

ASX Announcement

22 February 2024

1H FY24 RESULTS REFLECT SUSTAINED FINANCIAL PERFORMANCE AMID ONGOING OPERATIONAL EXECUTION

LGI Limited (“**ASX.LGI**”, “**the Company**” or “**LGI**”) today announced financial results for the six-month period ended 31 December 2023.

1H FY24 HIGHLIGHTS:

- Total revenue of \$15.9 million, -3% versus prior corresponding period (“pcp”) (1H FY23: \$16.3 million)
- Statutory EBITDA of \$7.0 million, +16% versus pcp (1H FY23: \$6.1 million); Underlying EBITDA of \$7.0 million (1H FY23: \$7.1 million)
- Statutory EBIT of \$4.5 million, +18% versus pcp (1H FY23: \$3.8 million)
- Statutory NPAT of \$3.1 million, +25% versus pcp (1H FY23: \$2.4 million)
- Landfill gas flows of 57.1 million cubic meters (M m³), +3% versus pcp (1H FY23: 55.2 M m³)
- Renewable energy generation 46,695, +2% versus pcp (1H FY23: 45,847)
- Bunya power station operational from 19 January 2024, including Tesla Megapack battery deployment, resulting in:
 - incremental grid capacity, increasing from 0.6MW to 1.8MW; and
 - Enhanced grid responsiveness, leading to improved profitability metrics.
- Webinar to be held at 10.15am (AEDT) Thursday, 22 February 2024 ([click here to register](#))

Commenting on the headline 1H FY24 results, Managing Director Adam Bloomer said:

“Over and above the operational achievements and execution during the last six months, LGI’s results not only demonstrate sustained performance across key financial metrics, but also reinforces the overall resilience and strength of our underlying business model.”

Our team has successfully managed through the recent hot weather and storms across Queensland, New South Wales and Victoria. The impact of these storms on the electricity grid has been pronounced, as existing infrastructure has been pushed to its limit, in some cases during periods of near-record electricity demand. This has ultimately led to increased strain on the system and grid outages. In light of these industry-wide challenges, we’re increasingly confident in LGI’s ability to deliver a flexible, responsive, diversified and alternative renewable generation power source when the grid needs it the most.”

1H FY24 overview

Landfill gas flows during the half totalled 57.1 million cubic metres, up 3% from the prior corresponding period (pcp). First half renewable energy generation also increased 2% versus pcp, to 46,695 megawatt hours (MWh).

Total first half revenues of \$15.9 million declined 3% versus pcp, partially impacted by lower than anticipated pricing within key markets of electricity and ACCUs during the period. Both markets' showed positive price increases throughout December 2023.

Statutory EBITDA grew 16% versus pcp to \$7.0 million, while underlying EBITDA declined 1% to \$7.0 million. Importantly, underlying EBITDA margins were maintained at ~44%, illustrating the inherent strength and stability of the Company's operating model. First half statutory NPAT was \$3.1 million, up 25% versus pcp. Operating cash flow grew to \$7.6 million for first half, representing an underlying cash conversion of 108%.

Financial performance

A\$('000)	1H FY24	1H FY23	Var %
Revenue	15,851	16,318	-3%
Gross Profit	11,562	11,295	2%
Statutory EBITDA	7,048	6,098	16%
Underlying EBITDA	7,048	7,134	-1%
Underlying EBITDA margin	44%	44%	-
Statutory EBIT	4,524	3,824	18%
Underlying EBIT	4,524	4,843	-7%
Statutory Net Profit after Tax	3,099	2,485	25%
Operating cashflow	7,612	3,780	101%

Ongoing strategic focus on business development efforts

During the half, the Company continued to advance several key commercial relationships with domestic landfill owners. Through the addition of sites and commencement of projects on sites in Queensland and New South Wales, LGI further validated its underlying business model across a more-diverse set of customers, establishing a robust foundation for future growth. A notable example of this is the recent BINGO INDUSTRIES ("BINGO") agreement¹. In addition to the BINGO contract, the Company has also secured landfill gas agreements at Gatton (Queensland). This brings the aggregate LGI portfolio of sites contracted to 30 as at 22 February 2024.

As a key strategic initiative, LGI will continue to pursue opportunities in the electricity market to assist with firming renewable capacity with locally connected generation, feeding directly into the distribution grid. Work is ongoing to build generation facilities at Nowra in New South Wales and expanding the Company's facility in Canberra. LGI will continue to bid for new landfill gas agreements.

Commenting on the BINGO contract, Adam Bloomer said:

"Signing the new landfill gas agreement with BINGO represents another significant step forward for LGI. The minimum 15-year multi-phased agreement will initially see the construction of a 4MW power station, permitting the sale of both electricity and LGCs for BINGO, ultimately assisting

¹ Refer ASX announcement 5 February 2024 for added detail.

BINGO meet its sustainability objectives, amongst other goals.”

Bunya battery project

In addition to business development efforts to grow the total number of LGI sites, the Company is simultaneously focused on driving enhanced operational performance across its existing sites. Specifically, via the planned future deployment of grid-scale battery technology across selected sites – in conjunction with implementation of proprietary DACS² software.

