



**PEOPLE ENGINEERING
A CLEAN ENERGY, ZERO
CARBON FUTURE.**

WWW.LGI.COM.AU

ASX Release

29 August 2023

AMENDED ANNUAL REPORT

LGI Limited (the “**Company**” or “**LGI**”) refers to the attached Annual Report, which replaces the Annual Report released earlier today, 29 August 2023. The attached Annual Report includes the shareholder information on page 92, as required by ASX listing rule 4.10.

-- ENDS --

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About LGI Limited (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.



FOCUS YOUR ENERGY

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LGI LIMITED
ABN 49 138 085 551

**People engineering
a clean energy, zero
carbon future**

Annual Report FY23

Established in 2009, LGI is a 100% Australian based and operated leader in carbon. We specialise in extracting biogas from landfills and combusting it to abate carbon and create dispatchable and renewable power.

Our mission of expediting the transition to renewables by delivering clean energy and lower carbon solutions, reliably, effectively, commercially for our customers.

Our culture is unique.

HAVING FUN WHILST STAYING SAFE

Resonates through our safety record, low staff turnover and positive, long term customer relationships. This enables us to collaboratively, innovatively and safely design, build, own and operate best practice renewable energy and carbon abatement facilities managing biogas from landfill.

BIG SUPPORTERS OF MENTAL HEALTH AND WELL BEING

LGI are proud sponsors of Beyond Blue, Movember and Mullet for Mental Health. They work to address issues related to depression, suicide, anxiety disorders and other related mental illnesses. "Having had first and second hand experience with mental health challenges, really opened my eyes to the importance of organisations like Beyond Blue. The sooner more employers realise the importance of employees being both physically and mentally fit, the better our society and economy will be."

Adam Bloomer, Managing Director and CEO, LGI



Appendix 4E

LGI LIMITED

ABN 49 138 085 551

Results for announcement to the market for the year ended 30 June 2023:

Financial Performance	Up / (Down)	Change %	30 Jun 2023 \$'000	30 Jun 2022 \$'000
Revenue from ordinary activities (excluding interest income)	Up	26.8%	32,303	25,472
Statutory EBITDA	Up	12.4%	13,315	11,845
Statutory Profit before income tax	Up	12.4%	7,773	6,915
Statutory Profit after income tax	Up	34.9%	6,440	4,774
Pro Forma EBITDA	Up	14.2%	14,416	12,627
Net Tangible Asset Backing		Change %	30 Jun 2023 \$	30 Jun 2022 \$
Net tangible asset backing per share		255.1%	0.52	0.15
Dividends			Cents per share	Tax rate for
Final dividend per share for the year ended 30 June 2023 fully franked			1.200	25%
Interim dividend per share for the half year ended 31 December 2022 fully franked			1.113	25%
Final dividend per share for the year ended 30 June 2022 fully franked			1.000	25%

1. Pro forma EBITDA and Statutory EBITDA (non IFRS measures)

Pro forma EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) reflects statutory EBITDA adjusted to reflect the Directors' assessment of the result for the ongoing business activities. The items adjusted are for 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.

2. Record date for determining entitlements to the final dividend:

12 September 2023 and payable 26 September 2023.

3. Annual General Meeting

LGI Limited advises that its Annual General Meeting will be held on Wednesday, 15 November 2023. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX.

In accordance with the ASX Listing Rules, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5:00pm (AEST) on Wednesday, 27 September 2023.

Additional information supporting the Appendix 4E disclosure requirements can be found in the Directors' Report and the financial statements for the year ended 30 June 2023.

Corporate Directory

Company

LGI Limited
57 Harvey Street North
Eagle Farm QLD 4009
<https://www.lgi.com.au/>

Directors

Mr Vik Bansal - Chairman
Mr Adam Bloomer – Managing Director
Ms Abigail Cheadle – Non-Executive Director
Mr Andrew Peters – Non-Executive Director
Dr Jessica North – Chief Executive Officer
Mr Timothy McGavin – Non-Executive Director

Company Secretary

Mr Dean Wilkinson
Mr Hasaka Martin

Share Registry

Computershare Investor Services Pty Ltd
200 Mary Street
Brisbane QLD 4000
www.computershare.com

Auditor

BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane QLD 4000
www.bdo.com.au

AGM details

The Annual General Meeting of LGI Limited will be held on Wednesday 15 November 2023 at 10.30am.



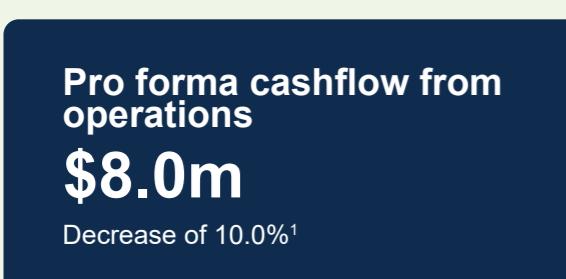
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Results at a Glance

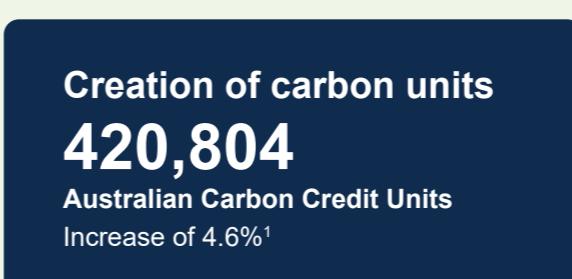
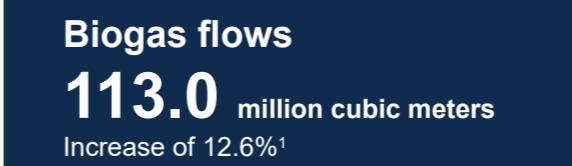
In FY23, LGI grew, with increased gas flows across the fleet resulting in increased profit margins and measures. Funds from the IPO were used to reduce debt and put towards new projects including the commissioning of the latest power station at Toowoomba.

LGI financial performance



Performance at a Glance

Annual production and financial information



1. Compared to the corresponding period last year

1. Compared to the prior corresponding period
2. Net revenue which is net of the ACCUs provided to landfill owners as in-kind satisfaction of royalty payments.
3. Pro forma EBITDA margin uses Net revenue

Chairman's letter to Shareholders

I am delighted to present the first annual report for LGI Limited as an ASX-listed company, after our successful IPO in October 2022. In addition to that important milestone in the history of the Company, LGI also reported a strong financial result for the year and delivered on all commitments we made at the time of the IPO.

LGI reported Revenue, underlying EBITDA and EBIT well above earnings guidance at the time of IPO and the previous year. The financial performance was driven by a combination of higher gas flows, volume and price of Australian Carbon Credit Units (ACCUs) and Large-scale Generation Certificates (LGCs), and higher construction margins.

Based on the year's strong financial performance, the Board has determined to pay shareholders a final dividend of 1.2 cents per share in addition to the 1.113 cents per share interim dividend.

The combination of dividend payments and share price appreciation since the listing have delivered LGI shareholders a Total Shareholder Return of 73% for FY23, an assuring result in our first year on the ASX.

The operating environment for LGI and for the renewable energy industry generally, continues to be very dynamic. A range of external factors like upward pressure on electricity price and changing government policy settings to support the goal of achieving net zero by 2050 are creating longer term tailwinds for LGI. As I stated at the time of the IPO, LGI is a unique company which stands at a convergence of waste and clean energy, both sectors offering opportunities for nimble organisations with a good management team.

The Australian Energy Market Operator has recently expressed the view that investment in new renewable energy supply is not keeping pace with the energy transition away from coal power generation. The regulator also stated that investments in firming technologies to manage the intermittency of some renewable energy sources are urgently needed. LGI operates an expanding portfolio of dispatchable, renewable energy generators and we are progressing plans to install batteries across our network. This puts us in an ideal position to address the market opportunity identified by AEMO.

Numerous landfills are scattered around the country emanating environmentally degrading gas which will need to be managed in future and can be a continuous source of distributed clean power for the future.

The report of the Commonwealth Government's independent review into the integrity of ACCUs, chaired by Professor Ian Chubb, was handed down in December 2022. Its conclusions effectively validated the integrity of carbon credits and will strengthen investor confidence in the ACCU market. The Company's view, which is outlined in more detail later in this report, is that the Chubb Review will encourage new investments in carbon abatement and boost confidence in landfill gas as an abatement strategy.

Reforms to the Commonwealth Government's Safeguard Mechanism took effect from 1 July 2023 and we anticipate they will create additional demand for ACCUs and particularly high integrity carbon credits of the type created by LGI.

LGI's management team has done an excellent job in navigating the company from private to public while keeping a singular focus on customers and the market. They have maintained the cultural integrity of the company which is always at risk during these transitions. Depth of management remains strong at CEO-1 level which has also been retained and grown during this transition. Management and staff deserve all the credit.

After such a momentous year for LGI, I would like to extend my thanks to our staff and my fellow directors for managing the company through a successful transition, while retaining their focus and sense of service to all stakeholders.

I would also like to thank shareholders for your continued support for the Company and our mission to save the planet, one landfill at a time.



Vik Bansal
Chairman

Managing Director's Review

During the 2023 financial year, we continued to invest in the strategy to expand our electricity offering, developing projects that generate premium priced electricity through fast response, dispatchable renewable energy, feeding directly into the distribution grid. Looking ahead, we are excited about the potential to continue expanding generation capacity.

Toowoomba behind the meter project

Our new Toowoomba power station commenced generation in December 2022, after we upgraded a biogas flaring system, that we have operated on a Toowoomba Regional Council landfill since 2020. This innovative project is a Queensland first, recovering landfill biogas to generate renewable electricity which is supplied 'behind the meter' directly to power the Council's major wastewater treatment facility.

The power station provides reliable 24/7 renewable electricity which mitigates the harmful effects of methane emissions from landfill and reduces Council's reliance on fossil fuels. The project supplies the majority of the power requirements for Council's wastewater treatment facility and can also supply excess power into the local electricity grid. It also creates Australian Carbon Credit Units and Large-scale Generation Certificates.

Since starting operation in December 2022, the Toowoomba power station has combusted 3.6 million m³ of landfill gas to produce 4,409 MW hours of renewable energy and created 19,134 Australian Carbon Credit Units.

Bunya hybrid generation upgrade

Our power generation site at Bunya, which we have operated under a long-term contract with Moreton Bay Regional Council since 2018, is being upgraded from a biogas-fuelled 0.6MW site to 1.9MW of dispatchable hybrid generation, with the addition of 1.3MW battery

storage. The battery installation will be the first time in Australia that biogas generation and energy storage have been paired. LGI has negotiated an upgraded connection agreement with the state network authority. Front-end engineering designs and civil works to prepare for the battery installation were completed during the financial year, and we are working through the required approvals to commence commissioning of the upgraded plant during the first half of FY24.

Successful Dynamic Asset Control System pilot

Our Dynamic Asset Control System (DACS) is an automated operating system which was designed and developed by LGI. Based on inputs from our biogas collection systems, generation engines, and market data from the Australian Energy Market Operator, DACS enables us to generate and dispatch power when demand is high and pricing is optimal. DACS allows us to optimise power revenue and, in the future, will enable us to integrate batteries into our network of sites to enable LGI to supply energy when and where it is most needed, within seconds.

During May, DACS was successfully piloted at our Caboolture site, achieving a five percent improvement in our weighted average electricity price from the site and avoiding 85% of negative price events. As a result of the successful pilot, DACS will be rolled out across our network of power stations concurrently with battery installations at those sites.

Mugga Lane hybrid generation upgrade

LGI is in the process of extending our Mugga Lane site in Canberra from 4.2MW biogas generation capacity to 20MW of dispatchable hybrid generation. The extension will include the installation of two additional generation engines and approximately 13MW of battery storage. Orders have been placed for generation engines, high voltage equipment and transformers, and we anticipate a 20MW connection to be available during the fourth quarter of FY24.

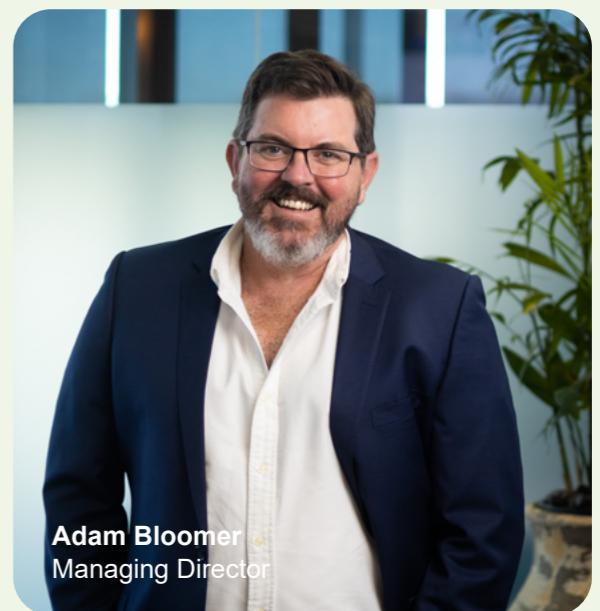
Somerset Regional Council carbon abatement agreement

In June, we reached agreement with Somerset Regional Council to manage biogas from their landfill site at Esk, north-west of Brisbane. Esk will become the 27th site in our portfolio of renewable energy and carbon abatement projects. We anticipate ACCUs from this project to begin to accrue in FY24.

Our business development team is actively looking for new project opportunities. Given the length of timing from ordering to delivery of generation sets, LGI purchased a number of generation sets in anticipation and to provide optionality for various development projects that are nearing final investment decisions.

The performance LGI achieved in FY23 would not have been possible without the hard work and focus of our dedicated team of people, and I am grateful for their efforts. I would also

like to thank our Board for their guidance throughout the year. Finally, thank you to all of our customers and shareholders for continuing to back LGI.



Adam Bloomer
Managing Director

Chief Executive Officer's Review

Continuing strong operating performance across our portfolio of renewable energy generation and carbon abatement projects helped LGI to maintain growth momentum in FY23, our first year as a listed company.

Continuing strong operating performance across our portfolio of renewable energy generation and carbon abatement projects helped LGI to maintain growth in FY23, our first year as a listed company.

