LGI

FOCUS YOUR ENERGY

Annual Report FY24

LGI LIMITED
ABN 49 138 085 551

Appendix 4E

LGI LIMITED

ABN 49 138 085 551

Results for announcement to the market for the year ended 30 June 2024:

Financial Performance	Up / (Down)	Change %	30 Jun 2024 $'000	30 Jun 2023 $'000
Revenue from ordinary activities (excluding interest income)	Up	3.1%	33,310	32,303
Statutory EBITDA	**Up**	**14.8%**	**15,281**	**13,315**
Statutory Profit before income tax	Up	14.8%	8,925	7,773
Statutory Profit after income tax	**Up**	**3.6%**	**6,673**	**6,440**
Underlying EBITDA	**Up**	**6.0%**	**15,281**	**14,416**

Net Tangible Asset Backing	Change %	30 Jun 2024 $	30 Jun 2023 $
Net tangible asset backing per share	**5.4%**	**0.548**	**0.520**

Dividends	Cents per share	Tax rate for franking credit
Final dividend per share for the year ended 30 June 2024 fully franked	**1.30**	**25%**
Interim dividend per share for the half year ended 31 December 2023 fully franked	1.20	25%
Final dividend per share for the year ended 30 June 2023 fully franked	1.20	25%

1. Underlying EBITDA and Statutory EBITDA (non IFRS measures)

Underlying 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 FY23 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 2024 and payable 26 September 2024.

3. Annual General Meeting

LGI Limited advises that its Annual General Meeting will be held on Wednesday, 20 November 2024. 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 Tuesday, 1 October 2024.

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 2024.

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
Dr Jessica North – Executive Director and Chief Sustainability Officer
Ms Abigail Cheadle – Non-Executive Director
Mr Andrew Peters – Non-Executive Director
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 20 November 2024 at 11.00 am (AEST).

Contents

Results at a Glance

In FY24, LGI continued its growth trajectory, with increased gas flows across the fleet resulting in increased profit measures. FY24 also saw the commissioning of the Tesla Battery with our existing generation unit at Bunya, northwest of Brisbane, a significant milestone for the Company and its future.

LGI financial performance

Statutory EBITDA
$15.3m
Increase of 14.8%[1]

Net Revenue[3]
$30.9m
Increase of 1.5%[1]

Underlying EBITDA [2]
$15.3m
Increase of 6.0%[1]

Underlying EBITDA margin[2, 4]
49%
Increase of 210 bcp[1]

Statutory NPAT
$6.7m
Increase of 3.6%[1]

Underlying EBIT[2]
$9.9m
Increase of 1.8%[1]

Cashflow from operations
$9.9m
Increase of 42.5%[1]

Sites under contract
32
Increase of 14%[1]

1. Compared to the corresponding period last year

2. Underlying EBITDA, underlying EBITDA margin and underlying EBIT 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.

3. Net revenue which is net of the ACCUs provided to landfill owners as in-kind satisfaction of royalty payments. Net revenue is a non IFRS measure and is unaudited.

4. Underlying EBITDA margin uses Net revenue

Results at a Glance

LGI Operational Performance

Biogas flows
115.4 million cubic meters
Increase of 2.1%[1]

Renewable electricity generation
96,326 MegaWatt hours
Increase of 2.0%[1]

Generation fleet availability
96.8%
Percentage of time the renewable power stations are available for generation. Fleet target is 95%.

Creation of carbon units
432,804
Australian Carbon Credit Units
Increase of 2.9%[1]

1. Compared to the corresponding period last year

People

Staff retention
83.9%

Staff growth
19%
LGI is positioning the business for growth of existing sites and construction of EBITDA accretive projects.

Staff development
$2,278 per employee
Increase of 38%[1]

Staff development programs include Management and Leadership programs. Allowing the future leaders of LGI to be developed from within the business.

Chairman's letter to Shareholders

I am delighted to present the annual report for LGI Limited. LGI has reported a strong set of results and continues to deliver on commitments that we made two years ago at the time of our Initial Public Offering (IPO).

LGI's performance is driven by all its key elements - higher gas flows, volume of Australian Carbon Credit Units (ACCUs), MegaWatt hours (MWh) and Large-scale Generation Certificates (LGCs), while it continues to lay the groundwork for long term growth.

As I stated at the time of the IPO, LGI is a unique company which stands at the convergence of waste and clean energy, with both sectors offering vast opportunities for agile organisations and leadership at both management and board level.

In Australia there are a large number of landfills across the country which continue to emanate environmentally degrading gas which will need to be managed. For a company such as LGI, this offers an opportunity to grow organically by capturing more gas which then can be utilised to create a continuous source of distributed clean power for the future. As such, LGI's offering continues to appeal to landfill owners as a compelling investment, but also a productive use case in adequately managing their assets and associated environmental issues. Throughout FY24, LGI has continued to win new customers, and I expect the company to continue to do so.

Notwithstanding some of our own successes, the Australian Energy Market Operator (AEMO), along with many market commentators, express the view that investment in new renewable energy supply is not keeping pace with the 2030 energy targets, both federally and at a state level. AEMO also stated that investment in firming technology is required to manage the intermittency of wind and solar generation. Pleasingly, LGI's expanding portfolio of dispatchable, renewable energy generation already provides a workable, scalable solution. Now with the addition of battery technology, as validated at our Bunya site, LGI is placed in the ideal position to address the market opportunity identified by AEMO.

While the overall operating environment for LGI across renewable energy and carbon abatement will inevitably continue to evolve, a range of external factors are currently creating positive tail winds for LGI. From changing governmental policy to achieve net zero by 2050, through to reduced carbon emissions and the introduced safeguard mechanism, I'm confident in the future opportunity set of our business.

The Commonwealth Government's implementation of the safeguard mechanism on 1 July 2023 has created increased demand for LGI's ACCUs.

Large industrial organisations will have to deliver their own climate commitments with the combination of significant capital expenditure and carbon credits as they glide towards Goal Zero. Combined with the anticipated improved integrity from the Department of Climate Change, Energy, the Environment and Water, specific carbon credits created by LGI's processes should attract increased interest.

Chairman's letter continued.

Based on the year's strong financial outcomes, the Board has determined to pay shareholders a final dividend of 1.3 cents per share, taking the total FY24 annual dividend to 2.5 cents per share.

The LGI management team has done an excellent job throughout the year, growing the business while maintaining a focus on existing customers and the market.

This year, LGI also went through a long-planned CEO transition, and we were delighted to appoint Jarryd Doran to the role of CEO. Jarryd has spent 10 years with LGI and served as the Company's Chief Operating Officer for 8 years. Jarryd was the stand-out candidate to take on the role from outgoing CEO Jessica North. Pleasingly, Jessica remains well-entrenched in our business, serving as both Executive Director and Chief Sustainability Officer. I would like to take this opportunity to once again thank Jessica for her excellent contribution as CEO and working with the Board to prepare the Company for a successful IPO.

I would also like to thank all of our staff and my fellow directors for another strong performance this year, growing the business while maintaining their focus and sense of service to all stakeholders.