In summary, DACS monitors multiple data feeds regarding landfill gas flows, engine status, battery status and grid requirements and pricing, before determining every five minutes the optimal basis and instructions for operation, signaling the engine and battery to instantaneously respond accordingly.

The first working example of this – and a world first for this combination of equipment – is now operational at the Company’s Bunya site, having been successfully installed in mid-January 2024.

Following two years of development and significant progress during the first half of FY24, the Company is highly encouraged by early observations and performance, providing increased confidence it can deliver significant benefits via the future deployment of this technology. Commenting on the potential of this battery/DACS opportunity, Adam Bloomer said:

“The entire LGI team has worked diligently to successfully complete the installation of the Bunya battery project, combined with the landfill gas renewable generation unit. Not only does this reflect a key milestone for LGI – to have installed its first battery – the early signs are very encouraging. Being controlled by LGI’s proprietary DACS software, the Bunya power station is now able to instantaneously respond to demand signals from the electricity grid, within seconds. This represents a notable technological achievement, dramatically improving the speed at which the generator and/or battery responds.”

In terms of commercial performance over the first 26 days of operation², the DACS enabled power station pleasingly achieved a weighted average pool price of **\$355.75 per MWh, 96%** above the AEMO³ average for the period⁴ of \$181.20.

The resulting financial performance of the power station has been assessed by comparing the following three scenarios:

1. Actual – engine with battery;
2. Engine only – using actual generation; and
3. Battery only.

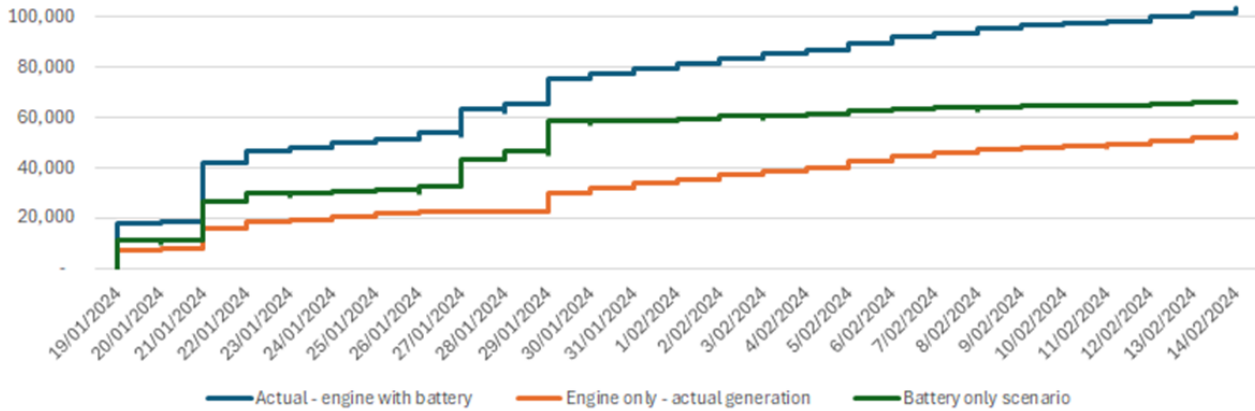
The financial results of how the combined power station – compared to the alternative scenarios – are represented on the graph below:

² [Dynamic Asset Control System, primarily used for the optimal dispatch of energy.

³ Australian Energy Market Operator.

⁴ The period from 19 January to 14 February

Bunya electricity cumulative revenue 19 Jan to 14 Feb - Actual and scenarios



The revenue performance of the power station including the battery was **94% higher** than running the engine by itself over this period.

Commenting on the commercial performance of the battery/DACS software, Adam Bloomer added:

“The early commercial outcomes from the Bunya power station are also pleasing. Initial analysis of the Company’s data reveals the weighted average electricity price received by LGI is 96% higher than the flat average AEMO price, and revenue is 94% higher than running the engine by itself.”

“Collectively, these encouraging outcomes solidify our broader strategy of incorporating batteries at other contracted sites. Plans are now well-advanced to install batteries at Canberra as well as incorporate batteries from the outset at the Nowra power station. Beyond this, management has commenced review of all other power stations in the portfolio to determine the viability for batteries.”

Interim dividend

The Board of LGI is pleased to announce an interim dividend of 1.2 cents per share, fully franked, with a record date of entitlement of 20 March 2024. The interim dividend will be paid on 27 March 2024.

FY24 outlook

LGI remains confident in its business model of converting landfill gas to renewable electricity, Large scale renewable Generation Certificates (“LGCs”) and Australian Carbon Credit Units (“ACCU”). The Company remains focused on driving growth in underlying landfill gas flows during the second half.

LGI reconfirms its previously provided EBITDA guidance, from 29 August 2023, of an increase of between 6.0% and 14% from FY23, being \$15.2 million to \$16.4 million.

Results webinar

The Company will host an investor webinar to discuss the results at 10.15am AEDT (9.15am AEST) today, Thursday, 22 February 2024. Register for the webinar via the link below:

https://us02web.zoom.us/webinar/register/WN_IcLTdk3IQ6CI3rzzvCP27g

Questions can be pre-submitted to sam@nwrcommunications.com.au or asked via the Q&A function during the webinar.

This announcement authorised for release by Board of Directors.

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About LGI (ASX: LGI)

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

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

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