Strong operating performance

Our biogas recovery continues to increase with 113,033,829 m³ of gas extracted from landfills and combusted in FY23, a 12.6% increase over recovered biogas volumes in FY22. We generated a total of 94,435 MWhs of power generation across our fleet of renewable power stations in FY23, which was 7.9% greater than our performance in FY22. Our generation assets are exceeding LGI's target availability rate of 95%. In FY23 we created 420,804 Australian Carbon Credit Units (ACCUs) across 15 carbon abatement projects registered under the Emissions Reduction Fund (ERF), representing a 4.6% increase in ACCU creation compared to FY22.

LGI's strong operational performance is reflected in our financial results for the year. We increased revenue by 26.8% (compared to FY22) to achieve \$32.3M in FY23. Statutory EBITDA is \$13.3M for FY23, which represents a 12.4% increase over FY22.

Vision and Values

LGI's Vision is to be people engineering a clean energy, zero carbon future. Our Vision and Values, developed and shared by our team, reflect our passion for reducing the impacts of climate change. They guide our renewable energy generation and carbon abatement operations and stimulate the company to continuously pursue improvement and innovation in our activities.

Our Values underpin a unique and enviable work culture. This has been instrumental in supporting our growth ambitions, by allowing us to attract and retain talented staff, even in a highly competitive labour market. In FY23 the LGI team grew by 33% and we achieved a 94.2% staff retention rate.

Our people and their safety and well-being remain the top priorities for the company. In FY23 36% of our people have successfully completed programs tailored to augment leadership and management competencies. In addition, and in collaboration with People at Work, 68% of our workforce actively engaged in an Australian psychosocial risk assessment survey. We have invested \$1,651 per staff member in professional development, training, and upskilling in FY23.

An experienced, competent workforce is the key tool to optimise safe outcomes across the business, and we continue to invest in our people and foster a culture of safety and health.

Policy settings

Abating methane emissions from landfill plays an important role in reducing Australia's total carbon emissions. As a leader in this field, LGI plays an active part in discussions with government and industry to inform policy settings that shape our operating environment and Australia's ability to reach net zero by 2050.

Landfill gas projects receive carbon credits for recovering and treating methane, above estimated emissions baselines, to incentivise additional carbon abatement. More than 100 projects around Australia currently claim Australian Carbon Credit Units (ACCUs) for

landfill gas abatement, accounting for almost 30% of credits under the Commonwealth Government's Emissions Reduction Fund.

In July 2022, the Commonwealth Government commissioned the independent Chubb Review into the integrity of ACCUs under Australia's carbon crediting scheme. The Review concluded that the existing ACCU scheme arrangements are generally sound, strengthening investor confidence in the ACCU market. It also made recommendations to improve the integrity and transparency of the scheme, including a review of baselines applied to landfill gas projects to address concerns about additionality.

LGI is participating in the Government's Technical Working Group for landfill gas methods, tasked with assisting in the development of solutions to the Chubb Review recommendations. We believe the implementation of all recommendations will boost confidence in the scheme and in landfill gas as an abatement strategy.

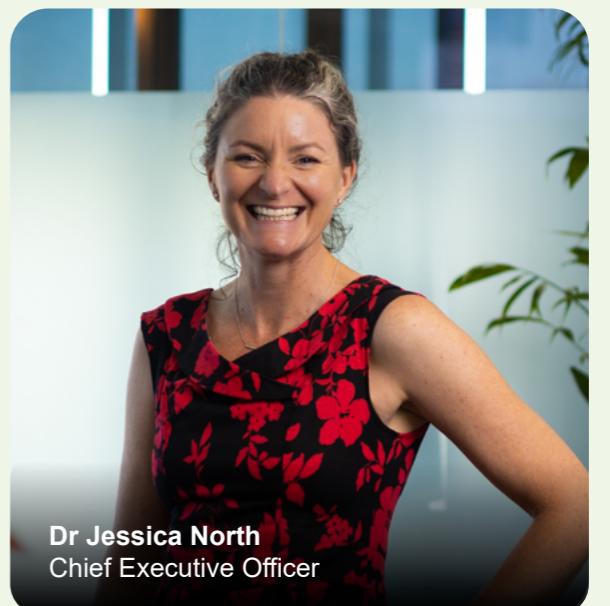
Carbon credits from landfill gas projects are transparent and easily verifiable because gas is measured by a calibrated flow meter as it is recovered from the landfill and at the point of combustion, so we know reliably how much gas is captured and destroyed. The abatement activity is also instantaneous.

Carbon credits encourage, and in many cases underpin, the development of renewable energy projects at landfills, especially in regional areas. LGI estimates approximately 200 additional landfill sites around Australia could install commercial biogas recovery systems and

claim credits for carbon abatement, creating significant opportunities for new investment.

The Safeguard Mechanism (Crediting) Amendment Act 2023 requires large emitters to reduce their emissions by 200 million tonnes by 2030. Industrial facilities that exceed their baselines can purchase and surrender ACCUs to offset their emissions, creating additional demand for ACCUs. This is an exciting opportunity for LGI as we anticipate the reforms will create additional demand for high integrity ACCUs, such as the ones we create.

LGI's continuing success is a direct result of the passion and commitment of our people, and I would like to thank our team for their enthusiasm, innovation and hard work. I would also like to thank the leadership team and Board for their support and guidance throughout such an exciting year for LGI.



Dr Jessica North
Chief Executive Officer

Corporate Governance

The Board and management of the company are committed to effective corporate governance to ensure accountability and transparency to shareholders and other stakeholders, including employees, landfill owners and regulatory bodies. The company has adopted and has substantially complied with, the ASX Corporate Governance Principles and Recommendations (4th edition) to the extent appropriate to the size and nature of the Company's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company (Corporate Governance Statement).

The Corporate Governance Statement, approved by the Board, will be lodged together with the Company's Annual Report with the ASX, can also be found on the company's website at <https://lgi.com.au/for-investors/>.



Operating and Financial Review

Our Business

LGI Company Profile

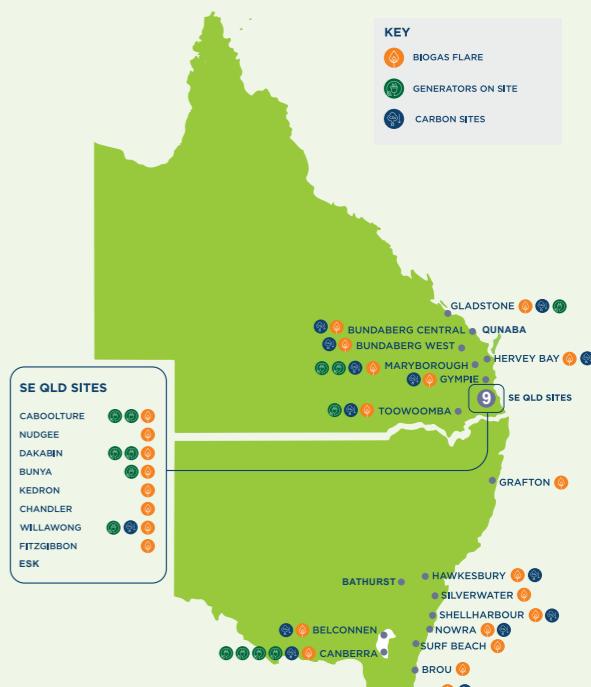
LGI is an established domestic market leader in the recovery of biogas from landfill, and the subsequent conversion into renewable electricity and saleable environmental products. LGI's vertically integrated operations cover the engineering and management of landfill gas infrastructure, whilst providing 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 has a vertically integrated, end-to-end business model which specialises in the capture and beneficial use of biogas from landfills and offers a full suite of services to generate value throughout each stage of the landfill lifecycle. The capture and treatment of biogas from landfills underpin LGI's business strategy and growth.

LGI has a diversified revenue stream that is generated from three key sources:

- Renewable electricity: Installation of power generation systems on landfills. LGI's agreements for this type of activity include long terms, often over 15 years, and with governments' rights to recover and beneficially reuse the biogas, and build-own-operate power facilities. LGI's revenue is derived from the sale of electricity, LGCs and ACCUs.
- Greenhouse gas abatement: Installation of flaring systems on landfills at LGI's option for the creation of ACCUs. Under these long-term (10+ year) arrangements, LGI has rights to recover and beneficially reuse the biogas.
- Site infrastructure and management: Installation, operation and maintenance of biogas extraction infrastructure and flaring systems for landfill owners. This type of service agreement does not involve LGI having rights to the biogas and its beneficial reuse. LGI's revenue is derived from charging a fee based on the work requested by the client.

In the financial year 2023, LGI has added to the number of landfill sites under management. As at the date of this report including our head office site, LGI's portfolio is 29 sites in Queensland, New South Wales and the Australian Capital Territory.



Our People

One of the core values of LGI is “People First”. This year LGI continued to invest significantly in our team, building capabilities of our employees, enhancing our employee management and reporting systems and continuing focus on our health and safety processes and training. With the business looking ahead to building new and improved flares and power stations, together with the organic growth in biogas flow on contracted sites, LGI has increased employee numbers by 33% in FY23.

Learning and development

This year, LGI introduced a Management and Leadership Program across all areas of the business. Key outcomes include improved communication, relationship management and development of performance management skills. This program supports career development within LGI, with our business investing in staff to develop our future leaders.

The success of the program has prompted LGI to make part of this program available to all staff in FY2024.

Workplace health and safety

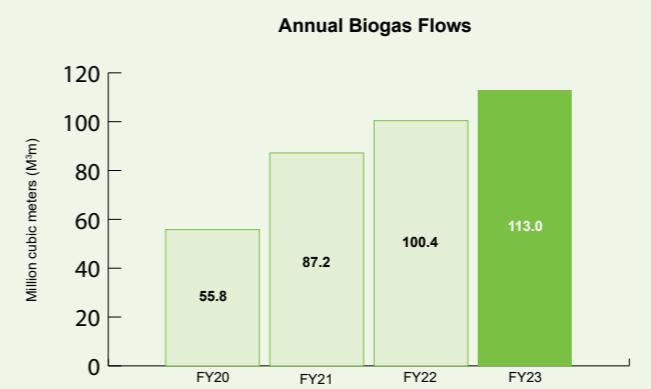
LGI continues to focus on workplace health and safety. Stability in staff retention at over 94%, combined with a strong induction program, regular workplace safety inspections, frequent safety training, safety monitoring and reporting contributes to a healthy and safe work environment.



Operational Review

Biogas Capture

The bulk of the landfills where LGI is providing landfill biogas capture services are open landfills receiving new waste periodically. With increased waste, there is increased biogas. LGI recognises this and increases the biogas infrastructure.



Increased infrastructure results in increased biogas capture, corresponding increased carbon abatement, and the ability to increase renewable electricity generation.

In FY23, LGI increased the biogas capture to 113.0 million cubic meters (M³m) of biogas from 100.4 M³m in FY22, an increase of 12.6%.

Expanding biogas infrastructure includes installation of new wells, well head and manifolds, and surface pipework including mainline pipes. Each well is managed as the gas flows and composition of biogas changes over time. This is referred to as “tuning the wells”. LGI staff regularly attend sites to tune the wells to ensure optimum biogas recovery.

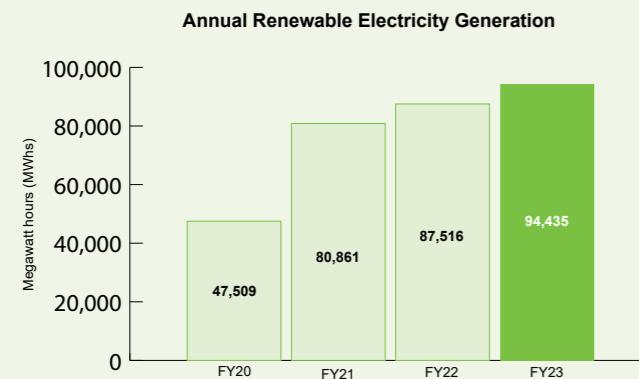
In FY 23, LGI had 158 new wells installed.

Renewable Electricity Generation

A combination of increased biogas flows and the commissioning of a new power station in FY23 saw the renewable generation increase to 94,435 megawatt hours (MWhs) from 87,516 MWhs in FY22, an increase of 7.9%.

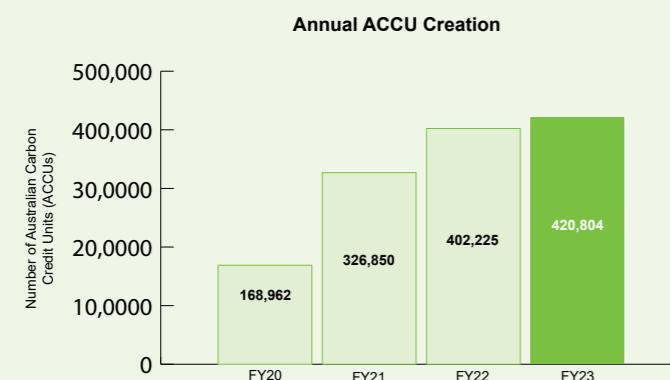
In FY23, LGI commissioned the Toowoomba power station. This power station is the first in the LGI fleet to supply renewable power directly to an end user, which is the Toowoomba Regional Council's water treatment plant, located adjacent to the landfill. Any surplus renewable electricity is then exported to the grid. This “behind the meter” installation provides commercial benefits to the council as well as a long-term contract for LGI.

Renewable Electricity Generation



Renewable generation fleet availability was 97.1% for FY23 (FY22 98.2%) which is ahead of our target of 95%. The high availability percentage was achieved through our asset management and operations team ensuring the generation units are maintained thoroughly and regularly and by increasing our inventory of spare parts to counter supply chain delays in acquiring certain critical spare parts.

Australia Carbon Credit Units



LGI created 420,804 ACCUs in FY23, compared to 402,225 in FY22, representing an increase of 4.6% pcp.

