b>				<b>1,434</b>	<b>1,434</b>

\*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.



**NOTE 3: REVENUE AND OTHER INCOME**

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<b>Revenue from contracts with customers</b>		
Electricity and related services - over time	8,213	3,613
Net loss on electricity derivative financial instruments	(1,461)	(264)
Infrastructure construction – point in time and overtime	1,022	554
Biogas management services – over time	311	271
Other revenue – over time	19	-
	<u>8,104</u>	<u>4,174</u>
<b>Environmental Certificates income</b>		
Large-scale generation certificates (LGCs)	1,634	1,453
Australian carbon credit units (ACCUs)	6,579	4,481
<b>Total Environmental Certificates income</b>	<u>8,213</u>	<u>5,934</u>
<b>Other Income</b>		
Interest and other income	37	8
<b>Total revenue and other income</b>	<u>16,354</u>	<u>10,116</u>

**NOTE 4: DIVIDENDS**

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

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Final dividend paid for the year ended 30 June 2022 of 1.0 cents per share fully franked (2021: nil cents per share)	712	-
Total dividends paid during the period	<u>712</u>	<u>-</u>

**NOTE 5: OTHER ASSETS**

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<b>Current</b>		
Prepayments	522	151
Accrued income	454	900
Capital raise costs	-	454
Shareholder loans <sup>1</sup>	134	136
Other current assets	131	225
<b>Total Current Assets</b>	<u>1,241</u>	<u>1,866</u>
<b>Non-Current</b>		
Shareholder loans <sup>1</sup>	766	717
Security Deposits	872	872
<b>Total Non-Current Assets</b>	<u>1,638</u>	<u>1,589</u>

**NOTE 5: OTHER ASSETS**

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<b>Total Other Assets</b>	2,878	3,455

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

**NOTE 6: ENVIRONMENTAL CERTIFICATES**

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<b>Current Environmental Certificates</b>		
Australian carbon credit units (ACCU's)	9,051	7,506
Large scale generation certificates (LGC's)	947	681
<b>Total Environmental Certificates</b>	9,998	8,187

**NOTE 7: PROPERTY, PLANT AND EQUIPMENT**

	Plant & equipment \$'000	Plant & equipment under lease \$'000	Right of use land & buildings \$'000	Projects under construction \$'000	Total \$'000
<b>Net carrying amounts</b>					
<b>31 December 2022</b>					
Cost	40,299	2,542	3,461	7,142	53,444
Accumulated depreciation	(13,548)	(1,286)	(345)	-	(15,179)
<b>Net carrying amount</b>	26,751	1,256	3,116	7,142	38,265
<b>30 June 2022</b>					
Cost	34,858	2,539	3,461	8,075	48,933
Accumulated depreciation	(12,195)	(1,085)	(179)	-	(13,459)
<b>Net carrying amount</b>	22,663	1,454	3,282	8,075	35,474
<b>Movements in carrying amounts</b>					
Balance at 1 July 2022	22,663	1,454	3,282	8,075	35,474
Additions	2,275	54	-	2,662	4,991
Disposals	(48)	(6)	-	-	(54)
Depreciation & amortisation	(1,734)	(246)	(166)	-	(2,146)
Transfers in/(out) of work in progress	3,595	-	-	(3,595)	-
<b>Balance at 31 December 2022</b>	26,751	1,256	3,116	7,142	38,265

**NOTE 8: INTANGIBLE ASSETS**

	<b>Goodwill \$'000</b>	<b>Licences \$'000</b>	<b>Total \$'000</b>
<b>Net carrying amounts</b>			
<b>31 December 2022</b>			
Cost	314	3,598	<b>3,912</b>
Accumulated amortisation and impairment	-	(732)	<b>(732)</b>
<b>Net carrying amount</b>	<b>314</b>	<b>2,866</b>	<b>3,180</b>
<b>30 June 2022</b>			
Cost	314	3,171	<b>3,485</b>
Accumulated amortisation and impairment	-	(603)	<b>(603)</b>
<b>Net carrying amount</b>	<b>314</b>	<b>2,568</b>	<b>2,882</b>
<b>Movements in carrying amounts</b>			
Balance at 1 July 2022	314	2,568	<b>2,882</b>
Additions	-	427	<b>427</b>
Amortisation expense	-	(129)	<b>(129)</b>
<b>Balance at 31 December 2022</b>	<b>314</b>	<b>2,866</b>	<b>3,180</b>