Lastly, thank you to all our 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 2024 financial year, we continued to grow the business and invest in our strategy to expand our electricity offering. The commissioning of our first battery combined with our proprietary control system enables LGI to develop projects that offer fast response, dispatchable renewable energy, feeding directly into the grid. Looking ahead, we have a number of committed projects to expand upon our premium electricity offering

Bunya Battery Commissioning

In January 2024, LGI began operation of the Bunya renewable hybrid by combining a new battery unit with the existing landfill gas-fuelled generator. By all measures, this has proven to be a success. The addition of the battery allows LGI to respond to the demand of the grid, by absorbing surplus roof-top solar generation throughout the day, providing extra generation in the evening when needed most. Not only shifting generation from the middle of the day to the evening, but also providing rapid response to individual five-minute grid requirements, no matter what time of day. The result is that the battery is capable of full charge and discharging, known as a cycle, multiple times a day. Since starting operation, the battery has either imported or exported on average around 10 hours per day.

Providing energy to the grid when required has resulted in improved electricity pricing to LGI. Specifically, Bunya has achieved 55% (including FCAS) higher price for electricity, when compared to the flat average price.

Furthermore, the battery, when combined with LGI's proprietary control system, is capable of responding to grid needs in less than a second. This ability to respond is provided as a service to AEMO, known as Frequency Control Ancillary Service (FCAS). LGI is paid for FCAS, providing an incremental revenue stream for the business.

Overall, the successful commissioning of the battery is confirmation of LGI's strategy to focus on premium electricity offering. It has given LGI the confidence to roll out batteries across a number of our existing sites, starting with Canberra's Mugga Lane landfill.

Dynamic Asset Control System

In anticipation of commissioning the battery technology, across the last two years LGI has had a team working on a control system capable of maximising the benefits. LGI's Dynamic Asset Control System (DACS), a proprietary system developed inhouse, takes inputs from our biogas collection system, generation engines, battery and market data from the Australian Energy Market Operator (AEMO) to create a dispatch signal for each element of the site's equipment. DACS is capable of reacting to market pricing and data from AEMO, sending the control order and having equipment respond in less than a second.

While DACS was first put into initial operation in FY23, with the commissioning of the Bunya battery project in FY24 DACS has proven to be a key element of the broader LGI strategy. Since January 2024, multiple iterations of the system have allowed LGI to fine tune the system and the equipment to maximise the performance of the site.

These improvements to DACS can be applied to all future sites where the decision is made to install batteries.

Managing Director's Review continued.

LGI portfolio expansion

During FY24, LGI agreed with BINGO Industries to manage the landfill gas at their Eastern Creek site, west of Sydney. The agreement will see LGI install additional gas extraction infrastructure and develop a new 4MW power station. As part of the agreement LGI will sell renewable electricity to BINGO. This is another large metropolitan site to add to LGI's portfolio, further demonstrating the value of LGI's service offering and our commitment to ensuring we provide the solutions our customers are seeking.

Other sites LGI has contracted throughout FY24 include: (i) Gatton QLD, included in the half year announcement; (ii) Tumut NSW; (iii) Taree NSW; and (iv) Tuncurry NSW. Initial works have commenced assessing Gatton, which is expected to be a carbon site. Installation of pipework was completed in July at Tumut, which will start as a carbon project. LGI is waiting for confirmation of successful registration of the MidCoast sites (at Taree and Tuncurry) under the ACCU scheme. These sites are yet to be fully assessed for their expected volume of biogas.

This growth sees our geographic footprint increase from 28 to 32 sites as at 30 June, a 4% increase year on year.

Strategy

At our investor day in April, the management team subtly reframed our strategy into the following horizons:

•

Core - increase biogas resource from existing sites and new sites,

• Enhance - strengthen our premium electricity offering,

•Expand - diversify the premium energy asset portfolio.

Also at the investor day, we highlighted the near-term growth on our already contracted sites. This will see our instantaneous and funded generation capacity increase, trebling to approximately 47 MegaWatt hours.

In closing, the performance of LGI in FY24 would not have been possible without the hard work and dedication of our team of people. I remain grateful for our team's professional efforts. I thank our Board for their guidance throughout the year and finally thank you to all our customers and shareholders for continuing to support LGI.

Adam Bloomer
Managing Director

Chief Executive Officer’s Review

Continued strong operating performance across our portfolio of renewable energy generation and carbon abatement projects combined with growth in the number of sites has contributed to LGI achieving the high-water mark in our key performance metrics.

Strong operating performance

Biogas recovery continues to increase with over 115 million cubic meters of gas extracted from landfills across our portfolio, a modest increase year on year. Equally, we generated over 96,000 MegaWatt hours of electricity generation across our fleet of renewable power stations in FY24 from our existing asset base without adding new generation capacity. This represented a 2% increase from our FY23 performance. Our generation assets’ availability was 96.8%, exceeding LGI’s target of 95%. In FY24 we also created more than 432,000 Australian Carbon Credit Units (ACCUs) across 14 carbon abatement projects registered under the ACCU Scheme (previously the Emissions Reduction Fund (ERF), representing a 3% increase compared to FY23.

The Company’s strong operational performance is reflected in our financial results for FY24. We increased Net Revenue (non-IFRS measure) by 2% compared to FY23, to achieve $30.9 million in FY24. Statutory EBITDA (non-IFRS measure) increased approximately 15% to $15.3 million.

People

Our values provide a practical and meaningful way for each LGI employee to contribute to our unique and enviable work culture. One of these values is People First. A key element of this is safety and wellbeing. This is our top priority and is continuing to evolve and improve with new safety initiatives, from comprehensive staff inductions to daily on-site safety work assessments.

Generator availability

LGI’s strategic focus is the expansion of our provision of premium electricity. Premium electricity is dispatchable and required 24 hours a day. This strategy can only be achieved if our power stations are ready and available to generate when needed. There will be a heightened focus on availability as we roll out batteries across our power station fleet.

LGI’s target of 95% availability is among the highest in our industry. It is unique in the renewable energy sector to have extremely high availability.

LGI’s performance of 96.8% availability throughout FY24 is an excellent achievement, with several factors contributing to this performance. Firstly, our dedicated team of talented people are committed to the highest standards and consistently go above and beyond. Secondly, across the last two years, we have invested heavily in a stock of spare parts, in particular critical spares. This has enabled fast, efficient turnaround of both scheduled and unscheduled maintenance across our portfolio. Thirdly, we have targeted additional investment in equipment that removes contaminates from the biogas, thereby extending oil life and time between maintenance. Lastly, the selection of a single robust type of engine, where possible, is consistently installed at each site, not only allowing the team to gain superior understanding of common issues, but also optimising the spare parts management.

Collectively, all these factors contribute to LGI achieving industry leading levels of availability for renewable electricity generation.

Biogas Flows

LGI’s focus on chasing the gas continues to benefit gas flows across the fleet, increasing over 2% in FY24.

Chief Executive Officer's Review continued.