Financial Performance

LGI's financial performance in FY23 reflects strong growth in all areas of the business. The increases in biogas flows have resulted in increases in revenue from generation and carbon abatement activity. This is reflected in pro forma EBITDA which increased 14% in FY23 to \$14.4M. Statutory net profit after tax increased 34.9% to \$6.4M

Summary Financial Performance

	FY23	FY22	Change %
Statutory Revenue and Other Income (excluding interest income)	32,303	25,472	▲ 27%
Net Revenue ²	30,419	24,037	▲ 27%
Pro forma EBITDA¹	14,416	12,627	▲ 14%
Depreciation and amortisation	4,659	4,127	▼ -13%
Pro forma EBIT ¹	9,757	8,500	▲ 15%
Net interest expense	883	803	▼ -10%
Tax	1,333	2,141	▲ 38%
Pro forma net profit after tax (NPAT)¹	7,541	5,556	▲ 36%
Capital raise expenses (after tax)	1,101	782	
Statutory net profit after tax (NPAT)	6,440	4,774	▲ 35%
Statutory basic earnings per share (cents)	7.7	6.7	▲ 9%
Dividend paid in FY2023 (cents)	2.1113	-	
Weighted average number of shares (diluted in m)	88.8	71.4	

Profitability remains strong with pro forma EBITDA margins of 47% and revenue growth of 27%.

1. Pro forma EBITDA, Pro forma EBIT and Pro forma profit after tax are non IFRS measures that are reported to reflect the Directors' assessment of the underlying financial performance for ongoing business activities. These measures are unaudited. Pro forma adjustments have been applied for pro forma transaction costs in relation to the IPO which are material abnormal one-off items. The presentation of non IFRS financial information provides stakeholders the ability to compare against prior periods in a consistent manner.
2. Net revenue removes the value of the ACCUs provided to landfill owners as in-kind satisfaction of royalty payments.

Segment Revenue and Gross Margin

\$'000	Revenue		Gross margin	
	FY23	FY22	FY23	FY22
Generation - electricity and LGC's	16,398	12,364	11,758	8,601
Carbon Abatement - ACCUs	13,505	11,612	9,855	9,804
Infrastructure Construction and Site Management	2,258	1,459	993	677
Other Unallocated Income (excluding interest)	142	37	137	34
Statutory reported gross margin results	32,303	25,472	22,743	19,116

Summary Profitability Performance

\$'000	FY23	FY22	Change	
			%	
Revenue and Other Income (excluding interest income)	32,303	25,472	▲	27%
Net Revenue and Other Income (excluding interest income)	30,419	24,037	▲	27%
Pro forma EBITDA	14,416	12,627	▲	14%
Pro forma EBITDA margin	47%	53%	▼	-524 bps
Pro forma EBITDA growth	14%			
Pro forma EBIT	9,757	8,500	▲	14.5%
Pro form EBIT margin	32%	35%	▼	-316 bps
Pro form EBIT growth	15%			

Business segment operational and financial results

All business segments reported growth in revenue and gross margins for FY2023.

Renewable Generation

The renewable generation segment of the business reported increased MWhs and LGCs. The segment was assisted by the increase in biogas flows available for generation. This is primarily from the commissioning of a new power station at Toowoomba. Generation from Toowoomba started as forecast in December 2022.

Renewable Generation segment operational and financial results¹

	FY23	FY22		
	Statutory	Statutory	Change	
Operating metrics				
Biogas flows ² (million cubic meters: mcm)	77.1	65.1	▲	18%
Megawatt hours (MWhs) generated	94,435	87,516	▲	8%
Large Scale Generation Certificates (LGCs) created	92,540	87,516	▲	6%
Profitability				
Electricity revenue (\$'000)	13,204	9,289	▲	42%
LGC revenue (\$'000)	3,194	3,076	▲	4%
Total revenue (\$'000)	16,398	12,365	▲	33%
Total revenue growth (%)	33%			
Gross Margin (\$'000)	11,758	8,602	▲	37%
Gross Margin percentage (%)	72%	70%	▲	214bps

1. The Renewable Generation segment includes all revenue and costs associated with the generation of electricity revenue, this will include all renewable generation sites. Where a site started generating electricity during the period, it is only included in the segment for the months after it started generating electricity.
2. Gas flows are included for all renewable generation sites. At a number of sites, both electricity generation and carbon abatement occur. The gas flows for these sites are included in both the Renewable Generation segment and the Carbon Abatement segment.

Carbon Abatement - ACCUs

Increase in biogas flows in FY23 of 14% resulted in growth in ACCUs being created or acquired.

Carbon Abatement segment operational and financial results¹

	FY23	FY22		
	Statutory	Statutory	Change	
Operating metrics				
Biogas flows ² (million cubic meters: mcm)	89.9	78.8	▲	14%
ACCUs created or acquired	420,804	402,225	▲	5%
Profitability				
ACCU revenue (\$'000)	13,505	11,612	▲	16%
Total revenue growth (%)	16%			
Gross Margin (\$'000)	9,855	9,804	▲	1%
Gross Margin percentage (%)	73%	84%	▼	-1145bps

1. The Carbon Abatement segment includes all revenue and costs associated with the creation of ACCUs, this includes most generation sites and all flaring sites. Where a site starts abatement during the period, it is included in this segment from the month it starts creating ACCUs. Where a site finishes carbon abatement, it is included in the segment up to the month it finishes creating ACCUs.
2. Gas flows are included for all Carbon Abatement sites. At a number of sites, both electricity generation and carbon abatement occur. The gas flows for these sites are included in both the Renewable Generation segment and the Carbon Abatement segment.

Infrastructure Construction and Site Management

Growth in revenue from increased number of paid construction jobs in FY23.

Infrastructure Construction and Site Management financial results

	FY23	FY22	
	Statutory	Statutory	Change
Profitability			
Infrastructure construction revenue ('\$000)	1,643	891	▲ 84%
Site Management revenue ('\$000)	615	568	▲ 8%
Total revenue ('\$000)	2,258	1,459	▲ 55%
Total revenue growth (%)	55%		
Gross Margin ('\$000)	993	677	▲ 47%
Gross Margin percentage (%)	44%	46%	▼ -227bps

Cash flow

Statutory operating cash flows are required to include the costs of the Initial Public Offering (IPO) which LGI completed in October 2022. LGI does not consider these IPO cash flows as on going, they have been removed for pro forma purposes in the table below and references to cash flows in this section will be to pro forma cash flows.

LGI's FY23 operating cash flows of \$8.0 million is a 10% decrease from FY22. LGI is actively managing our cash position to balance the needs of working capital and capital expenditure. LGI's project schedule requires the future investment in new flares, power stations and batteries. Capital funding decisions are made considering available sources of funding, being cash flows from normal operations, short term assets able to be readily sold on active markets and debt. Given the level of capital funding needed in FY23, LGI's short term asset position has increased for the year.

With interest rates higher than previous years, LGI is using debt appropriately. Immediately after the IPO in October 2022, LGI paid down its entire debt position. A portion of the debt was subsequently redrawn and as at 30 June 2023 the debt position was \$1.5 million.

(\$'000)	FY23	FY22	Change
Pro forma EBITDA	14,416	12,627	▲ 14%
Statutory Operating cash flow	6,958	7,404	
Pro forma adjustment in relation to the IPO	1,000	1,452	
Pro forma Operation cash flow	7,958	8,856	▼ -10%

(\$'000)	FY23	FY22	Change
Pro forma EBITDA cash conversion (%)	55%	70%	▼ -1480bps
Pro forma cash from Operation activities	7,958	8,857	▼ -10%
Pro forma cash (used) in investing activities	(11,259)	(8,892)	
Pro forma cash from/(used) in financing activities	3,464	710	
Pro forma net change in cash and cash equivalents	163	675	
Statutory cash flows			
Net cash from operating activities	6,958	7,404	
Net cash used in investing activities	(11,259)	(8,345)	
Net cash from/(used) in financing activities	3,464	902	
Net change in cash and cash equivalents	(837)	(39)	

Pro forma EBITDA and Pro forma cash flows are non IFRS measures that are reported to reflect the Directors' assessment of the underlying financial performance for ongoing business activities. These measures are unaudited. Pro forma adjustments have been applied for pro forma transaction costs in relation to the IPO which are material abnormal one-off items.

Capital management and capital allocation

The funds raised from listing on the ASX were primarily used to pay down debt and to fund construction of several upgrades to our contracted facilities. The timing of the capital expenditure on these upgrades, allowed LGI to repay the bulk of its debts. As at the 30 June 2023, LGI had borrowed \$1.5M from its primary debt facility. At 30 June 2023, the unused portion of the facility was \$26.3M.

Debt position and debt ratios

(\$'000)	as at 30 June 2023	as at 30 June 2022
Leases	1,299	1,518
Balance of debt facility	1,500	19,850
Gross debt	2,799	21,368
Cash and cash equivalents	52	889
Net debt	2,747	20,479
Net debt to Pro forma EBITDA ration (times) ¹	0.2	1.6
Interest cover ratio	9.2	9.4

For the purposes of this table leases are considered amounts payable to banks (excludes right of use liabilities for land or premises).

LGI Strategic Priorities

LGI's strategic priorities are:

- as the biogas flows increase on contracted active landfills, LGI will continue to expand the biogas capture infrastructure;
- to expand the number of landfills where LGI is capturing biogas, in particular help landfill owners manage their environmental positions; and
- to provide electricity to the grid at times when it is needed most. Supporting the transition to renewable energy.

Outlook statement

LGI continues 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 we expect it will 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.

Risk management

LGI's company wide risk management program is referred to in the 2023 Corporate Governance Statement found at <https://lgi.com.au/for-investors/>. Through this program, we identify factors that are critical to ensure successful delivery of our Strategic Priorities and our ability to create value into the future.

The process is performed throughout the year to identify, assess and report on key risks to achieve our strategic priorities over the medium to long term. Risks are identified, categorised and reported to the Audit and Risk Committee. These risks and mitigation strategies are monitored during the year.

Our Risks and Responses

Key risks and mitigation strategies

Risk Type	Risk description and implications	Mitigation approach
Biogas supply	Material change in the volume and composition of waste being added to active landfills leading to stable or declining biogas flows.	Understanding waste practices from landfill owners and operators with frequent communication and regular monitoring of biogas flow. Installation of new wells and additional pipework to optimise biogas extraction.
Commodity market pricing	Price fluctuation in key commodities generated by LGI, specifically electricity, ACCUs and LGCs. Reduction in revenue from lower commodity prices.	Engage in hedging activity, including forward sale agreements and off take arrangements.
Employee health and safety	LGI employees are at risk of workplace accidents and incidents. Public safety risks.	LGI has an active workplace health and safety program, including workplace safety assessments, frequent safety training, safety monitoring and reporting.
Contractual risk	Parties not adequately complying with contractual rights and obligations. Contractual disputes with associated costs.	LGI has implemented a contract management system to understand, document and execute contract obligations.
Operational risk	Failure to deliver commodities through plant and labour availability. Loss of revenue and increased costs.	LGI has a series of operational controls, including a SCADA system to manage plant performance. Plant maintenance is performed by monitoring the plant performance and data. Employee engagement is managed through regular communication, clear role descriptions, appropriate reward for effort and market-based remuneration.
Cyber risk	Operations affected by cyber attacks or other technological innovations. Loss of data and revenue.	LGI has engaged external cyber security consultants to identify any security issues and recommend best practice cyber security implementation.
Regulatory and licence risk	Inability to secure necessary licences to operate and manage changes to regulatory conditions. Loss of ability to operate.	LGI has regulatory compliance systems which are monitored throughout the year. Regulatory compliance is managed by key staff who are responsible for ensuring LGI operates within regulatory and licence requirements.
Loss of reputation	Events occur that diminish LGI's reputation or brand. Events triggered by breaches of relevant regulation, contractual disputes or actions of employees. Consequence of loss of contracts and inability to secure new contracts.	LGI is committed to operating to a high ethical standard, which is outlined in the Corporate Governance Statement published on our website at https://lgi.com.au/for-investors/ .

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 financial year ended 30 June 2023.

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
Jessica North	Executive Director and Chief Executive Officer
Timothy McGavin	Non-Executive Director
Andrew Peters	Non-Executive Director
Abigail Cheadle	Non-Executive Director

Principal Activities

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.

At 30 June 2023, LGI operates 27 projects across Queensland, New South Wales and the Australian Capital Territory. Of these projects, 8 generate renewable power including LGCs and 15 can abate carbon through biogas flaring.

Review and Results of Operations

The Directors' review of LGI's operations during the year and the results of those operations are set out in the Operating & Financial Review on page 46. The Operating & Financial Review (OFR) forms part of this Directors' Report.

The profit for the Company for the year ended 30 June 2023 after providing for income tax amounted to \$6.440m (FY22 \$4.774m). The Company's Statutory EBITDA was \$13.315m (FY22 \$11.845m).

Reconciliation of profit after income tax to EBITDA and Pro forma EBITDA:	30 Jun 2023 \$'000	30 Jun 2022 \$'000
Profit after income tax expense	6,440	4,774
Depreciation and amortisation	4,659	4,127
Finance costs	944	822
Interest income	(61)	(19)
Income tax expense	1,333	2,141
EBITDA	13,315	11,845
Pro forma transaction costs in relation to the IPO	1,101	782
Pro forma EBITDA	14,416	12,627

EBITDA and Pro forma EBITDA are non IFRS measures that are reported to reflect the Directors' assessment of the underlying financial performance for ongoing business activities. These measures are unaudited. Pro forma adjustments have been applied for pro forma transaction costs in relation to the IPO which are material abnormal one-off items. The presentation of non IFRS financial information provides stakeholders the ability to compare against prior periods in a consistent manner.

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.

Subsequent Events

Other than the dividends declared subsequent to the reporting period there are no matters or circumstances that have arisen since the end of the year that have significantly affected, or may significantly affect LGI's:

- operations in future financial years
- results of those operations in future financial years, or
- state of affairs in future financial years

Likely Developments, Business Strategies and Risks

LGI continues its strategy to invest into activities that optimise conversion of biogas to revenue, whilst maintaining its profitability and safety record.

LGI's priority is to increase biogas operations with the securing of new landfill gas management sites and the development of existing sites. LGI has been awarded a new contract for the landfill gas management services with the Somerset Regional Council in Queensland. Development of sites at Canberra and Nowra is ongoing and will increase generation capacity.