**Impairment testing for the period ended 31 Dec 2022**

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

**NOTE 9: TRADE AND OTHER PAYABLES**

	<b>31 Dec 2022 \$'000</b>	<b>30 Jun 2022 \$'000</b>
<b>Current</b>		
Trade payables	770	2,097
Payroll liabilities	320	134
Accrued royalties and other expenses	1,634	3,020
<b>Total Current trade and other payables</b>	<b>2,724</b>	<b>5,251</b>

**NOTE 10: BORROWINGS**

	<b>31 Dec 2022 \$'000</b>	<b>30 Jun 2022 \$'000</b>
<b>Current</b>		
Bank loans <sup>1</sup>	-	1,500
Lease liability	449	502
Right of use liability	213	109
Less: Borrowing costs	(25)	(41)
<b>Total Current Borrowings</b>	<b>637</b>	<b>2,070</b>

**NOTE 10: BORROWINGS**

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<b>Non-Current</b>		
Bank loans <sup>1</sup>	-	18,350
Lease liability	867	1,016
Right of use liability	3,158	3,309
Less: Borrowing costs	(9)	(6)
<b>Total Non-Current Borrowings</b>	<b>4,016</b>	<b>22,669</b>
<b>Total Borrowings</b>	<b>4,653</b>	<b>24,739</b>

1. Following the October 2022 IPO and capital raise, LGI paid out the project loan facility to \$nil. As at 31 December 2022, the project loan facility limit was \$29.1m.

**NOTE 11: EQUITY – ISSUED CAPITAL**

	31 Dec 2022	
	No. of shares '000	\$ '000
Ordinary shares at beginning of reporting period	71,172	7,417
Issue of shares on the exercise of options	56	52
Share split 2:1	-	-
Issue of shares under employment agreements	36	68
Issue of shares IPO under director's agreements <sup>1</sup>	363	545
Issue of shares IPO	16,667	25,000
Share issue transaction expenses net of tax	-	(1,052)
<b>Ordinary shares at reporting date</b>	<b>88,294</b>	<b>32,029</b>

**NOTE 12: FINANCIAL INSTRUMENTS****Fair value measurements**

The fair value measurement principals adopted in this report are consistent with those applied in the annual financial report for 30 June 2022. The below derivative financial instruments carried at fair value are over the counter instruments and have been classified as level 2 in the fair value hierarchy. Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

The significant valuation techniques and processes used to value derivative financial instruments categorised within level 2 are:

Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

The significant inputs used in this valuation technique are:

Exchange traded market prices, market volatilities, forecast generation and Electricity settled prices.



**Financial assets and liabilities at fair value**

	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
<b>Current Assets</b>		
Foreign currency forward contracts – cash flow hedge	100	-
Energy swap contracts – cash flow hedge	1,236	-
<b>Total Current Assets</b>	1,336	-
<b>Non-Current Assets</b>		
Energy swap contracts – cash flow hedge	1,536	-
<b>Total Assets</b>	2,872	-
<b>Current Liabilities</b>		
Energy swap contracts – cash flow hedge	-	7,959

1. During the period, LGI entered into additional energy swap contracts.

**NOTE 13: COMMITMENTS AND CONTINGENCIES**

LGI has provided bank guarantees to the value of \$956,733 at 31 Dec 2022 (30 Jun 2022: \$1,027,061) including a \$750,000 security obligation under the ACT Mugga Lane landfill gas contract.

As at 31 December 2022, LGI had commitments for the acquisition of power generation plant & equipment of \$3.9 million (30 June 2022: \$3.1 million).

**NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE**

On 9 January, 2023, the government released the key findings and recommendations of the Chubb Review into Australian Carbon Credit Units (ACCUs). The Chubb review panel's recommendations focused on improvements to the governance, structure, and transparency of the ACCU scheme, with the integrity of key ACCU methodologies found to be generally sound. No changes were made to landfill methodologies, confirming LGI's current holding of ACCUs and current recognition process.

On 10 January, 2023, a period of consultation commenced on the government's proposed design for the Safeguard Mechanism. The proposed design requires emissions reductions from the industrial sector in line with Australia's climate targets. The government is accepting feedback on the proposed design until 24 February 2023, with a view to legislate prior to commencing the reformed Safeguard Mechanism on 1 July 2023. None of the landfills where LGI has the rights to gas, are captured by the Safeguard Mechanism.

## DIRECTORS' DECLARATION

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 2022 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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors,

  
\_\_\_\_\_  
Jessica Nolan (Feb 26, 2023 19:09 GMT+10)

Director

Dated this 26th day of February 2023

## 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 2022, 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 2022 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 2022 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, 26 February 2023