While increasing gas flows year-on-year, FY24 proved challenging at a number of sites, with biogas availability being affected by landfill site access and specific site issues. In addition, ongoing developments in 'middle of the day' electricity pricing has also played a role in biogas capture, with negative prices incentivising lower generation and meaning lower biogas capture. LGI's strategy of installing batteries will lead to increased generation and biogas capture in the future.

Project Delivery

LGI is concurrently delivering several large projects. Work is well advanced on stage one of the expansion at our Canberra, Mugga Lane power station, with stage one expanding the generation capacity by 50% from 4 MegaWatts to 6 MegaWatts. Engines have been delivered to site and installed, while the biogas infrastructure is complete and increased interconnection to the grid is in its advance stages and expected to be completed in the coming months. Testing and commissioning is forecast for late calendar year 2024.

The volume of biogas capture at Canberra, Mugga Lane is currently sufficient to run the additional 2 MegaWatts of capacity as soon as commissioned.

Likewise, stage two of the Canberra, Mugga Lane project is the addition of approximately 14 MegaWatts of battery capacity. A number of construction activities in stage one have been simultaneously completed for stage two (including earth works, concrete pad, grid interconnection and switch gear). Stage two is expected to be completed in the first half of FY26.

LGI has begun work on the construction of a 4-MegaWatt power station at Eastern Creek, west of Sydney. All necessary approvals have been obtained, design of the power station has been completed and earth works commenced in the first quarter of FY25. The Jenbacher engines have been ordered and are expected for delivery to site in the second quarter of FY25.

Expected completion and operation of the power station is forecast towards the end of FY25.

The gas field crews are busy with a number of sites in NSW and QLD. LGI is already flaring biogas at Tumut and completion of the remainder of the pipework is forecast for the first quarter of FY25. Work at Esk is also nearing completion with a forecast finish date in the first quarter of FY25. The gas field crews will then move onto NSW Mid Coast


Canberra, Mugga Lane

Chief Executive Officer's Review continued.

and Gatton QLD, to install pipework and flares.

I would like to take this opportunity to thank outgoing CEO Jessica North for growing LGI into the company it is today, taking LGI from a small private company to listing on the ASX while continuing to focus on our staff and customers. Most importantly of all Jessica ensured that LGI maintained a healthy vibrant company culture, ensuring that LGI is a safe and enjoyable place to work. I look forward to continuing to work with Jessica in her new role as Executive Director and Chief Sustainability Officer.

Jarryd Doran
Chief Executive Officer

Eastern Creek, Sydney

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).

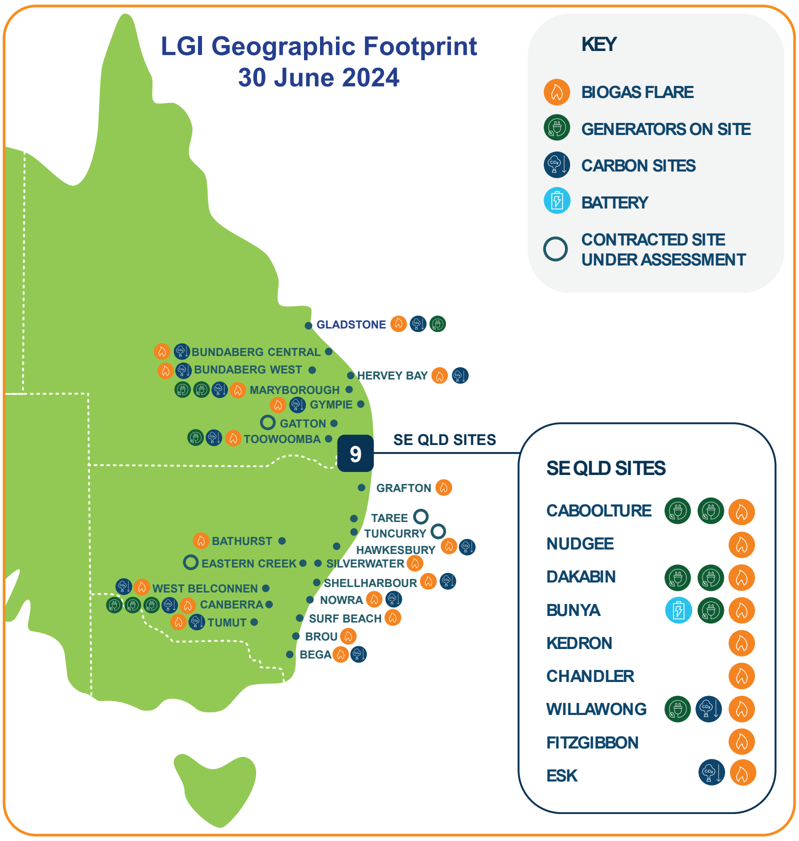
The Corporate Governance Statement, approved by the Board, will be lodged together with the Company's Annual Report with the ASX, can also be found on the company's website at https://lgi.com.au/for-investors/.

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 underpins 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, LGC's and ACCUs. LGI enhances electricity sales with a battery at it's Bunya site.
- 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 FY24, LGI has added to the number of landfill sites under management. As at the date of this report, LGI's portfolio is 32 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 19% in FY24.

Learning and development

LGI continued its 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.

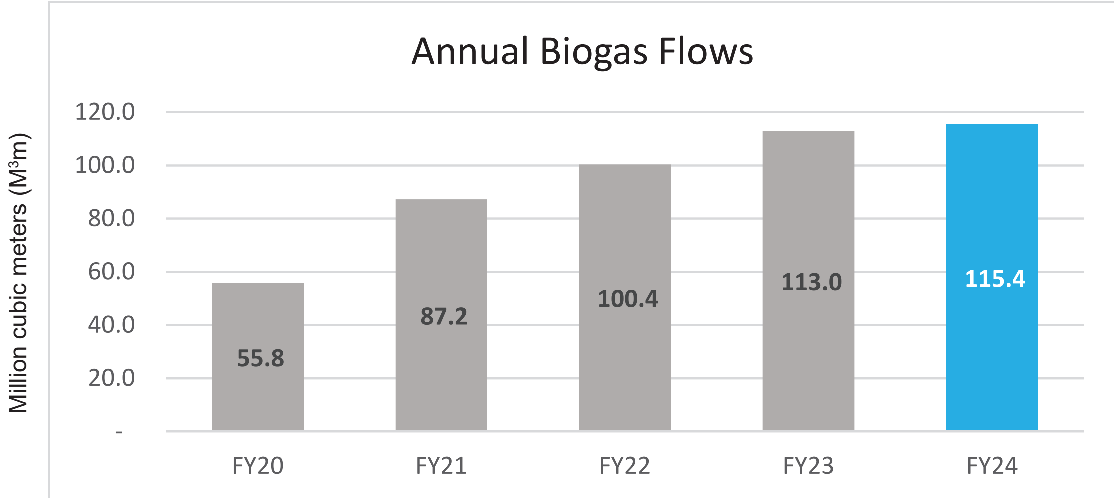
Workplace health and safety

LGI continues to focus on workplace health and safety. Stability in staff retention at around 84%, combined with an induction program for new starters 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 invests in additional gas capture infrastructure at sites where LGI has the beneficial right to the biogas. LGI employs its own gas field crews, which enables a focus on chasing the gas at the optimal times for both LGI and our clients.