LGI will strengthen its electricity offering by providing renewable, dispatchable electricity at times when the electricity prices are optimal. LGI has developed its automated control system called Dynamic Asset Control System (DACS) which became operational in FY23 and will continue to be refined in coming years. To further enhance this, LGI will deploy batteries to generation sites.

LGI is considering expanding its diversified portfolio of energy assets. LGI plans to own a strategically considered renewable and transitional fuel generation assets.

Dividends

On the 28th August 2023, the Directors declared a final fully franked dividend of \$0.012 per share for the year ended 30 June 2023 (30 Jun 2022 \$0.0111). The dividend is payable 26 September 2023.

Environmental Regulation

LGI's business is subject to a range of environmental laws and regulations as well as project and site-specific environmental permits and approvals issued by local and regional councils. There have been no reports of any instances of non-compliance with environmental laws and regulations.

Shares under Options

No options were granted up to the date of the Directors' report. There were 56,540 share options exercised under the employee share option plan up to the date of the Directors' report. The shares were issued at a price of \$0.925. No amounts are unpaid on any of the shares.

Options granted over unissued shares:

There are 500,000 share options outstanding as at the date of the Directors' report as follows:

Grant Date	Expiry Date	Exercise Price	Number under option
1 Feb 2018	31 Jan 2025	\$0.700	300,000
1 May 2019	31 Jan 2025	\$0.925	200,000
500,000			

Indemnity and Insurance of Officers

LGI indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, when acting in good faith.

During the financial year, LGI paid premiums in respect of contracts to insure the directors and executives of the Company against liabilities to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnification has been obtained for the auditors of the Company.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Information on Directors

Vik Bansal (Non-executive Chairman)

Appointed: 12th April 2021

Member - Remuneration and Nominations Committee

Member - Audit, Compliance and Risk Committee

Number of LGI shares held as at the date of the directors' report: 500,000.

Number of LGI unissued shares under option held as at the date of the directors' report: nil

Vik Bansal is CEO and Managing Director of Boral Limited, Australia's largest vertically integrated ASX listed (ASX:BLD) construction materials company, with 5,000 plus employees and 300 sites. A seasoned industrial leader with 30+ years' experience in CEO and senior leadership roles, including most recently CEO and Managing Director of Infrabuild, (A \$7.0 Billion AUD vertically integrated steel manufacturer employing 6000 plus people across US, China and Australia) and Cleanaway Waste Management (ASX:CWY), a 6 Billion ASX 100 company, where he led a 5 x growth in its market capitalisation, to being market leader in its space in Australia.

Vik holds a Bachelor of Electrical Engineering (Honours), an MBA, has completed the INSEAD's Advanced Management Program and is a Fellow of AICD and Institute of Engineers Australia.

Timothy McGavin (Non-executive Director), Dip Ag, Grad Dip Management, MBA

Appointed: 18 May 2011

Chair: Remuneration and Nominations Committee

Tim was appointed Chair of the LGI Board from January 2018 - March 2021.

Number of LGI shares held as at the date of the directors' report: 13,282,930.

Number of LGI unissued shares under option held as at the date of the directors' report: nil

Tim is Founder and Chairman of Laguna Bay, one of the world's largest privately owned agricultural funds managers. Laguna Bay is an institutional investment management firm specialising in Australian agriculture. The firm has a strong history of originating large agricultural deals, accessing top decile operators and generating superior returns for its clients.

Tim is a founding shareholder of Cobram Estate Olives Ltd (ASX:CBO), now the largest producer of extra virgin olive oil in the Southern Hemisphere and ranks in the top 10 largest single olive producers in the world.

Tim holds an MBA from Macquarie University, Sydney.

Adam Bloomer (Managing Director and Founder)

Appointed: 3 July 2009

Number of LGI shares held as at the date of the directors' report: 17,593,232.

Number of LGI unissued shares under option held as at the date of the directors' report: nil

Adam established LGI in 2009 and has been active in the landfill and landfill gas profession for over 16 years. Adam has installed, maintained and monitored gas fields in multiple sites across Australia, including sites with significant power generation. He has previously held positions with LMS Pty Ltd, where he was responsible for the operation and maintenance of landfill gas projects within Western Australia, Victoria and Tasmania, and with the Wanless Group as a Senior Project Manager, where he constructed three 4000m² transfer stations, remediated a Class 2 landfill in New South Wales and selected a landfill site in Queensland.

Dr Jessica North (Executive Director and Chief Executive Officer), BSc, MSc, PhD (Environmental Chemistry), AICD

Appointed: 24 April 2013

Jessica was appointed Chair of the LGI Board from January 2013 – December 2017.

Number of LGI shares held as at the date of the directors' report: 1,299,400.

Number of LGI unissued shares under option held as at the date of the directors' report: 400,000.

Jessica has 20 years' experience in the waste industry, including roles in management, consulting, and research. Her professional experience includes work in Canada, Southeast Asia, New Zealand, Australia, South America, the United Kingdom and Europe. She has worked for nationally recognised waste consultancies in Australia, New Zealand and the UK, and international organisations delivering projects to government and private sector clients.

Jessica holds a Masters degree in Environmental Science and a PhD in Environmental Chemistry. In 2009, Jessica authored an international strategy around waste and climate change issues for the UN Environment Program (Division of Technology, Industry and Economics).

Andrew Peters (Non-executive Director), LLB, GAICD

Appointed: 30 January 2018

Member - Remuneration and Nominations Committee, Audit, Compliance and Risk Committee

Number of LGI shares held as at the date of the directors' report: 500,858.

Number of LGI unissued shares under option held as at the date of the directors' report: nil

Andrew is an independent legal and commercial adviser to major energy and resource companies and government. He has over 30 years' experience across a range of areas, including transactions, corporate advisory, energy policy and projects, and has advised extensively on some of Queensland's largest power assets and energy projects. He has held executive and senior corporate counsel positions in energy, infrastructure, and professional services companies, and was previously a partner in a commercial law firm. Andrew holds a Bachelor of Law and is admitted to practice in the Supreme Court of Queensland, Supreme Court of NSW and High Court of Australia, and a graduate of the Australian Institute of Company Directors.

Abigail Cheadle (Non-executive Director), BBus

Appointed: 12th April 2021

Chair - Audit, Compliance and Risk Committee and member of the Remuneration and Nominations Committee

Number of LGI shares held as at the date of the directors' report: 80,000.

Number of LGI unissued shares under option held as at the date of the directors' report: nil

Abigail is a commercially minded Chartered Accountant with over 30 years' experience working in Australia, Asia (17 years), Russia and Jordan. She spent her international executive career restructuring listed entities, (most notably growing BFI from USD29m to USD400m over 5 years) and growing practices for global services firms in risk management. Since returning to Australia, she has been on the board of seven ASX listed companies, two large publicly unlisted companies and one government owned company.

Directors' Meetings

During the financial year, meetings of directors and committees of directors were held, and each director attended as follows:

Directors	Directors Meetings		Audit, Compliance & Risk Committee		Remuneration and Nominations Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Vik Bansal	12	12	3	2	1	1
Abigail Cheadle	12	12	3	3	1	1
Tim McGavin	12	11	N/A	N/A	1	1
Andrew Peters	12	9	3	3	N/A	N/A
Adam Bloomer	12	11	N/A	N/A	N/A	N/A
Jessica North	12	11	N/A	N/A	N/A	N/A

Company Secretary

The following people held the position of joint company secretary at the end of the financial year:

Hasaka Martin

Appointed 27 August 2021

Hasaka has over 15 years' experience working with listed companies, both internally and through corporate service providers and has worked across several industries. Hasaka is an appointed Company Secretary for several ASX listed and unlisted companies. He is a Chartered Secretary and a Fellow of the Governance Institute of Australia. Hasaka holds a Graduate Diploma in Applied Corporate Governance and postgraduate qualifications in corporate and securities law.

Dean Wilkinson BBus (Acc), Grad. Dip. Advanced Accounting, M Com, CPA, GAICD

Appointed: 7th November 2017

Dean is a finance professional with over 30 years' experience, working within several industries as Chief Financial Officer / Company Secretary. Dean has broad industry experience, having worked in Banking, Property, Franchising, Utilities and Energy (across generation, distribution, retail and trading sectors).

2023 Remuneration Report (audited)

Remuneration Report Overview

The Directors of LGI Limited present the Remuneration Report (the Report) for the financial year ended 30 June 2023. This Report forms part of the Directors' Report and has been audited in accordance with section 308 of the Corporations Act 2001. The Report sets out remuneration information for the Company's Key Management Personnel (KMP) awarded this year.

Key Management Personnel

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors. The table below lists the LGI KMP for FY2023.

Vik Bansal	Non-Executive Director and Chair
Adam Bloomer	Managing Director
Jessica North	Executive Director and Chief Executive Officer
Timothy McGavin	Non-Executive Director
Andrew Peters	Non-Executive Director
Abigail Cheadle	Non-Executive Director
Dean Wilkinson	Chief Financial Officer and Co-Company Secretary
Jarryd Doran	Chief of Operations

Remuneration and Nominations Committee

The LGI Remuneration and Nomination Committee is made up of non-executive directors. The objective of the Committee is to assist the Board fulfill its statutory, fiduciary, and regulatory responsibilities and achieve its objectives to ensure LGI:

- has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- has a coherent remuneration policies and practices to attract and retain Executives and Directors who can reasonably be expected to create value to Shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards Executives having regard to the performance of the Company, the performance of the Executives and the general external pay environment.

The Remuneration and Nomination Committee is also responsible for:

- Identifying and recommending to the Board, nominees for membership of the Board including the Chief Executive Officer
- Evaluating the performance of the Board, both collectively and individually;
- Reviewing, approving, and recommending to the Board for adoption, Executive remuneration and incentive policies and practices; and
- Reviewing the remuneration of Non-executive Directors for serving on the Board and any Committees (both individually and in total).

The Remuneration and Nomination Committee may seek professional advice from appropriate external remuneration consultants.

Principles used to determine the nature and amount of remuneration

The remuneration of the KMP is the responsibility of the Remuneration and Nomination Committee.

The Company's broad remuneration policy is to ensure KMP's remuneration packages properly reflect their duties and responsibilities and are competitive in attracting and retaining talented and motivated Executives who can contribute to the performance, growth and culture of the Company.

In FY2023 the primary focus of the Committee's review was to ensure the remuneration structure continued to support LGI's strategies, align with the interests of shareholders and provide market competitive remuneration for the KMP.

After the listing of the company on the ASX, the Committee met in April 2023 and resolved to develop and implement a new remuneration methodology during FY2024 that aligns short-term incentives (STI) and long-term incentives (LTI) to shareholder returns and expectations. To assist with this process, the Committee is considering recommendations made by external remuneration consultants, including market comparatives and suggestions for STI and LTI appropriate for LGI.

Executive's remuneration

The Company aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

Fixed annual remuneration (FAR)

Fixed remuneration consists of base salary, superannuation, leave entitlements and other benefits and is reviewed annually by the Remuneration and Nomination Committee. The committee benchmarks Fixed remuneration against market data for comparable roles in companies in a similar industry with similar market capitalisation. The committee takes into account capability, experience, value to the organisation and performance of the individual.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits). In FY2023 Executive's fixed remuneration increased by 1.4%.

Variable remuneration

Short-term incentives such as bonus payments may be granted to executives from time to time and at the absolute discretion of the Board. In FY2023 a cash bonus was paid to one executive for recognition of the successful completion of the LGI IPO.

Long-term incentives include long service leave and share-based payments. At the discretion of the Board, shares may be offered under the LGI Employees and Officers Share Option Plan. The objective of the Plan is to provide incentive and reward for Officers and Employees for their contributions to the growth and profitability of the Company and shareholder returns. The Nomination and Remuneration Committee reviews long-term incentives annually for executives.

The Board at its discretion also utilises the Employee Share Loan Plan for certain Directors and KMP by providing a means of acquiring shares in the Company. The loans satisfy all the criteria for a shareholder loan required by the Australian Tax Office (ATO) under Division 7A and are fully recourse loans. The loans are on terms no more favourable than any loan LGI would offer any staff member, shareholder or member of the public.

The following table details the remuneration expense recognised for LGI's Executive Key Management Personnel for the current and previous financial year measured in accordance with the requirements of accounting standards.

Executive Key Management Personnel	KMP Name	Year	Short-term benefits \$			Post employment benefits \$		Long-term benefits \$		
			Salary	STI bonus	Other employee benefits ²	Non-Monetary benefits ³	Super-annuation	Other employee benefits ²	Share based payment	Total \$
Adam Bloomer	2023	350,000	-	(9,423)	2,804	25,292	6,750	-	375,423	100% -
	2022	350,000	-	(6,126)	3,423	23,568	6,505	-	377,370	100% -
Jessica North	2023	250,000	-	(3,846)	11,899	25,293	5,094	-	288,440	100% -
	2022	231,538	-	662	6,256	23,154	8,292	12,166	282,068	100% -
Dean Wilkinson	2023	250,000	50,000 ¹	5,769	399	25,292	2,867	-	334,327	85% 15%
	2022	250,000	-	(5,938)	-	23,568	5,857	12,166	285,653	100% -
Jarryd Doran	2023	250,000	-	2,231	2,951	25,292	5,370	-	285,844	100% -
	2022	230,000	-	12,053	-	23,000	7,164	-	272,217	100% -
Total Executive remuneration	2023	1,100,000	50,000	(5,269)	18,053	101,169	20,081	-	1,284,034	96% 4%
	2022	1,061,538	-	651	9,679	93,290	27,818	24,332	1,217,308	100% 100%
Total Non-executive remuneration (see table below)	2023	375,015	-	-	10,960	23,364	-	113,492	522,831	78% 22%
	2022	410,000	-	-	20,264	23,000	-	431,508	884,772	51% 49%
Total KMP remuneration	2023	1,475,015	50,000	(5,269)	29,013	124,533	20,081	113,492	1,806,865	91% 9%
	2022	1,471,538	-	651	29,943	116,290	27,818	455,840	2,102,080	78% 22%

1. During FY2023 a bonus incentive was granted in relation to the successful listing of LGI on the ASX as follows: Dean Wilkinson CFO received a variable cash bonus of \$50,000.
2. Other employee benefits include the value of the movement in the relevant individual's annual leave and long service leave accruals during the year.
3. Non-monetary benefits include motor vehicle costs and any fringe benefits tax payable by the Company.

