



ASX Release

29 August 2023

STRONG OPERATING PERFORMANCE, REVENUE AND EBITDA GROWTH ABOVE PROPECTUS FORECAST FOR FY23

LGI Limited (ASX:LGI, the Company or LGI) today announced financial results for the full year to 30 June 2023, reporting pro forma earnings before interest, taxation, depreciation and amortisation (EBITDA) of \$14.4 million.

Highlights

- Gross Revenue of \$32.3 million, up 27% against prior corresponding period (“pcp”), Net Revenue of \$30.4 million, up 27% pcp
- EBITDA
 - Statutory EBITDA of \$13.3 million up 12.4 % pcp, margin of 41%
 - Pro forma EBITDA of \$14.4 million up 14% pcp, margin of 45%
- NPAT
 - Statutory NPAT of \$6.4 million
 - Pro forma NPAT of \$7.5 million
- Pro forma Operating Cashflow of \$8 million
- Strong operating performance with gas flows combusted of 113.0 million cubic meters (M3m), up 13% pcp and renewable electricity generated of 94,435 megawatt hours, up 8% pcp
- In FY23 LGI commissioned its new power station at Toowoomba, selling the bulk of the renewable electricity to the Toowoomba Regional Council
- The Company completed a successful IPO on 4 October 2022, raising \$25 million to fund its growth strategy and repay debt

FY23 Overview

LGI produced strong results for FY23. Gas flows were 113.0 million cubic meters (M3m) (FY22 100.4 M3m), an increase of 12.6 M3m being 13% pcp. This increased gas flow allowed LGI to create 420,804 Australian Carbon Credit Units (ACCUs) (FY22 402,225), an increase of 5% pcp. Renewable electricity generation for FY23 was 94,435 megawatt hours (MWhs) (FY22 87,516), an increase of 8% pcp.

These production results were reflected in increases in LGI’s three key revenue segments. Electricity revenue \$13.2 million (FY22 \$9.3M) represented a 42% increase pcp, Large-scale Generation Certificates revenue \$3.2 million (FY22 \$3.1M) increased 4% pcp and ACCU revenue of \$13.5 million (FY22 \$11.6M) increased 16% pcp.

Managing Director Adam Bloomer said, “LGI’s strong operational performance is an outcome of our ability and continued emphasis on extracting increasing volumes of biogas. The bulk of the landfills on which we operate are open and continue to receive new waste. This new waste creates increased levels of methane. LGI has been ‘chasing the gas’ which is a term we coined to describe the processes of capturing this increased level of methane. The result is higher levels of methane captured and destroyed and provides LGI with the opportunity to increase our creation of ACCUs and renewable electricity.

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It is a credit to the hard working LGI team, to stay focused on chasing the gas and to then have our flares and power stations ready and capable to manage the methane, by either combusting it in our flares or using the methane to generate renewable electricity. In FY23, we exceeded our target power station availability of 95%.

The FY23 pro forma EBITDA of \$14.4 M is 9.8% higher than the prospectus forecast of \$13.1M. LGI achieved this higher EBITDA result despite the average spot price of electricity falling 10.5% and the spot price of ACCUs falling 9.0%.

LGI's Statutory NPAT of \$6.4 million is up 34.9 % pcp.

The Board of LGI has declared a dividend of 1.2 cents per share.

Financial Performance Summary

	FY23	FY22	Change
Statutory Revenue (\$'000)	32,303	25,472	+26.8%
Net Revenue (\$'000)	30,419	24,037	+26.6%
Statutory EBITDA (\$'000)	13,315	11,846	+12.4%
Pro forma EBITDA (\$'000)	14,416	12,627	+14.2%
Pro forma EBITDA margin	47%	50%	-514 bps
Pro forma EBIT (\$'000)	9,757	8,500	+14.5%
Statutory net profit after tax (\$'000)	6,440	4,774	+34.9%
Statutory basic earnings per share (cents)	7.7	6.7	9%
Pro forma operating cash flow	7,958	8,856	-10.1%

Segments

Power station performance in FY23 benefited from increased gas flow to the eight generation sites. Gas flows to our power stations for FY23 were 77.1 Mm³, an increase of 18% from the corresponding period last year. The power stations generated 94.4 gigawatt hours of renewable electricity. Total revenue from this segment increased 33% in FY23, with gross margin of 72% improved from last year's 70%. Power station performance for FY23 includes six months of operation from the newly commissioned Toowoomba power station. This power station began operation on schedule in December 2022.

The Carbon Abatement segment had increased gas flows by 14% (against pcp). Revenue of \$13.5 million represented growth of 16% (against pcp). Gross margin of 73%.

Revenue for Infrastructure Construction and Landfill Gas Management services at \$2.3 million was 55% higher than the corresponding period last year.

Key developments in FY23

During FY23 LGI operationalised its Dynamic Asset Control System (DACS). DACS is an automated operating system designed and developed by LGI, which takes inputs from the biogas collection system and the Australian Energy Market Operator (AEMO) to determine the optimal operation mode of our renewable energy generators. Operating 24 hours a day, these operating instructions are made without the need for manual instructions or intervention. During a pilot period over the second half of May, the DACS system avoided 85% of negative pricing periods and achieved a 5% premium on the weighted average price compared to baseline operation.

In June, LGI executed a new landfill gas management contract with Somerset Regional Council. The site at Esk is an open landfill and there has been no previous landfill gas management on this site. The agreement was arranged through a new channel to market.

Strategy

LGI continues to invest accretive capex into building and expanding generation facilities at Nowra, NSW and Canberra, ACT. These power stations will be positioned to support the grid by responding to intra-day signals to increase or decrease generation. Initially this will be done using generation units, with batteries being added to these sites to assist with firming the renewable capacity.

LGI continues to engage with local councils to offer landfill gas management services.

Final dividend

The Board of LGI is pleased to announce a final dividend of 1.2 cents per share, fully franked, with a record date of entitlement of 12 September 2023. The final dividend will be paid on 26 September 2023 and together with the FY23 interim dividend represents approximately 32% of FY23 NPAT.

Outlook

LGI will continue to increase its recovered biogas volumes in FY24 by 9% to 14% on the pcp, resulting in production of more MWhs and ACCUs.

There has been volatility in ACCU spot pricing over the last 12 months and it's expected to continue for the foreseeable future.

Using recently observed market prices for ACCUs and electricity, LGI expects underlying EBITDA for FY24 to increase by 6.0% to 14% on the pcp.

This announcement authorised for release by the 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

operation 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.

At the date of this ASX release, LGI operates a portfolio of 28 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 products contribute towards LGI's vision of engineering a zero carbon, clean energy future.