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

In FY24, LGI increased the biogas capture to 115.4 million cubic meters (M^3m) of biogas from 113.0 M^3m in FY23, an increase of 2.1%

Increasing biogas infrastructure includes installation of new wells, well head and manifolds, and surface pipework including mainline pipes. Each well can have the gas flows increased or decreased as the flow 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 flows.

In FY24, LGI installed 163 new wells, an increase from 158 in FY23.

Renewable Electricity Generation

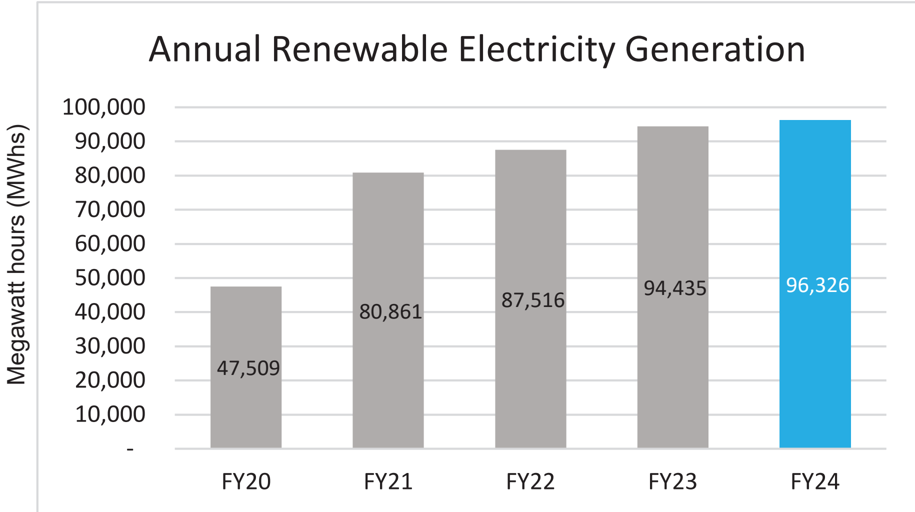
The increase in biogas flows in FY24 saw the renewable generation increase to 96,326 megawatt hours (MWhs) from 94,435 MWhs in FY23, an increase of 2.0%.

In FY24, LGI commissioned a Tesla Battery at the Bunya power station, northwest of Brisbane. The battery allows LGI to provide electricity to the grid when it is needed most. Typically this coincides with price signals from the electricity market operator. This is controlled by LGI's proprietary system DACS. DACS receives data from the engine, the battery, the gas flows from the landfill and AEMO to determine the optimal operation every five minutes.

Renewable Electricity Generation

The battery also allows LGI to participate in the FCAS market, providing another source of revenue.

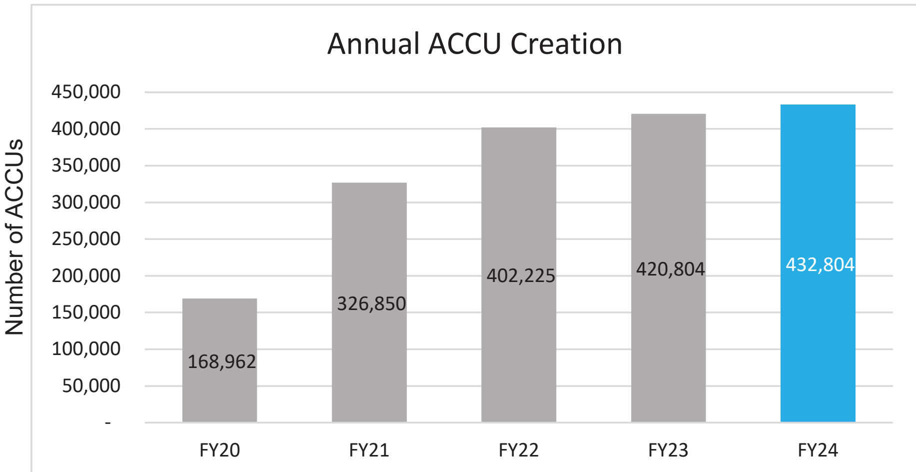
Renewable generation fleet availability was on average 96.8% for FY24 (FY23 97.1%) which is ahead of our target of 95%.



Australia Carbon Credit Units

Approximately half of the biogas consists of methane. Methane has 28 times the global warming potential of carbon dioxide. In the process of either flaring biogas or using biogas in the renewable generators, LGI converts the methane to less impactful $CO2$ and water. LGI receives Australian Carbon Credit Units (ACCUs) from the Federal Government's Clean Energy Regulator for the destruction of methane.

LGI created 432,804 ACCUs in FY24, compared to 420,804 in FY23, representing an increase of 2.9% pcp.



Financial Performance

LGI's financial performance in FY24 reflects growth in all areas of the business. The increases in biogas flows have resulted in increases in revenue from carbon abatement activity. This is reflected in underlying EBITDA which increased 6% in FY24 to $15.3M. Statutory net profit after tax increased 4% to $6.8M.

Summary Financial Performance

$'000	FY24	FY23	Change %
Statutory Revenue and Other Income (excluding interest income)	33,310	32,303	3.1%
Net Revenue[2]	30,876	30,419	1.5%
Underlying EBITDA[1]	**15,281**	**14,416**	**6.0%**
Depreciation and amortisation	5,347	4,659	14.8%
Underlying EBIT[1]	9,934	9,757	1.8%
Net interest expense	1,009	883	14.3%
Income tax	2,252	1,333	68.9%
Underlying net profit after tax (NPAT)[1]	**6,673**	**7,541**	**-11.5%**
Capital raise expenses (after tax)	-	1,101	
Statutory net profit after tax (NPAT)	**6,673**	**6,440**	**3.6%**
Statutory diluted earnings per share (cents)	7.5	7.6	-1.3%
Dividends paid in FY2024 (cents)	2.400	2.113	13.6%
Weighted average number of shares diluted (millions)	88.5	84.4	4.9%

1. Underlying EBITDA, underlying EBIT and underlying net 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. Underlying adjustments have been applied for FY23 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 ia a non-IFRS measure that removes the value of the ACCUs provided to landfill owners as in-kind satisfaction of royalty payments.

Performance Summary

$’000	FY24	FY23	Change %
Biogas flows[2] (million cubic meters: mcm)	115.4	113.0	2.1%
MegaWatt hours (MWh) generated	96,326	94,435	2.0%
Generation fleet availability	96.8%	97.1%	
ACCUs created	432,804	420,804	2.9%
Net Revenue and Other Income (excluding interest income)	30,876	30,420	1.5%
Underlying EBITDA	**15,281**	**14,416**	**6.0%**
Underlying EBITDA margin	49%	47%	210 bps
Underlying EBITDA growth	6%		
Underlying EBIT	**9,934**	**9,757**	1.8%
Underlying EBIT margin	32%	32%	10 bps
Underlying EBIT growth	2%		

Profitability remains strong with Underlying EBITDA margins of 49% and net revenue growth of 1.5%.