Non-executive Director's remuneration

The Company's remuneration policy for Non-executive Directors is designed to attract and retain Directors of the highest calibre with the relevant experience, knowledge and expertise to govern the Company effectively.

Non-Executive Director's fees and payments are reviewed annually by the Nomination and Remuneration Committee. The current base fees were reviewed with effect from 1 August 2022. The Committee may, from time-to-time, receive advice from independent remuneration consultants to ensure that Non-Executive Directors' fees and payments are appropriate and in line with market rates. The Chairman is not present at any discussions relating to the determination of his own remuneration.

Under the Company's Constitution, the total amount of fees paid to all Non-executive Directors for their services must not exceed \$1,000,000 in aggregate in any financial year. In accordance with ASX listing rules, any increase to the aggregate annual sum is required to be approved by Shareholders.

Equity Bonus - Listing

During FY22 bonus incentives were granted to non-executive directors Vik Bansal and Abigail Cheadle in relation to the successful listing of LGI on the ASX. The agreed terms are summarised as follows:

- If LGI is admitted to the official list of ASX, and the Director is still providing services, the Director will be issued with shares upon the IPO with the number of shares to be determined by reference to the price at which shares are offered under the IPO prospectus.
- Alternatively, if LGI completes another exit event and the Director is still providing services, the Director will be paid a cash bonus, payable upon the closing of the transaction. Upon this term being satisfied Vik Bansal would receive a cash bonus of \$425,000 and Abigail Cheadle would receive a cash bonus of \$120,000.

Upon the successful listing of LGI on the ASX in October 2022, Vik Bansal (or related entities) received an equity bonus of 283,333 shares and Abigail Cheadle (or related entities) received an equity bonus of 80,000 shares. These shares were issued at the IPO Issue Price of \$1.50.

The following table shows details of the remuneration expense recognised for LGI's Non-executive Key Management Personnel for the current and previous financial year measured in accordance with the requirements of accounting standards.

Non-executive Directors Remuneration		Short-term benefits \$		Post employment benefits \$		Long-term benefits \$		
KMP Name	Year	Salary and fees	Non-monetary benefits ¹	Superannuation	Share based payments ²	Total \$	Fixed %	Variable %
Vik Bansal	2023	155,399	-	16,317	88,503	260,219	66%	34%
	2022	170,000	-	17,000	336,497	523,497	36%	64%
Abigail Cheadle	2023	92,500	-	-	24,989 ¹	117,489	79%	21%
	2022	120,000	-	-	95,011 ¹	215,011	56%	44%
Andrew Peters	2023	67,116	10,960	7,047	-	85,123	100%	-
	2022	60,000	20,264	6,000	-	86,264	100%	-
Tim McGavin	2023	60,000	-	-	-	60,000	100%	-
	2022	60,000	-	-	-	60,000	100%	-
Total Non-executive remuneration		375,015	10,960	23,364	113,492	522,831	78%	22%
		410,000	20,264	23,000	431,508	884,772	51%	49%

1. Non-monetary benefits include fringe benefits tax payable by the Company for loan repayments salary sacrificed before tax.
2. Share based payments are the value of IPO equity bonus shares issued. The equity bonus was considered a cash settled share-based payment in FY22, given that there were circumstances that may have arisen in a cash payment of this bonus hence was accrued at 30 June 2022 and subsequently settled in shares.
3. During FY23, no other short-term bonuses or other employee benefits were payable to non-executive directors.

Employment Contracts

An overview of key terms of employment for LGI Executives is provided below. During FY2023 the Remuneration and Nomination Committee agreed that the Executive team contracts and termination conditions should be standardised, noting the termination notice period should extend from the current 4 weeks.

Name	Position	Base Salary	Contract Type	Notice period	Termination payment
Adam Bloomer	Managing Director	\$350,000	Permanent	1 month	29,923
Jessica North	Executive Director and Chief Executive Officer	\$250,000	Permanent	1 month	19,231
Dean Wilkinson	Chief Financial Officer	\$250,000	Permanent	3 months	57,692
Jarryd Doran	Chief Operations Officer	\$250,000	Permanent	1 month	19,231

Directors' and KMP's Interests

The movement during FY2023 in the number of LGI shares held by each KMP is shown below.

	Shareholding at 1 July 2022	Shares purchased / (sold) during FY23	Shares received as remuneration during FY23	Shareholding at 30 June 2023
Adam Bloomer	17,573,232	20,000	-	17,593,232
Tim McGavin	13,217,176	65,754	-	13,282,930
Jessica North	1,299,400	-	-	1,299,400
Andrew Peters	490,858	10,000	-	500,858
Vik Bansal	100,000	116,667	283,333	500,000
Jarryd Doran	257,374	120,840	-	378,214
Dean Wilkinson	271,996	(13,000)	-	258,996
Abigail Cheadle	-	-	80,000	80,000
Total KMP Interests	33,210,036	320,261	363,333	33,893,630

KMP's Share Based Payments

The table below shows a reconciliation of options held by each KMP from the beginning to the end of FY23. There were no movements during FY23 and all options were vested and exercisable at 30 June 2023.

KMP Name	Grant Date	Vesting Date	Expiry Date	Exercise Price	Balance at 1 July 2022	Balance at 30 June 2023
Jessica North	1 Feb 2018	31 Jan 2021	31 Jan 2025	\$0.70	300,000	300,000
Jessica North	1 May 2019	1 May 2022	31 Jan 2025	\$0.925	100,000	100,000
Dean Wilkinson	1 May 2019	1 May 2022	31 Jan 2025	\$0.925	100,000	100,000
Total				500,000	500,000	

Transactions with Key Management Personnel

Related Party Transactions

Related parties include entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties (i.e. at arm's length) unless the terms and conditions disclosed below state otherwise.

The following transactions occurred with related parties:

	30 Jun 2023 \$'000	30 Jun 2022 \$'000
Director's fees paid to T&S McGavin Family Trust, a related entity of Tim McGavin, Non-executive director.	60,000	60,000
Director's fees paid to Direction Group, a related entity of Abigail Cheadle, Non-executive director.	92,500	120,000

Employee Share Loans

The Board at its discretion utilises Employee Share Loans for certain Directors and KMP for the purpose of exercising share options in the Company. The loans satisfy all the criteria for a shareholder loan required by the Australian Tax Office (ATO) under Division 7A. Loan principal and interest are repayable over 7 years. A minimum annual payment including interest must be paid by the borrower by the end of each financial year (except for the year in which the loan occurs). The published ATO benchmark interest rate, updated annually, is used to calculate the loan interest. The fixed FY23 benchmark interest rate was 4.77% (FY22 4.52%). KMP share loans at 30 June 2023 are as follows:

KMP Name	Loan maturity date (term 7 years)	Loan balance 30-Jun-22 \$	Interest paid \$	Principal paid \$	Loan balance 30-Jun-23 \$
Andrew Peters	30 Jun 2027	293,551	13,386	40,195	239,970
Dean Wilkinson	30 Jun 2028	169,103	8,258	16,556	144,289
Jarryd Doran	30 Jun 2028	138,162	6,741	13,538	117,883
Total KMP Share Loans		600,816	28,385	70,289	502,142

End of Remuneration Report (audited)

Rounding of amounts

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

Auditor Non-Audit Services

During the year BDO Audit Pty Ltd, the Company's auditor, has performed certain other non-assurance services in addition to their statutory duties. Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year:

Auditor Non-Audit Services	30 Jun 2023 \$	30 Jun 2022 \$
Taxation compliance and advisory services	32,455	20,790



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The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed above do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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 45.

No officer of the Company 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..... 

Dated this 29th day of August 2023

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

As lead auditor of LGI Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 29 August 2023

Statement of Profit or Loss

AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$'000	2022 \$'000
Revenue			
Revenue from contracts with customers	4	15,600	10,766
Environmental Certificates income	4	16,699	14,688
Other income	4	65	37
Expenses			
Cost of Goods Sold		(9,560)	(6,356)
Employee benefits expense	5	(5,809)	(4,667)
Depreciation and amortisation expense	5	(4,659)	(4,127)
Finance costs	5	(944)	(822)
Capital raise expenses		(1,101)	(782)
Insurance expense		(593)	(304)
Professional fees		(835)	(453)
Occupancy Expenses		(161)	(115)
Other expenses		(929)	(950)
Profit before income tax		7,773	6,915
Income tax expense	6	(1,333)	(2,141)
Profit after income tax expense for the year		6,440	4,774
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Net change in the fair value of cash flow hedges	19	9,100	(7,811)
Income tax relating to cash flow hedges	6	(2,275)	1,952
Other comprehensive income for the year, net of tax		6,825	(5,859)
Total comprehensive income for the year attributable to the shareholders of LGI Limited		13,265	(1,085)
Earnings per share			
Basic earnings per share	25	7.7	6.7
Diluted earnings per share	25	7.3	6.7

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 30 JUNE 2023

	Notes	2023 \$'000	2022 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	52	889
Trade and other receivables	9	1,157	3,366
Environmental certificates	11	12,403	8,187
Derivative financial instruments	19	1,140	-
Other assets	10	1,246	1,866
TOTAL CURRENT ASSETS		15,998	14,308
NON-CURRENT ASSETS			
Property, plant, and equipment	12	42,377	35,474
Intangible assets	13	3,506	2,882
Other assets	10	1,482	1,589
TOTAL NON-CURRENT ASSETS		47,365	39,945
TOTAL ASSETS		63,363	54,253
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	2,984	5,251
Borrowings	15	661	2,070
Provisions	16	384	751
Current tax liabilities	6	-	1,061
Derivative financial instruments	19	-	7,959
TOTAL CURRENT LIABILITIES		4,029	17,092
NON-CURRENT LIABILITIES			
Borrowings	15	5,422	22,669
Provisions	16	145	124
Deferred tax liabilities	6	4,392	1,074
TOTAL NON-CURRENT LIABILITIES		9,959	23,867
TOTAL LIABILITIES		13,988	40,959
NET ASSETS		49,375	13,294
EQUITY			
Issued capital	17	31,928	7,417
Reserves	18	1,621	(5,204)
Retained earnings		15,826	11,081
TOTAL EQUITY		49,375	13,294

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Issued share capital \$'000	Retained earnings \$'000	Share based payment reserve \$'000	Hedge reserve \$'000	Total equity \$'000
Balance at 1 July 2022	7,417	11,081	766	(5,970)		13,294
Comprehensive income						
Profit for the year	-	6,440	-	-		6,440
Net gain on cash flow hedges	19	-	-	-	6,825	6,825
Total comprehensive income for the year	-	6,440	-	6,825		13,265
Transactions with owners, in their capacity as owners						
Share based payments	16	-	-	-	-	-
Shares issued during the period (net of costs)	17	24,511	-	-	-	24,511
Dividends paid	7	-	(1,695)	-	-	(1,695)
Transactions with owners, in their capacity of owners		24,511	(1,695)	-	-	22,816
Balance at 30 June 2023	31,928	15,826	766	855		49,375
Balance at 1 July 2021	6,440	6,307	735	(111)		13,371
Comprehensive income						
Profit for the year	-	4,774	-	-		4,774
Net loss on cash flow hedges	19	-	-	-	(5,859)	(5,859)
Total comprehensive income for the year	-	4,774	-	(5,859)		(1,085)
Transactions with owners, in their capacity as owners						
Share based payments	16	-	-	31	-	31
Shares issued during the period (net of costs)	17	977	-	-		977
Dividends paid	7	-	-	-	-	-
Transactions with owners, in their capacity as owners		977	-	31	-	1,008
Balance at 30 June 2022	7,417	11,081	766	(5,970)		13,294

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$'000	2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers inclusive of GST		32,746	19,867
Payments to suppliers and employees inclusive of GST		(23,804)	(11,969)
Interest received and other income		21	19
Interest paid		(944)	(775)
Income tax paid or received		(1,061)	262
Net cash provided by operating activities	24	6,958	7,404
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(10,432)	(7,743)
Proceeds from property, plant and equipment		7	72
Purchase of intangible assets		(900)	(552)
Term deposit held as security		66	(122)
Net cash used in investing activities		(11,259)	(8,345)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (net of cost)		23,961	122
Payment of dividends		(1,695)	-
Proceeds from borrowings		197	1,337
Repayment of borrowings		(18,360)	-
Principal lease payments		(639)	(557)
Net cash provided by (used in) financing activities		3,464	902
Cash and cash equivalents at beginning of year		889	928
Net decrease in cash held		(837)	(39)
Cash and cash equivalents at end of year	8	52	889

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes To The Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Significant Accounting Policies

The financial statements and notes represent those of LGI Limited, a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation of Financial Statements

These general-purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. LGI is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, except for derivative financial instruments which are measured at fair value.

The Company's presentational and functional currency is Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest thousand dollar, unless otherwise stated, in accordance with ASIC Instrument 2016/191.

The financial statements were authorised for issue on 29th August 2023 by the directors of the Company.

New or amended Accounting Standards and Interpretations adopted

LGI has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these new and amended Accounting Standards and Interpretations did not have a material impact on the financial statements. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition and other income

Revenue recognition under AASB 15

Electricity and related services

The contracts for the sale of electricity represent a series of distinct goods that are substantially the same, have the same pattern of transfer to the customer and are treated as one performance obligation satisfied over time based on the output delivered to the customer. LGI determines that the right-to-invoice approach to measure the progress towards completion of the performance obligation is most appropriate, as it depicts the Company's performance. At the end of each month, electricity revenues are recognised based on metered usage at agreed contracted rates less any agreed charges. Electricity invoices are due and payable within 30 days of issue.

Biogas management services

LGI continues to operate and maintain flares on various landfill sites across Australia. The Company's performance obligations are fulfilled over time and the biogas management service revenue is recognised and invoiced at the end of each month, based on contractual terms. The contractual terms include a fixed monthly charge. Invoices are due for payment 30 days from invoice date.

Infrastructure construction

Contracts with customers to carry out infrastructure works to install landfill gas collection systems. The Company assesses each of its contracts individually. Infrastructure revenue is at a point in time where there are distinct performance obligations in a contract with a customer. The performance obligation is satisfied at a point in time, that is on completed installation of the landfill gas system installation.

Where there are separate performance obligations identified, the transaction price is allocated based on the relative stand-alone selling prices of the services provided.

Revenue is invoiced based on the terms of each individual contract which may include a periodic billing schedule or achievement of specific milestones. Invoices are issued under commercial payment terms which is typically 30 days from when an invoice is issued.

The transaction price for each contract may include variable consideration in the form of contract variations or modifications, performance or other incentive fees and contract claims. Variable consideration is only included in the transaction price for a contract to the extent it is highly probable that a significant reversal of that revenue will not occur.

The Company assesses the probability of receiving variable consideration using a combination of commercial and market factors, historical experience and independent third-party advice. This assessment is reviewed each reporting period or when facts and circumstances change during the reporting period.

Incremental Costs of obtaining Customer Contracts

The Company recognises as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs.

The Company applies the optional practical expedient permitted by AASB 15 to recognise incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the Company otherwise would have recognised is one year or less.

Interest

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Revenue recognition under AASB 120

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Environmental Certificates – ACCUs & LGCs

Australian Carbon Credit Units ("ACCUs") and Large-scale Generation certificates ("LGCs") are considered government grants under AASB120, Accounting for Government Grants and Disclosure of Government Assistance. Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions of the grant and the grant will be received.

ACCUs and LGCs are recognised at the date of the creation of the renewable energy certificate. This is typically at the date of flaring for ACCUs and the date of electricity generation for LGCs. The revenue is measured using meters that are regularly reviewed and subsequently reported to the Australian Government. Where the pricing of the ACCUs and LGCs are contracted, they are recognised at their contracted values. Where the pricing of the ACCUs and LGCs are not contracted, they are recognised at the market spot price. All ACCUs and LGCs are intended to be realised within 12 months of the reporting date.

Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
 - (i) is not a business combination; and
 - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled and their measurement also reflects the way management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists, and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

For trade receivables and contract assets, the Company applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables and contract assets are grouped based on days overdue where then expected loss rates are applied. The expected loss rates are based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Property, Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss.

The carrying amount of plant and equipment is reviewed annually as part of the goodwill impairment assessment to ensure it is not more than the recoverable amount from these assets. The recoverable amount is assessed based on the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to LGI and the cost of the item can be measured reliably. All other costs are recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation

Depreciation is calculated to write-off the costs of each asset over its expected useful life to its estimated residual value. The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding motor vehicles, are depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Motor vehicles are depreciated using the diminishing value method.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Average useful lives of asset classes are as follows:

Plant and Equipment	Up to 30 years
Motor vehicles	4-5 years
Office Furniture and equipment	2-10 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land & Buildings	10- 20 years
Motor vehicles	4-5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policy in section "Impairment of Non-Financial Assets".

LGI has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible Assets

Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

Goodwill represents the future economic benefits arising from assets/liabilities acquired in a business combination that are not individually identifiable or separately recognised. A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method and goodwill is recognised as the excess of the aggregate consideration transferred over the fair value of the identifiable assets and liabilities acquired. Acquisition costs are expensed as incurred.

Goodwill is tested for impairment annually.

Licence Costs

Licence costs represent the costs of installing pipe networks and related infrastructure on customer owned sites for the purposes of gas extraction and subsequent flaring and/or conversion into electricity. The licence costs are supported by customer agreements and are amortised over the term of the customer contract. Licence costs are carried at cost less any accumulated amortisation and impairment losses.

Impairment of Non-Financial Assets

At the end of each reporting period, LGI assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, LGI estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Impairment testing is performed annually for goodwill. For annual impairment testing, goodwill is allocated to the cash-generating unit. The Company considers the whole business as a cash generating unit. The recoverable amounts of the cash-generating unit are determined based on value-in-use calculations, covering a five-year forecast, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flow is determined by applying a suitable discount rate.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Borrowings are recognised at their fair value at initial recognition. Subsequent to initial recognition, borrowings are measured at their amortised cost with all transaction costs being amortised over the term of the borrowings. Borrowings are classified as current liabilities unless LGI has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, LGI's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index, or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Employee Benefits

Short-term employee benefits

Provision is made for LGI's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

LGI's obligations for short-term employee benefits such as wages, salaries are recognised as part of current trade and other payables in the statement of financial position. LGI's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations due to changes in assumptions for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense in the periods in which the changes occur.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of share options that are provided to employees in exchange for the rendering of services.

The cost of equity-settled option transactions are measured at fair value on grant date. Fair value is determined using Black Scholes valuation method that takes into account the exercise price, the term of the performance right, the impact of dilution, the share price at grant date, the expected dividend yield and the risk-free interest rate for the term of the performance right.

The cost of equity-settled option transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Provisions

Provisions are recognised when LGI has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from financing and investing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges are used to cover the Company's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability, a firm commitment or highly probable sale which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Derivative financial instruments spanning both current and non-current periods are split into their current and non-current components prior to valuation. The fair value of these components is then classified as a current asset or liability when the maturity profile is less than 12 months and classified as a non-current asset or liability when the maturity profile is greater than 12 months.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 2: Critical Accounting Estimates And Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of Goodwill

The Company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Please refer to Note 13 for further details of impairment assessment performed.

Impairment of non-financial assets other than goodwill

The Company assesses impairment of non-financial assets other than goodwill at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves value-in-use calculations, which incorporate several key estimates and assumptions.

Share Based Payments

Share based payments have been recognised using common valuation techniques and relevant assumptions as at the grant date. As part of the valuation of those share-based payments, the determination of the volatility is a key estimate. This key estimate has been determined based on volatility of comparable entities being used as a proxy for the volatility of LGI Limited and is thus, a key judgement and estimate.

Estimation of useful lives of assets

LGI determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. There was no change in estimated useful lives of any assets as a result of management review for the reporting period.

Revenue from contracts with customers involving sale of goods

The transaction price for each contract may include variable consideration in the form of contract variations or modifications, performance or other incentive fees and contract claims. Variable consideration is only included in the transaction price for a contract to the extent it is highly probable that a significant reversal of that revenue will not occur. LGI assesses the probability of receiving variable consideration using a combination of commercial and market factors, historical experience, and independent third-party advice. This assessment is reviewed each reporting period or when facts and circumstances change during the reporting period. Revenue is recognised when the work is completed, and the obligation is satisfied.

Capital raising

LGI incurred costs of \$2.16m in connection with the raising of \$25m through the IPO and listing of LGI on the ASX in October 2023. The directors considered the portion of equity relating to new shares issued and the portion relating to acquisition of existing shares. \$1.06m of costs relating to the new shares issued have been recognised on the statement of financial position offsetting against the value of the equity raised. \$1.1m of costs that related to existing shares has been expensed in the profit or loss.

Salary and wages capitalised to capital projects

Directly attributable cost of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are capitalised. Labour costs that management considers are incremental in nature has been capitalised to capital projects. In determining, whether the costs are incremental in nature management has given consideration to the type of project i.e. self-constructed asset and stage of construction. Any costs related to planning of the project are expensed and costs incurred in the development phase are capitalised.

Fair value of financial instruments

Management uses their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. For hedge financial instruments, assumptions are made based on observable market prices or rates adjusted for specific features of the instrument. Refer note 19 for further details.

Environmental Certificates

Environmental certificates are estimates based on internal reporting until they are registered with the Clean Energy Regulator.

Note 3: 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.

Note 3: Operating Segments

Operating segments financial results	Renewable Energy	Carbon abatement	Infrastructure construction and management	Unallocated	Total
30 June 2023	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Sales to external customers	16,398	13,505	2,258	142	32,303
Cost of goods sold	(4,640)	(3,650)	(1,265)	(5)	(9,560)
Gross Profit	11,758	9,855	993	137	22,743
Total other income and expenses			(9,428)	(9,428)	
EBITDA*			(9,291)	13,315	
Depreciation & amortisation			(4,659)	(4,659)	
Interest income			61	61	
Finance costs			(944)	(944)	
Profit/(loss) before income tax expense			(14,833)	7,773	
Income tax expense			(1,333)	(1,333)	
Profit/(loss) after income tax expense			(16,166)	6,440	
30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Sales to external customers	12,364	11,612	1,459	37	25,472
Cost of goods sold	(3,763)	(1,808)	(782)	(3)	(6,356)
Gross Profit	8,601	9,804	677	34	19,116
Total other income and expenses			(7,271)	(7,271)	
EBITDA*			(7,237)	11,845	
Depreciation & amortisation			(4,127)	(4,127)	
Interest income			19	19	
Finance costs			(822)	(822)	
Profit/(loss) before income tax expense			(12,167)	6,915	
Income tax expense			(2,141)	(2,141)	
Profit/(loss) after income tax expense			(14,308)	4,774	

*EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) a non IFRS measure, reflects statutory EBITDA. The presentation of non IFRS financial information provides stakeholders the ability to compare against prior periods in a consistent manner.

Note 4: Revenue And Other Income

	2023 \$'000	2022 \$'000
Revenue from contracts with customers		
Electricity and related services - over time	13,887	14,347
Net loss on electricity derivative financial instruments	(683)	(5,058)
Infrastructure construction – point in time	1,643	891
Biogas management services – over time	615	568
Other revenue – point in time	138	18
Total revenue	15,600	10,766
Environmental Certificates income		
Large-scale generation certificates (LGCs)	3,194	3,076
Australian carbon credit units (ACCUs)	13,505	11,612
Total Environmental Certificates income	16,699	14,688
Other income		
Net gain on disposal of property, plant, and equipment	1	18
Sundry income	3	-
Interest income	61	19
Total other income	65	37

Note 5: Profit Before Income Tax

	2023 \$'000	2022 \$'000
Profit before income tax includes the following expenses:		
Depreciation and amortisation expense		
Depreciation of property, plant, and equipment	3,655	3,328
Depreciation of leased motor vehicles and equipment	395	404
Amortisation of land and buildings right-of-use assets	333	198
Amortisation of intangible assets	276	197
Total depreciation and amortisation expense	4,659	4,127
Finance costs		
Interest and finance charges on borrowings	776	727
Interest and finance charges on finance leases	45	34
Interest and finance charges on Right-of-use land and buildings	123	61
Total finance costs	944	822
Employee benefits expense		
Salaries and wages expenses	4,880	3,865
Less Capitalised projects salaries & wages	(756)	(546)
Contributions to superannuation funds	549	383
Director's fees	375	410
Share based payments	686	452
Provisions for employee benefits	75	103
Total employee benefits expense	5,809	4,667
Remuneration of the auditor		
During the year the following fees were paid or payable for services provided by BDO Audit Pty Ltd as the auditor of LGI and by its related network firms.		
Audit Services – BDO Audit Pty Ltd	2023	2022
Audit and review of the financial reports	141,082	85,184
Total audit and review of financial reports	141,082	85,184
Other services		
Taxation compliance and advisory services	32,455	20,790
Total other non-audit services	32,455	20,790
Total remuneration provided to BDO	173,537	105,974

Note 6: Income Tax

	2023 \$'000	2022 \$'000
(a) Income tax recognised in the Statement of Profit or Loss		
The components of tax expense comprise:		
Current tax expense in respect of the current year	-	1,061
Deferred tax expense relating to the origination and reversal of temporary differences	1,369	1,342
Adjustments for under/(over) provision of current income tax of previous years	(36)	
Income tax rate differential (current rate 25% and prior year rate 25%)	-	(262)
Total income tax expense	1,333	2,141
(b) Reconciliation between tax expense and pre-tax accounting profit		
	2023 \$'000	2022 \$'000
The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 25% (2022: 25%)	1,943	1,729
Add/less tax effect of:		
Adjustments in respect of current tax of prior years	140	(11)
Adjustments in respect of deferred tax of prior years	(154)	306
Tax effect of permanent differences	100	117
Tax effect amounts relating to the origination and reversal of temporary differences	(696)	-
Total income tax expense	1,333	2,141
(c) Aggregate amount of tax charged/(credited) directly to equity relating to items that are recognised in equity		
	2023 \$'000	2022 \$'000
Deferred tax - capital raising costs	326	81
Deferred tax - cashflow hedges	(2,275)	1,952
	(1,949)	2,033
(d) Tax balances recognised in the Statement of Financial Position		
	2023 \$'000	2022 \$'000
Current tax balances		
Current tax liabilities		
Income tax payable	-	1,061
Deferred tax balances		
Non-current assets		
Deferred tax assets	1,921	3,898

(d) Tax balances recognised in the Statement of Financial Position	2023 \$'000	2022 \$'000
Non-current liabilities		
Deferred tax liabilities	6,313	4,972
Net deferred tax liability	4,392	1,074
Deferred tax balances arise from the following:		
Deferred tax assets		
Accrued Expenses	39	441
Employee benefits provision	127	111
Lease liability	1,149	1,202
Unused tax losses	6	-
Blackhole expenses	586	154
Other deductible temporary differences	14	1,990
	1,921	3,898
Deferred tax liabilities		
Accelerated depreciation for tax purposes	2,738	1,429
Accrued income	1,812	1,767
Right of use asset	1,042	1,137
Other taxable temporary differences	721	639
	6,313	4,972

Deferred tax movements in temporary differences during the year

As at 30 June 2023	Balance at 1 July 2022	Charged/(credited) to Profit or Loss	Charged/(credited) to Equity	Balance at 30 June 2023
Accrued Income	(1,767)	(45)	-	(1,812)
Property, plant and equipment	(1,429)	(1,309)	-	(2,738)
Intangible assets	-	14	-	14
Right of use assets	(1,137)	95	-	(1,042)
Accrued Expenses & Provisions	552	(384)	-	168
Lease liabilities	1,202	(54)	-	1,148
Capital raise costs	154	106	326	586
Tax losses	-	6	-	6
Other deferred tax assets and liabilities	1,351	202	(2,275)	(722)
	(1,074)	(1,369)	(1,949)	(4,392)