Business segment operational and financial results

Summary Segment Revenue and Gross Margin

$’000	Revenue		Gross margin	
	FY24	FY23	FY24	FY23
Renewable generation - electricity, LGC’s and other	16,145	16,516	11,467	11,876
Carbon Abatement - ACCUs	14,633	13,505	11,746	9,855
Infrastructure construction and site management	2,447	2,278	1,018	1,009
Other unallocated income (excluding interest)	85	4	21	4
Statutory reported gross margin results	**33,310**	**32,303**	**24,252**	**22,744**

Renewable Generation

The renewable generation segment of the business reported increased MWhs and LGCs. In FY24 LGI started to receive FCAS revenue from the Bunya battery. Following the commissioning of the battery in January, the total revenue from Bunya was 55% higher (including FCAS revenue) than if the engine had operated by itself.

Renewable Generation segment operational and financial results[1]

Generation - Electricity and LGC's	FY24 Statutory	FY23 Statutory	Change
Operating metrics			
Biogas flows[2] (million cubic meters: mcm)	83.4	77.1	8.2%
MegaWatt hours (MWhs) generated	96,326	94,435	2.0%
Large Scale Generation Certificates (LGCs) created	95,683	92,540	3.4%
Profitability			
Electricity revenue ($'000)	13,186	13,204	-0.1%
LGC revenue ($'000)	2,774	3,194	-13.1%
Other revenue ($'000)	185	118	55.9%
Total revenue ($'000)	**16,145**	**16,516**	**-2.2%**
Total revenue growth (%)	-2.2%		
Gross Margin ($'000)	**11,467**	**11,876**	**-3.5%**
Gross Margin percentage (%)	71%	72%	-16 bps

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 FY24 by 4% resulted in growth in ACCUs being created.

Carbon Abatement segment operational and financial results[1]

Carbon Abatement ($'000)	FY24 Statutory	FY23 Statutory	Change
Operating metrics			
Biogas flows[2] (million cubic meters: mcm)	94.0	89.9	4.5%
ACCUs created or acquired	432,804	420,804	2.9%
Profitability			
ACCU revenue ($'000)	14,633	13,505	8.4%
Total revenue growth (%)	8%		
Gross Margin ($'000)	**11,746**	**9,855**	**19.2%**
Gross Margin percentage (%)	80%	73%	729 bps

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 an increased number of paid infrastructure construction jobs in FY24.

Infrastructure Construction and Site Management financial results

Infrastructure & Site Management ($'000)	FY24 Statutory	FY23 Statutory	Change
Profitability			
Infrastructure construction revenue ($'000)	1,832	1,643	11.5%
Site Management revenue ($'000)	615	635	-3.0%
Total revenue ($'000)	**2,447**	**2,278**	**7.4%**
Total revenue growth (%)	7.4%		
Gross Margin ($'000)	**1,018**	**1,009**	0.8%
Gross Margin percentage (%)	**42%**	**44%**	**-271 bps**

Cash flow

LGI's FY24 underlying operating cash flows of $9.900 million is a 25% increase from FY23. LGI's cash position is actively managed 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.

FY24 has seen the cash flow in investing activities reach a new high watermark of $22.700 million. This was funded primarily by debt and partly out of operating cash flow. $17.900 million of debt was used to fund capital expenditure.

($'000)	FY24	FY23	Change
Underlying EBITDA	15,281	14,416	6.0%
Statutory Operating cash flow	**9,913**	**6,958**	**42.5%**
Underlying adjustment in relation to the IPO	-	1,000	
Underlying Operating Cashflow	**9,913**	**7,958**	**24.6%**
Underlying EBITDA cash conversion	65%	55%	987 bps
Underlying cash from operating activities	9,913	7,958	24.6%
Underlying cash (used) in investing activities	(22,716)	(11,259)	101.7%
Underlying cash from financing activities	15,189	3,464	338.5%
Underlying net change in cash and cash equivalents	**2,386**	**163**	

($'000)	FY24	FY23	Change
Statutory cash flows			
Net cash from operating activities	9,913	6,958	42.5%
Net cash used in investing activities	(22,716)	(11,259)	101.7%
Net cash from/(used) in financing activities	15,189	3,464	338.5%
Net change in cash and cash equivalents	**2,386**	**(837)**	

Underlying EBITDA and Underlying 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. Underlying adjustments have been applied for FY23 transaction costs in relation to the IPO which are material abnormal one-off items.

Capital management and capital allocation

As part of the successful tender negotiation with BINGO Industries to mange the gas flow at their Eastern Creek site in Western Sydney, LGI increased its debt facility from $27.950 million to $48.850 million. This debt increase allows for all LGI's contracted projects to be fully funded.

Operationally LGI is cash flow positive. As a result, LGI can fund capital expenditure from free cash, sale of highly liquid environmental certificates or debt. In FY24 capital expenditure was primarily funded with debt, the debt outstanding rising from $2.799 million in FY23 to $21.692 million in FY24.

Debt position and debt ratios

($'000)	as at 30 June 2024	as at 30 June 2023
Leases	2,492	1,299
Balance of debt facility	19,200	1,500
Gross debt	21,692	2,799
Cash and cash equivalents	2,438	52
Net debt	**19,254**	**2,747**
Net debt to underlying EBITDA ratio (times)[1]	1.4	0.2
Interest cover ratio	13.4	9.2

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 has a number of key strategic priorities:

- **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 with a mix of generation and battery technology.**

Risk management

LGI's company wide risk management program is referred to in the 2024 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.

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. The system also checks for onerous or uncommercial contrcat terms.
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 the Supervisory Control and Data Acquistion system (SCADA) 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, revenue and the ability to operate properly.	LGI, with the assistance from external cyber security experts, is implementing cyber security systems and processes in compliance with cyber security protocols. LGI will continue to test and monitor implementation of recommendations.
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, misstatements, 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.
Change to ACCU methodology	The Federal Govt. Dept. Climate Change Energy, Environment & Water (DCCEEW)) is considering a range of options to improve integrity in the Australian Carbon Credit Unit scheme. In some cases, this includes the inclusion of baselines on carbon projects or increasing the baseline on carbon projects.	LGI supports integrity measures being introduced into the scheme, and is working with the DCCEEW to help them understand practical and commercial implications of the various scheme changes being contemplated.

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 2024.

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 Sustainability Officer (from 1-Mar-24)
	Executive Director and Chief Executive Officer (until 29-Feb-24)
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 and battery storage of renewable electricity and carbon abatement.

At 30 June 2024, LGI operated 32 projects across Queensland, New South Wales and the Australian Capital Territory. Of these projects, 8 generate renewable power including LGCs and 14 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 pages 15-26. The Operating & Financial Review (OFR) forms part of this Directors' Report.

The profit for the Company for the year ended 30 June 2024 after providing for income tax amounted to $6.673m (FY23 $6.440m). The Company's Statutory EBITDA was $15.281m (FY23 $13.315m).