As at 30 June 2022	Balance at 1 July 2021	Charged/(credited) to Profit or Loss	Charged/(credited) to Equity	Balance at 30 June 2022
Accrued Income	(855)	(912)	-	(1,767)
Property, plant and equipment	(1,237)	(192)	-	(1,429)
Intangible assets	-	-	-	-
Right of use assets	(309)	(828)	-	(1,137)
Accrued Expenses & Provisions	335	217	-	552
Lease liabilities	522	680	-	1,202
Capital raise costs	73	-	81	154
Tax losses	251	(251)	-	-
Other deferred tax assets and liabilities	(545)	(56)	1,952	1,351
	(1,765)	(1,342)	2,033	(1,074)

Note 7: Dividends

	2023 \$'000	2022 \$'000
Dividends Paid		
Final Dividend for 2022 of 1.0 cent per share fully franked paid 23 August 2022 (Final dividend for 2021, nil paid 2022)	712	-
Interim Dividend for 2023 of 1.1113 cent per share fully franked paid 6 April 2023 (Interim dividend for 2022, nil paid 2023)	983	-
Total dividends paid during the period	1,695	-
Dividends Declared after the reporting period and not recognised		
Final Dividend declared for 2023 of 1.2 cents per share fully franked (Final dividend for 2022 of 1.0 cent per share fully franked paid 23 August 2022)	1,060	712
Dividend franking account		
Franking credits available for subsequent financial years based on the 2023 tax rate 25% (2022 25%)	1,074	438

Note 8: Cash and Cash Equivalents

	2023 \$'000	2022 \$'000
Cash at bank and on hand	52	889

Note 9: Trade and Other Receivables

	2023 \$'000	2022 \$'000
Current		
Trade receivables	1,157	3,366
Other receivables	-	-
Total Current Receivables	1,157	3,366
Refer note 19 for details on credit risk		

Note 10: Other Assets

	2023 \$'000	2022 \$'000
Current		
Accrued Income	426	900
Capital raise costs	-	454
Shareholder loans ¹	139	136
Other current assets	465	225
Prepayments	216	151
Total Current Other Assets	1,246	1,866
Non-Current		
Shareholder loans ¹	610	717
Security Deposits ²	872	872
Total Non-Current Other Assets	1,482	1,589

- The Board at its discretion utilises Employee Share Loans for certain employees for the purpose of exercising share options in the Company. The loans satisfy all the criteria for a loan required by the Australian Tax Office (ATO) under Division 7A. Loan principal and interest are repayable over 7 years. A minimum annual payment including interest must be paid by the borrower by the end of each financial year (except for the year in which the loan occurs). The published ATO benchmark interest rate, updated annually, is used to calculate the loan interest. The fixed FY23 benchmark interest rate was 4.77% (FY22 4.52%).
- Other Non-current assets include a \$750,000 security deposit for performance obligations under a landfill gas contract for the Australian Capital Territory. Term deposits held with banks are restricted.

Note 11: Environment Certificates

	2023 \$'000	2022 \$'000
Current		
Australian carbon credit units (ACCUs)	11,402	7,506
Large scale generation certificates (LGCs)	1,001	681
Total Current Environmental Certificates	12,403	8,187

Note 12: Property, Plant and Equipment

	Plant & equipment \$'000	Plant equipment under lease \$'000	Right of use land & buildings \$'000	Projects under construction \$'000	Total \$'000
Net carrying amounts					
30 June 2023					
Cost	41,974	1,972	3,461	11,709	59,116
Accumulated depreciation	(15,475)	(753)	(511)	-	(16,739)
Net carrying amount	26,499	1,219	2,950	11,709	42,377
30 June 2022					
Cost	34,858	2,539	3,461	8,075	48,933
Accumulated depreciation	(12,195)	(1,085)	(179)	-	(13,459)
Net carrying amount	22,663	1,454	3,282	8,075	35,474
30 June 2022					
Cost	34,858	2,539	3,461	8,075	48,933
Accumulated depreciation	(12,195)	(1,085)	(179)	-	(13,459)
Net carrying amount	22,663	1,454	3,282	8,075	35,474
Movements in carrying amounts					
Balance at 1 July 2022	22,663	1,454	3,282	8,075	35,474
Additions	3,741	281	-	8,119	12,141
Disposals	(195)	(6)	-	-	(201)
Depreciation & amortisation	(3,655)	(395)	(333)	-	(4,383)
Transfers in/(out) of work in progress	3,946	(115)	-	(3,831)	-
Transfers (out) to expense	-	-	-	(654)	(654)
Balance at 30 June 2023	26,499	1,219	2,950	11,709	42,377
Balance at 1 July 2021	24,477	1,018	1,235	1,910	28,640
Additions	1,515	892	2,892	6,581	11,880
Disposals	(90)	(52)	(647)	-	(789)
Depreciation & amortisation	(3,328)	(404)	(198)	-	(3,930)
Written off Engineering costs expensed				(327)	(327)
Transfers in/(out) of work in progress	89	-	-	(89)	-
Balance at 30 June 2022	22,663	1,454	3,282	8,075	35,474

Note 13: Intangible Assets

	Goodwill \$'000	Licenses \$'000	Total \$'000
Net carrying amounts			
30 June 2023			
Cost	314	4,071	4,385
Accumulated amortisation	-	(879)	(879)
Net carrying amount	314	3,192	3,506
30 June 2022			
Cost	314	3,171	3,485
Accumulated amortisation	-	(603)	(603)
Net carrying amount	314	2,568	2,882
Movements in carrying amounts			
Balance at 1 July 2022	314	2,568	2,882
Additions	-	900	900
Amortisation expense	-	(276)	(276)
Balance at 30 June 2023	314	3,192	3,506
Balance at 1 July 2021	314	1,982	2,296
Additions	-	783	783
Amortisation expense	-	(197)	(197)
Balance at 30 June 2022	314	2,568	2,882

Impairment assessment of goodwill

LGI determines whether goodwill is impaired at least on an annual basis. The following table sets out the key assumptions used in performing the value-in-use calculations:

Terminal value multiplier	10% - 20%	Based on market EBITDA multiples
Long term growth rate	3%	Growth rates from the current year and budgeted growth rates
Post-tax discount rate	8% -10%	Based on similar energy companies
Electricity price		Forecast electricity prices are based on publicly available future market prices published by the Australian Stock Exchange.
Biogas flow		Biogas is produced continuously from landfilled waste and is measured as cubic metres with a flow rate measured per hour. Other factors being equal, increase in waste at a landfill, will lead to increasing biogas production. However, forecasting biogas production from landfills is complicated due to multiple unknown factors and variables. LGI uses a combination of experience, site tonnage and waste composition data, and an accepted model to estimate its future biogas resource.

Significant estimate: key assumptions used for value-in-use calculations

The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cashflow projections based on management approved inputs and parameters which include future gas flow rates and electricity prices. These inputs are based on historical experience and in the case of electricity prices, with regard to publicly available contract prices. Very long-term electricity prices are estimated by LGI with regard to known and expected changes in the network.

The terminal value is based on the final year cash flow grown in perpetuity based on the long-term growth rate.

Key Judgement: One Cash Generating Unit (CGU)

Management have determined that there is one CGU and accordingly impairment assessments have been done at the Company level.

Note 14: Trade and Other Payables

	2023 \$'000	2022 \$'000
Current		
Trade payables	935	2,097
Payroll liabilities	207	134
Accrued royalties and other expenses	1,842	3,020
Total Current trade and other payables	2,984	5,251

Note 15: Borrowings

	2023 \$'000	2022 \$'000
Current		
Bank loans	-	1,500
Lease liability	449	502
Right of use liability	218	109
Less: Borrowing costs	(6)	(41)
Total Current Borrowings	661	2,070

Note 15: Borrowings

	2023 \$'000	2022 \$'000
Non-Current		
Bank loans	1,500	18,350
Lease liability	850	1,016
Right of use liability	3,078	3,309
Less: Borrowing costs	(6)	(6)
Total Non-Current Borrowings	5,422	22,669
Total Borrowings	6,083	24,739

Bank loans comprise of the following CBA facility:

Facility	Total Facility		Utilised		Average Interest Rate	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 %	2022 %
Project loans	27,350	29,100	1,500	19,850	7.65	5.11
Overdraft	500	500	nil	nil	7.50	7.50
Contingent liability	100	100	85	89	1.75	1.75

It is management's intention to roll-over the bank loan facility for a further term prior to 30 Jun 2025. The project loan facility limit amortises by \$1.5m at 30 June 2023, 2024 and 2025. Debt covenants include, debt service cover ratio at least 1.4:1.0, equity ratio not less than 30% and interest cover ratio not less than 3.5:1.0. During FY23 LGI met all debt covenants.

The 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.

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 16: Employment Benefits

	2023 \$'000	2022 \$'000
Employee liabilities		
Current		
Employee benefits provision	20	432
Annual leave	277	248
Long service leave	87	71

	2023 \$'000	2022 \$'000
Employee liabilities		
Total Current Employee liabilities		
	384	751
Non-Current		
Long service leave	145	124
Total Non-Current Employee liabilities		
	145	124
Total Provisions		
	529	875

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave that will vest in the next 12 months due to employees having completed the required period of service.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

Key management personnel remuneration

Detailed KMP remuneration disclosures are provided in the audited Remuneration Report section in the Directors' Report. The aggregate remuneration made to key management personnel is set out below.

	2023 \$'000	2022 \$'000
Short-term employee benefits	1,548,759	1,502,132
Post-employment benefits	124,533	116,290
Other long-term benefits	20,081	27,818
Share-based payments	113,492	455,840
Total remuneration to key management personnel	1,806,865	2,102,080

Share Based Payments

Details of options issued, exercised and expired during the financial year are set out below:

30 June 2023		Amounts represented post 2:1 share split October 2021 Movements						
Grant Date	Expiry Date	Tranche	Exercise Price	1 July 2022	Issued	Exercised	Expired	30 June 2023
1 Feb 2018	31 Jan 2025	2	\$0.700	300,000	-	-	-	300,000
17 Apr 2019	12 Oct 2022	5	\$0.925	56,540	-	(56,540)	-	-
1 May 2019	31 Jan 2025	6	\$0.925	200,000	-	-	-	200,000
				556,540	-	(56,540)	-	500,000

The share options outstanding at the end of the year had a weighted average exercise price of \$0.79 and a weighted average remaining contractual life of 1.59 years (2022: 2.36 years).

30 June 2022		Movements							
Grant Date	Expiry Date	Tranche	Exercise Price	1 July 2021	Issued	Exercised	Options split 2:1	Expired	30 June 2022
1 Feb 2018	31 Jan 2025	2	\$1.40	150,000	-	-	150,000	-	300,000
28 Sept 2021	27 Mar 2018	3	\$1.40	690,549	-	(690,549)	-	-	-
12 Oct 2022	17 Apr 2019	5	\$1.85	28,270	-	-	28,270	-	56,540
31 Jan 2025	31 Jan 2025	6	\$1.85	100,000	-	-	100,000	-	200,000
				968,819	-	(690,549)	278,270	-	556,540

Related Party Transactions

Related parties include entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties (ie at arm's length) unless the terms and conditions disclosed below state otherwise.

The following transactions occurred with related parties:	2023 \$'000	2022 \$'000
Director's fees paid to T&S McGavin Family Trust, a related entity of Tim McGavin, Non-executive director.	60,000	60,000
Director's fees paid to Direction Group, a related entity of Abigail Cheadle, Non-executive director.	92,500	120,000

Related Party Share Loans

The Board at its discretion utilises Employee Share Loans for certain KMP for the purpose of exercising share options in the Company. The loans satisfy all the criteria for a loan required by the Australian Tax Office (ATO) under Division 7A. Loan principal and interest are repayable over 7 years. A minimum annual payment including interest must be paid by the borrower by the end of each financial year (except for the year in which the loan occurs). The published ATO benchmark interest rate, updated annually, is used to calculate the loan interest. The fixed FY23 benchmark interest rate was 4.77% (FY22 4.52%).

KMP share loans at 30 June 2023 are as follows:

KMP Name	Loan maturity date (term 7 years)	Loan balance 30-Jun-22	Interest paid \$	Principal paid \$	Loan balance 30-Jun-23 \$
Andrew Peters	30 Jun 2027	293,551	13,386	40,195	239,970
Dean Wilkinson	30 Jun 2028	169,103	8,258	16,556	144,289
Jarryd Doran	30 Jun 2028	138,162	6,741	13,538	117,883
Total KMP Share Loans		600,816	28,385	70,289	502,142

Note 17: Equity – Share Capital

	30 Jun 2023	30 Jun 2022		
Employee liabilities	\$'000	No. of shares '000	\$'000	No. of shares '000
Ordinary shares at beginning of reporting period	7,417	71,172	6,440	34,890
Issue of shares on the exercise of options	52	56	967	691
Subtotal before share split	-	-	7,407	35,581
Share split 2:1 (October 2021)	-	-	-	35,581
Issue of shares IPO	25,000	16,667	-	-
Issue of shares IPO under director's agreements ¹	545	363	-	-
Issue of shares under employment agreements	68	36	10	10
Transaction costs arising on share issues net of tax	(1,154)	-	-	-
Ordinary shares at reporting date	31,928	88,294	7,417	71,172

1. Directors, Vik Bansal and Abigail Cheadle or their related entities received an aggregate total of 363,333 shares as a bonus incentive relating to the IPO. These shares were issued at the IPO Issue Price of \$1.50.

Ordinary shareholders participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

Capital management

The capital structure of LGI consists of debt which includes the borrowings, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings as disclosed in the notes to financial statements and the Statement of changes in equity.

The Directors determine the appropriate capital structure of LGI, specifically how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the current and future activities of the Company. Capital is managed to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.

There are no externally imposed capital requirements other than bank covenants which have been met during the year. Management effectively manages LGI's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Note 18: Equity – Reserves

	2023 \$'000	2022 \$'000
Share based payment reserve		
Opening balance	766	735
Share based payments	-	31
Balance at reporting date	766	766
Hedge reserve (Cash flow hedges)		
Opening balance	(5,970)	(111)
Gain or (loss) of future hedge instruments	7,110	(7,849)
Deferred tax	(285)	1,990
Balance at reporting date	855	(5,970)
Total Reserves in equity	1,621	(5,204)

The share based payment reserve records the value of share based payments over their vesting periods. The Hedge reserve recognises the fair value of future electricity price hedges net of the deferred tax effect.