Reconciliation of profit after income tax to EBITDA and Underlying EBITDA:	30 Jun 2024 $'000	30 Jun 2023 $'000
Profit after income tax expense	**6,673**	**6,440**
Depreciation and amortisation	5,347	4,659
Finance costs	1,137	944
Interest income	(128)	(61)
Income tax expense	2,252	1,333
EBITDA	**15,281**	**13,315**
Underlying transaction costs in relation to the IPO FY23	-	1,101
Underlying EBITDA	**15,281**	**14,416**

EBITDA and Underlying 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. FY23 underlying adjustments have been applied for transaction costs in relation to the IPO which are material abnormal one-off items. There were no underlying adjustments applied in FY24. 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

No 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 strategy can be framed into the following horizons:

•Core – increase biogas resource from existing sites and new sites, and

•Enhance – strengthen our premium electricity offering, and

•Expand – diversify the premium energy asset portfolio.

LGI will strengthen its electricity offering by providing renewable, dispatchable electricity at times when the electricity prices are optimal. LGI has developed it's automated control system DACS. Further enhancements have been made following the deployment of batteries to generation sites. DACS has proven to be a key element of the LGI strategy. DACS will continue to be deployed to future power sttaion sites as well sites where batteries are being installed.

The achievement of LGI's future strategies may be impacted by certain business risks. These business risks and LGI's approach to managing them are set out in the OFR on pages 25-26.

Dividends

On the 22nd August 2024, the Directors declared a final fully franked dividend of $0.013 per share for the year ended 30 June 2024 (30 Jun 2023 $0.012). The dividend is payable 26 September 2024.

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 400,000 share options exercised under the employee share option plan up to the date of the Directors' report as below. No amounts are unpaid on any of the shares.

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	100,000
			400,000

There are 100,000 share options outstanding as at the date of the Directors' report as follows:

Grant Date	Expiry Date	Exercise Price	Number under option
1 May 2019	31 Jan 2025	$0.925	100,000
			100,000

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 a seasoned business leader with a passion and a demonstrable history of creating value for all stakeholders.

Vik has more than 30 years' experience which includes the last 10 years as CEO & MD of complex, industrial publicly listed organisations. He has worked and lived in multiple continents while managing global industrial businesses, teams and assets spread across multiple countries.

Vik has invaluable experience as an Executive and Non-Executive Director across commercial, industrial and not-for-profit boards. His experience includes chairing through an IPO, successful acquisition & integration of a publicly listed entity and part of a board while delisting an ASX listed entity.

Vik was Group CEO & MD of Cleanaway waste management (ASX:CWY) from 2015 to 2021. During his tenure, Cleanaway market cap increased five times, earnings more than doubled, and the company consistently delivered in the top quartile of TSR.

Immediately prior to joining Boral, Vik was CEO & MD of InfraBuild, Australia's largest vertically integrated steel manufacturer and metals recycler servicing the construction and infrastructure segment.

Vik is CEO of Boral (ASX:BLD) and Chairman of LGI Limited (ASX:LGI). He is a Fellow of both the Institute of Engineers Australia and the Australian Institute of Company Directors. Boral's market cap has more than doubled in last two years under his tenure.

Vik has dedicated countless hours to volunteering as a Board Member for Industry organisations like the CCAA, NWRIC, WMRR and not for profit Disability Services Australia. He is an Electrical Engineer, has an MBA, AMP from INSEAD and has completed a Master of Laws in Enterprise Governance.

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: 16,593,232.

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 17 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 4000m^2 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 Sustainability Officer), BSc, MSc, PhD (Environmental Chemistry), AICD

Appointed: 24 April 2013

Jessica was appointed: Chief Sustainability Officer from 1 March 2024, Chief Executive Officer from 1 October 2017 to 29 February 2024 and Chair of the LGI Board from January 2013 to December 2017.

Number of LGI shares held as at the date of the directors' report: 1,530,900.

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

Jessica has over 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 - 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.

Andrew 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

Member - Remuneration and Nominations Committee

Number of LGI shares held as at the date of the directors' report: 90,500.

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 with a market cap of circa $4 billion today) and growing practices for global services firms in risk management. Since returning to Australia, she has been on the board of nine ASX listed companies, two large publicly unlisted companies and one government owned company.

Abigail was appointed (Non-Executive Director) NED and (Audit & Risk Committee) ARC Chair of LGI Ltd in April 2021. Abigail is also Chair of Shriro Holdings Ltd (ASX: SHM) and DXN Ltd (ASX: DXN). She is ARC Chair of Reef Casino Services Ltd and was formerly ARC Chair of Qantm Intellectual Property Ltd (ASX:QIP), Novatti Group Ltd (ASX: NOV), SurfStitch Group Ltd (ASX:SRF), and ISENTIA Group Ltd (ASX:ISD). As well as RNC Chair of Booktopia Group Ltd (ASX: BKG). Abigail's industry expertise is in professional services, technology, finance, renewable energy, infrastructure, and consumer products.

Directors' Meetings

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

	Directors Meetings		Audit, Compliance & Risk Committee		Remuneration and Nominations Committee	
Directors	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Vik Bansal	13	13	4	4	1	1
Abigail Cheadle	13	13	4	4	1	1
Tim McGavin	13	13	N/A	N/A	1	1
Andrew Peters	13	13	4	4	N/A	N/A
Adam Bloomer	13	13	N/A	N/A	N/A	N/A
Jessica North	13	13	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).

2024 Remuneration Report (audited)

Remuneration Report Overview

The Directors of LGI Limited present the Remuneration Report (the Report) for the financial year ended 30 June 2024. 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 FY24.

Vik Bansal	Non-Executive Director and Chair
Adam Bloomer	Managing Director
Jessica North	Executive Director and Chief Sustainability Officer (effective from 1-Mar-24)
	Executive Director and Chief Executive Officer (effective until 29-Feb-24)
Timothy McGavin	Non-Executive Director
Andrew Peters	Non-Executive Director
Abigail Cheadle	Non-Executive Director
Jarryd Doran	Chief Executive Officer (effective from 1-Mar-24)
	Chief Operating Officer (effective until 29-Feb-24)
Dean Wilkinson	Chief Financial Officer and Co-Company Secretary

Remuneration and Nominations Committee

The LGI Remuneration and Nominations 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 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 Nominations 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 Nominations Committee may seek professional advice from appropriate external remuneration consultants. None was sought in FY24.

Principles used to determine the nature and amount of remuneration

The remuneration of the KMP is the responsibility of the Remuneration and Nominations 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 FY24 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.

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 Nominations 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 FY2024 Executive's fixed remuneration increased by 1%.

Variable remuneration

Short-term incentives (STI) such as bonus payments may be granted to executives from time to time and at the absolute discretion of the Board.

Long-term incentives (LTI) 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.

Company performance and link to remuneration

The performance measures for the company's short-term incentive (STI) arrangements and long-term incentive (LTI) arrangements have been established and tailored to align with operational objectives which create value for shareholders effective 1 July 2024. Remuneration for individuals was not linked to the performance of the company for the year ended 30 June 2024.

In February 2024 the Remuneration and Nominations Committee met to consider and recommend to the Board of Directors, an Offer Letter for the position of Chief Executive Officer at LGI. The Committee also considered and recommended an increase in the remuneration of the Chief Financial Officer/Co-Company Secretary. Effective from the 1st March 2024, the Board of Directors, approved new terms and conditions of employment for the incoming CEO Jarryd Doran and the CFO/Co-Sec Dean Wilkinson. These terms and conditions of employment include variable remuneration consisting of short-term incentives (STI) and long -term incentives (LTI). During FY24 no changes were made to the remuneration of the Managing Director, Adam Bloomer or the outgoing CEO and Chief Sustainability Officer Jessica North.

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 Executives current employment agreements are summarised below.

Executive Name	Position	Base Salary	Contract Type	Notice period in months	Termination payment	Variable Remuneration
Adam Bloomer	Managing Director	$350,000	Permanent	1	29,923	N/A
Jessica North	Executive Director and Chief Sustainability Officer	$250,000	Permanent	1	19,231	N/A
Jarryd Doran	Chief Executive Officer	$300,000	Permanent	6	137,500	yes (refer below)
Dean Wilkinson	Chief Financial Officer	$275,000	Permanent	6	125,000	yes (refer below)

Executive Name	Position	Short-term incentives (STI)	Long-term incentives (LTI)
Jarryd Doran	Chief Executive Officer	May receive an STI valued at up to 20% of Total Fixed Remuneration. The STI award will be based on performance metrics decided by the Board.	An LTI award valued at up to 40% of Total Fixed Remuneration (excluding superannuation), with hurdles based on Earnings per Share (EPS) and Total Shareholder Returns (TSR).
Dean Wilkinson	Chief Financial Officer	May receive an STI valued at up to 20% of Total Fixed Remuneration. The STI award will be based on performance metrics decided by the Board.	An LTI award valued at up to 20% of Total Fixed Remuneration (excluding superannuation), with hurdles based on Earnings per Share (EPS) and Total Shareholder Returns (TSR).

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		Short-term benefits $				Post employment benefits $	Long-term benefits $				
KMP Name	**Year**	**Salary**	**STI bonus**	**Other employee benefits[2]**	**Non-Monetary benefits[3]**	**Super-annuation**	**Other employee benefits[2]**	**Share based payment**	**Total $**	**Fixed %**	**Variable %**
Adam Bloomer	2024	350,000	-	(9,630)	4,580	27,399	7,342	-	**379,691**	100%	-
	2023	350,000	-	(9,423)	2,804	25,292	6,750	-	**375,423**	100%	-
Jessica North	2024	250,000	-	10,577	11,160	27,400	(43,227)	-	**255,910**	100%	-
	2023	250,000	-	(3,846)	11,899	25,293	5,094	-	**288,440**	100%	-
Dean Wilkinson	2024	257,788	-	(3,702)	4,941	27,399	19,240	-	**305,666**	100%	-
	2023	250,000	50,000[1]	5,769	399	25,292	2,867	-	**334,327**	85%	15%
Jarryd Doran	2024	265,577	-	(12,789)	2,951	27,399	19,752	-	**302,890**	100%	-
	2023	250,000	-	2,231	2,951	25,292	5,370	-	**285,844**	100%	-
Total Executive remuneration	**2024**	**1,123,365**	**-**	**(15,544)**	**23,632**	**109,597**	**3,107**	**-**	**1,244,157**	-	-
	2023	**1,100,000**	**50,000**	**(5,269)**	**18,053**	**101,169**	**20,081**	**-**	**1,284,034**	-	-
Total Non-executive remuneration (see table below)	**2024**	**371,719**	**-**	**-**	**-**	**24,389**	**-**	**-**	**396,108**	-	-
	2023	**375,015**	**-**	**-**	**10,960**	**23,364**	**-**	**113,492**	**522,831**	-	-
Total KMP remuneration	**2024**	**1,495,084**	**-**	**(15,544)**	**23,632**	**133,986**	**3,107**	**-**	**1,640,265**	-	-
	2023	**1,475,015**	**50,000**	**(5,269)**	**29,013**	**124,533**	**20,081**	**113,492**	**1,806,865**	-	-

1. During FY23 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 Remuneration and Nominations Committee. The current base fees effective from 1 August 2022 did not change during FY24. 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.

During FY24 no bonus incentives were granted or paid to non-executive directors.

During FY23 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	2024	153,846	-	16,923	-	**170,769**	100%	-
	2023	155,399	-	16,317	88,503[2]	**260,219**	66%	34%
Abigail Cheadle	2024	90,000	-	-	-	**90,000**	100%	-
	2023	92,500	-	-	24,989[2]	**117,489**	79%	21%
Andrew Peters	2024	67,873	-	7,466	-	**75,339**	100%	-
	2023	67,116	10,960	7,047	-	**85,123**	100%	-
Tim McGavin	2024	60,000	-	-	-	**60,000**	100%	-
	2023	60,000	-	-	-	**60,000**	100%	-
Total Non-executive remuneration	**2024**	**371,719**	**-**	**24,389**	**-**	**396,108**	-	-
	2023	**375,015**	**10,960**	**23,364**	**113,492**	**522,831**	-	-

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 FY23.
3. During FY24, no other short-term bonuses or other employee benefits were payable to non-executive directors.

Directors' and KMP's Interests

The movement during FY24 in the number of LGI shares held by each KMP is shown below.

	Shareholding at 1 July 2023	Shares purchased / (sold) during FY24	Shares issued on exercise of options during FY24	Shareholding at 30 June 2024
Adam Bloomer	17,593,232	(1,000,000)	-	16,593,232
Tim McGavin	13,282,930	-	-	13,282,930
Jessica North	1,299,400	(168,500)	400,000	1,530,900
Andrew Peters	500,858	-	-	500,858
Vik Bansal	500,000	-	-	500,000
Jarryd Doran	378,214	8,000	-	386,214
Dean Wilkinson	258,996	(14,000)	-	244,996
Abigail Cheadle	80,000	10,500	-	90,500
Total KMP Interests	**33,893,630**	**(1,164,000)**	**400,000**	**33,129,630**

KMP's Share Based Payments

The table below shows a reconciliation of options held by each KMP from the beginning to the end of FY24. All options were vested and exercisable at 30 June 2024.

KMP Name	Grant Date	Vesting Date	Expiry Date	Exercise Price	Balance at 1 July 2023	Options exercised FY24	Balance at 30 June 2024
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**	**400,000**	**100,000**

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 2024 $	30 Jun 2023 $
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.	90,000	92,500

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 FY24 benchmark interest rate was 8.27% (FY23 4.77%). KMP share loans at 30 June 2024 are as follows:

KMP Name	Loan maturity date (term 7 years)	Loan balance 30-Jun-23 $	Interest paid $	Principal paid $	Loan balance 30-Jun-24 $
Andrew Peters	30 Jun 2027	239,970	19,247	34,527	186,196
Dean Wilkinson	30 Jun 2028	144,289	12,471	11,405	120,413
Jarryd Doran	30 Jun 2028	117,883	10,186	9,325	98,372
Total KMP Share Loans		**502,142**	**41,904**	**55,257**	**404,981**

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 2024 $	30 Jun 2023 $
Taxation compliance and advisory services	25,865	32,455

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 42.