Note 19: Financial Risk Management

Financial risk management objectives

LGI's activities expose it to a variety of financial risks: market risk (including commodity price risks, foreign currency and interest rate risk), credit risk and liquidity risk. LGI's overall risk management program focuses mainly on the unpredictability of the electricity price risk and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analyses in the case of electricity commodity price risks.

Financial risk management is carried out by the CFO under policies approved by the Board. The CFO identifies, evaluates and hedges market risks. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as the use of derivative financial instruments and investment of surplus funds.

Commodity price risk

The Company is exposed to electricity price movements in the National Electricity Market (NEM). To manage its electricity price risk, the Company has entered into a number of electricity derivatives including over-the-counter contracts in accordance with the Board approved Trading Risk Management Policy. Electricity price risk exposures are measured monthly through the review of the Company's mark-to-market exposure of the net derivative asset and liability position.

Foreign currency risk

The Company is exposed to foreign currency risk through foreign exchange rate fluctuations as a result of the purchase of imported plant and equipment. The Company assesses the risk arising from future commercial transactions with suppliers using sensitivity analysis and cash flow forecasting. The Company will consider forward exchange contract hedges to manage foreign currency risk. As at 30 June 2023 the Company had no foreign currency hedges in place.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The financial instruments that expose LGI to interest rate risk are limited to borrowings, cash and cash equivalents. As at 30 June 2023 the Company had immaterial exposure to interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to LGI. LGI does not have any significant credit risk exposure with trade and other receivables mainly consisting of local, state and federal governments with balances paid within terms of trade. There was no expected credit loss or impairment made at 30 June 2023.

Liquidity risk

Liquidity risk is the risk that LGI will not be able to meet its financial obligations as they fall due. LGI manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities with a major Australian bank with a S&P long term credit rating of "AA-". LGI continuously monitors forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Further, the Company is subject to cash flow volatility and manages a substantial portion of that risk by entering into over-the-counter hedges.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The timings of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Non-derivative financial liabilities due for payment	Note	Weighted average interest rate	Total contractual outflow \$'000	Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000
2023						
Trade and other payables		N/A	2,984	2,984	-	-
Bank loans	15	7.65%	1,728	114	1,614	-
Lease & Right-of-Use Lease liabilities	15	4.23%	5,265	825	3,105	1,335
Total			9,977	3,923	4,719	1,335
2022						
Trade and other payables		N/A	5,251	5,251	-	-
Bank loans		5.1%	19,850	2,512	20,875	-
Lease & Right-of-Use Lease liabilities		4.05%	6,511	775	3,163	1,798
Total			31,612	8,538	24,038	1,798

Derivative financial instruments

The Company had the following derivative financial instruments as at 30 June 2023:

	2023 \$'000	2022 \$'000
Current derivative financial assets		
Electricity price swaps – cash flow hedges	1,140	-
Current derivative financial liabilities		
Electricity price swaps – cash flow hedges	-	7,959
Hedge reserve (Cash flow hedges net of tax)		
Electricity price swaps – cash flow hedges	855	(5,970)

Future electricity swaps hedged capacities range between 1 to 4 Megawatts and prices hedged are between \$83 and \$242.

Fair value measurement of derivatives

The derivative financial instruments assets and liabilities recognise the fair value of future electricity price hedges. The electricity price hedges are over the counter instruments and all significant inputs required to fair value the instruments are observable. As such the fair value of the energy hedges have been classified as level 2 in the fair value hierarchy. 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.

Hedge accounting activities - cash flow hedges

The electricity derivatives hedge the difference between the fixed price received and the variable NEM price paid per megawatt hour. These derivatives are entered into in accordance with the Trading Risk Management Policy for a proportion of the exposure remaining after economic hedging strategies.

The cash flows of the hedged electricity sales are expected to occur over the next 12 months, with the hedge reserve reclassifications to the profit or loss within the same financial years as the cash flows.

The Company documents at the inception of the hedging transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the electricity swaps closely match the nominal amount and expected settlement date of the expected highly probable forecast transactions. The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the contracts are identical to the hedged risk component (electricity price). To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. The hedge ineffectiveness can arise from:

- Differences in the periodic volumes of the hedging instruments and hedged items;
- Changes to forecast timing of the cash flows of the hedged items and the hedging instruments.

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income (OCI):

Highly probable forecast electricity sales	Effective gain/(loss) recognised in OCI \$'000	Ineffective gain/(loss) recognised in Profit or Loss \$'000	Gain/(loss) reclassified from OCI to Profit or Loss \$'000
Year ended 30 June 2023	6,825	-	(682)
Year ended 30 June 2022	(5,859)	-	(5,058)

Sensitivity analysis commodity prices

The following table summarises the sensitivity of the Company's derivative financial instruments to electricity price risk. The analysis is performed on a pre-tax basis using similar information to that which would be provided to management and reflects the impact on the Company's financial position at reporting date should upward and downward movements of electricity forward prices of 10% occur.

Sensitivity	Average price increase		Average price decrease			
	% change	Effect on profit before tax \$'000	Effect on equity \$'000	% change	Effect on profit before tax \$'000	
Electricity price						
2023	10%	-	(848)	10%	-	857
2022	10%	-	(1,532)	10%	-	1,450

Note 20: Non-Cash Investing And Financing Activities

LGI has provided bank guarantees to the value of \$0.956 million (2022: \$1.027million) including the \$0.750 million security obligation under the ACT Mugga Lane landfill gas contract.

Note 21: Capital Expenditure Commitments

At 30 June 2023, LGI had commitments for the acquisition of power generation plant & equipment of \$1.2million (2022: \$3.1 million).

Note 22: Subsidiaries

LGI has one wholly owned subsidiary, LGI Financial Service Pty Ltd. The subsidiary was incorporated in 2021 and is a dormant company with no transactions during the financial year.

Note 23: Events Subsequent To Reporting Date

Other than a dividend declared, there has been no matter or circumstance, which has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2023, of the Company, or
- (b) the results of those operations, or

Note 24: Cashflow Information

Reconciliation of Profit after tax to net cash from operating activities	2023 \$'000	2022 \$'000
Profit after income tax expense for the year	6,440	4,774
Adjustments for non-cash items:		
Depreciation and amortisation	4,704	3,970
Share based payments	68	41
Salary & wages recovered from capital projects	(756)	(547)
Capital raise costs	101	(212)
Engineering costs expensed	-	334
Net (gain)/loss on disposal of property, plant and equipment	194	70
Interest income on related party loan	(41)	-
Finance expense	-	245
	4,270	3,901
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,532)	(6,789)
(Increase)/decrease in other assets	(53)	-
(Increase)/decrease in income tax payable	1,333	2,403
Increase/(decrease) in trade and other payables	(3,638)	3,111
Increase/(decrease) in provisions	138	4
Increase/(decrease) in deferred tax liabilities	-	-
	(3,752)	(1,271)
Net cash provided by operating activities	6,958	7,404
Non-cash investing and financing activities	2023 \$'000	2022 \$'000
Acquisition of plant and equipment by means of leases	281	892
Shares issued under employee share plan	613	967
	894	1,859

Changes in Debt arising from financing activities	Bank loans (net of borrowing costs) \$'000	Lease liability \$'000	Total \$'000
Balance at 30 June 2021	18,772	2,421	21,193
Net cash from / (used in) financing activities	1,337	(557)	780
Other non-cash changes	(306)	3,072	2,766
Balance at 30 June 2022	19,803	4,936	24,739
Net cash from / (used in) financing activities	(18,163)	(639)	(18,802)
Other non-cash changes	(152)	298	146
Balance at 30 June 2023	1,488	4,595	6,083

Note 25: Earnings per Share

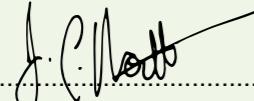
	2023 \$'000	2022 \$'000
Profit after income tax expense for the year	6,440	4,774
	No.	No.
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	84,122,112	71,002,931
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	88,793,771	71,449,516
	Cents	Cents
Basic earnings	7.7	6.7
Diluted earnings	7.3	6.7

Director's Declaration

In the directors' opinion:

1. The attached financial statements and notes and the remuneration report comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. The attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
3. The attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
4. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Chief Executive Officer and Chief Financial Officer as required section 295A of the Corporations Act 2001.

Director..... 

Dated this 29th day of August 2023



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INDEPENDENT AUDITOR'S REPORT

To the members of LGI Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of LGI Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of LGI Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Environmental Certificates

Key audit matter	How the matter was addressed in our audit
<p>Refer to note 4 and note 11</p> <p>The company has recognised income from Australian Carbon Credit Units ('ACCUs') and Large-scale Generation certificates ('LGCs') under AASB120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>.</p> <p>ACCUs and LGCs are recognised at the date of the creation of the renewable energy certificate. This is typically at the date of flaring for ACCUs and the date of electricity generation for LGCs.</p> <p>Income recognised from environment certificates was a key audit matter due the materiality of both the income and the receivable recognised, the judgements used in determining the number of environmental certificates recorded at contract or market spot rate and the estimation involved in determining the actual number of environmental certificates created during the year.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding over the environmental certificates process from creation at the site through to registration by the Clean Energy Regulator and testing selected key controls over the recognition and measurement of revenue; • Obtaining an understanding of the number of environmental certificates recognised at both contract price and market price challenging management where necessary; • Recalculating revenue recognised over the year using the contract prices and average fair value with respect to the market or evidence of any transactions as evidence of fair value; and • Assessing the reasonableness of the number of environmental certificates created (including any pending environmental certificates on 30 June 2022) by performing retrospective testing over the number created versus the number credited by the Clean Energy Regulator post-creation.

Key audit matter	How the matter was addressed in our audit
<p>Refer to note 12 and 13</p> <p>The company's financial statements includes intangibles and property plant and equipment which is principally comprised of assets relating to creation of carbon credits and power generation.</p> <p>Management conducts annual impairment tests (or more frequently if impairment indicators exist) to assess the recoverable amount of property, plant and equipment and intangible assets. This assessment is performed through the preparation of discounted cash flow value-in-use models using impairment scenario analysis.</p> <p>The evaluation of the recoverable amount was a key audit matter because it requires significant judgement by management in determining the key assumptions supporting the forecast cash flows of the cash generating unit ("CGU").</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluating management's methodologies and their documented basis for key assumptions utilised in the discounted cash flow valuation models, which are disclosed in Note 13 of the financial statements; • Reviewed the structure and mathematical accuracy of the model prepared for determining the recoverable amount; • Engaging auditor's expert to assess the reasonableness of the discount rate applied; • Reviewed the key underlying assumptions of the model including future earnings, expected margins, maintenance capital expenditure, determination of the terminal value, future growth rates and the supporting evidence management provided to justify the best estimate assumptions adopted; • Assessing and challenging the consideration by management of reasonably possible changes in key assumptions that would be required for each CGU to be impaired and considering the likelihood of such movement in those key assumptions arising; and • Assessing the appropriateness of the disclosures included in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

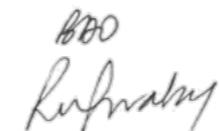
Report on the Remuneration Report**Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 36 to 43 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of LGI Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd


R M Swaby
Director

Brisbane, 29 August 2023

Shareholder information

The shareholder information set out below was applicable as at 1 August 2023.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

Holding	Ordinary Shares	
	Number of holders	% of total shares issued
1 to 1,000	571	0.34
1,001 to 5,000	423	1.28
5,001 to 10,000	149	1.35
10,001 to 100,000	173	7.56
100,001 and over	70	89.47
	1,386	100
Holding less than a marketable parcel	62	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Holding	Ordinary Shares	
	Number held	% of total shares issued
Blakin Technologies Pty Ltd	17,593,232	19.93
McGavin Holdings (Aust) Pty Ltd <T & S McGavin Family A/C>	13,282,930	15.04
Picarra Holdings Pty Ltd <Picarra Land A/C>	9,198,064	10.42
Citicorp Nominees Pty Ltd	5,114,394	5.79
Rodney Bloomer + Vivienne Bloomer <The Coolabine Family A/C>	5,036,500	5.70
HSBC Custody Nominees (Australia) Limited	2,859,988	3.24
UBS Nominees Pty Ltd	2,471,726	2.80
HSBC Custody Nominees (Australia) Limited - A/C 2	1,900,000	2.15
Jessica North	1,299,200	1.47
Davirose Pty Ltd <Davirose Holding A/C>	1,000,000	1.13

Holding	Ordinary Shares	
	Number held	% of total shares issued
Majana Pty Ltd <Majana Super Fund A/C>	1,000,000	1.13
Tropico Pty Ltd <Philip Myer Family A/C>	1,000,000	1.13
L J & K Thomson Pty Ltd <L J T & K T Super Fund A/C>	788,954	0.89
Mrs Belinda Margaret Manago	771,428	0.87
Cameron Investment Pty Ltd	760,080	0.86
Washington H Soul Pattinson and Company Limited	696,000	0.79
Naze Nominees Pty Ltd <G Klempfner Super A/C>	624,262	0.71
Flagstaff Superannuation Pty Ltd <Flagstaff Superfund A/C>	600,000	0.68
Kalan Seven Pty Ltd	504,020	0.57
Mr Mark Alan Webber	501,931	0.57
	67,002,709	75.89

Substantial holders

Substantial holders in the company are set out below:

Holding	Ordinary Shares	
	Name	Number held
		% of total shares issued
Blakin Technologies Pty Ltd		17,593,232
McGavin Holdings (Aust) Pty Ltd		13,282,930
Rodney and Vivienne Bloomer		5,036,500
Robert McGavin		10,190,920
Perpetual Limited and its related bodies		4,666,667

Shares subject to Escrow

Fully paid Ordinary Shares under Voluntary Escrow		
Escrow	Shares	Holders
Shares to be released held under escrow after release of FY23 results	16,238,425	10
Shares to be released held under escrow after release of HY24 results	16,238,422	10
Shares to be released held under escrow after 3 years from Listing	363,333	2

Options

Options over ordinary shares issued are as below:

Class	Options on Issue	Holders
Options issued under the LGI Limited Employee Option Plan to take up ordinary shares	500,000	2

Voting Rights

The voting rights attached to ordinary shares are set out below:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.



For personal use only



LGI LIMITED

For a better and cleaner future.

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