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 23rd day of August 2024

Auditor’s independence declaration

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Brisbane QLD 4000
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Australia

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 2024, 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, 23 August 2024

Statement of Profit or Loss

AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
Revenue			
Revenue from contracts with customers	4	15,839	15,600
Environmental Certificates income	4	17,407	16,699
Other income	4	192	65
Expenses			
Cost of Goods Sold		(8,994)	(9,560)
Employee benefits expense	5	(6,141)	(5,809)
Depreciation and amortisation expense	5	(5,347)	(4,659)
Finance costs	5	(1,137)	(944)
Capital raise expenses		-	(1,101)
Insurance expense		(695)	(593)
Professional fees		(900)	(835)
Occupancy Expenses		(192)	(161)
Other expenses		(1,107)	(929)
Profit before income tax		**8,925**	**7,773**
Income tax expense	6	(2,252)	(1,333)
Profit after income tax expense for the year		**6,673**	**6,440**
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Net change in the fair value of cash flow hedges	19	(1,971)	9,100
Income tax relating to cash flow hedges	6	493	(2,275)
Other comprehensive income for the year, net of tax		**(1,478)**	**6,825**
Total comprehensive income for the year attributable to the shareholders of LGI Limited		**5,195**	**13,265**
Earnings per share			**Cents**
Basic earnings per share	24	7.5	7.7
Diluted earnings per share	24	7.5	7.6

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 2024

	Notes	2024 $'000	2023 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	2,438	52
Trade and other receivables	9	909	1,157
Environmental certificates	11	14,992	12,403
Derivative financial instruments	19	-	1,140
Other assets	10	2,900	1,246
TOTAL CURRENT ASSETS		**21,239**	**15,998**
NON-CURRENT ASSETS			
Property, plant, and equipment	12	55,773	42,377
Intangible assets	13	4,203	3,506
Other assets	10	7,376	1,482
TOTAL NON-CURRENT ASSETS		**67,352**	**47,365**
TOTAL ASSETS		**88,591**	**63,363**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	3,753	2,984
Borrowings	15	1,044	661
Provisions	16	416	384
Current tax liabilities	6	1,139	-
Derivative financial instruments	19	868	-
TOTAL CURRENT LIABILITIES		**7,220**	**4,029**
NON-CURRENT LIABILITIES			
Borrowings	15	23,621	5,422
Provisions	16	194	145
Deferred tax liabilities	6	4,753	4,392
TOTAL NON-CURRENT LIABILITIES		**28,568**	**9,959**
TOTAL LIABILITIES		**35,788**	**13,988**
NET ASSETS		**52,803**	**49,375**
EQUITY			
Issued capital	17	32,231	31,928
Reserves	18	197	1,621
Retained earnings		20,375	15,826
TOTAL EQUITY		**52,803**	**49,375**

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 2024

	Notes	Issued share capital $'000	Retained earnings $'000	Share based payment reserve $'000	Hedge reserve $'000	Total equity $'000
Balance at 1 July 2023		**31,928**	**15,826**	**766**	**855**	**49,375**
Comprehensive income						
Profit for the year		-	6,673	-	-	**6,673**
Net loss on cash flow hedges	19	-		-	(1,478)	(1,478)
Total comprehensive income for the year		**-**	**6,673**	**-**	**(1,478)**	**5,195**
Transactions with owners, in their capacity as owners						
Share based payments	16	-	-	54	-	54
Shares issued during the period (net of costs)	17	303	-	-	-	303
Dividends paid	7	-	(2,124)	-	-	(2,124)
Transactions with owners, in their capacity of owners		**303**	**(2,124)**	**54**	**-**	**(1,767)**
Balance at 30 June 2024		**32,231**	**20,375**	**820**	**(623)**	**52,803**
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 as owners		**24,511**	**(1,695)**	**-**	**-**	**22,816**
Balance at 30 June 2023		**31,928**	**15,826**	**766**	**855**	**49,375**

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 2024

	Notes	2024 $'000	2023 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers inclusive of GST		29,602	32,746
Payments to suppliers and employees inclusive of GST		(18,358)	(23,804)
Interest received and other income		65	21
Interest paid		(1,137)	(944)
Income tax paid or received		(259)	(1,061)
Net cash provided by operating activities	23	**9,913**	**6,958**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(15,894)	(10,432)
Proceeds from property, plant and equipment		-	7
Payment for other assets	10	(6,000)	-
Purchase of intangible assets		(793)	(900)
Term deposit held as security		(29)	66
Net cash used in investing activities		**(22,716)**	**(11,259)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (net of cost)		303	23,961
Payment of dividends		(2,124)	(1,695)
Proceeds from borrowings		17,945	197
Repayment of borrowings		(98)	(18,360)
Principal lease payments		(837)	(639)
Net cash provided by (used in) financing activities		**15,189**	**3,464**
Cash and cash equivalents at beginning of year		52	889
Net increase (decrease) in cash held		2,386	(837)
Cash and cash equivalents at end of year	8	**2,438**	**52**

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

Consolidated Entity Disclosure Statement
As at 30 June 2024

Name of entity	Type of entity	% of share capital held	Country of Incorporation	Australian Resident or foreign resident (for tax purposes)	Foreign tax jurisdiction (s) of foreign residents
LGI Limited	Body Corporate	N/A	Australia	Australia	N/A
LGI Financial Service Pty Ltd	Body Corporate	100	Australia	Australia	N/A

Basis of preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001. It includes certain information for each entity that was part of the entity at the end of the financial year.

Notes To The Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

Note 1: Material 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 23rd August 2024 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. The performance obligation is fulfilled over time and as such revenue is recognised over time. As work is performed on the assets being constructed, they are controlled by the customer and have no alternative use to the Company, with the Company having a right to payment for performance to date.

Generally, contracts identify various inter-linked activities required in the construction process. Revenue is recognised on the measured input of each process based on the cost to complete for each contract.

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 AASB 120, 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 each balance date. 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**

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**
Plant and Equipment under lease	**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.

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). With the commissioning of the Bunya battery the renewable revenue segment also includes Frequency Control Ancillary Service (FCAS) revenue.
- **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 2024	$'000	$'000	$'000	$'000	$'000
Revenue					
Sales to external customers	16,145	14,633	2,447	85	**33,310**
Cost of goods sold	(4,678)	(2,887)	(1,429)	-	**(8,994)**
Gross Profit	**11,467**	**11,746**	**1,018**	**85**	**24,316**
Total other income and expenses				(9,035)	**(9,035)**
EBITDA*				**(8,950)**	**15,281**
Depreciation & amortisation				(5,347)	**(5,347)**
Interest income				128	**128**
Finance costs				(1,137)	**(1,137)**
Profit/(loss) before income tax expense				**(15,306)**	**8,925**
Income tax expense				(2,252)	**(2,252)**
Profit/(loss) after income tax expense				**(17,558)**	**6,673**

30 June 2023	$'000	$'000	$'000	$'000	$'000
Revenue					
Sales to external customers	16,516	13,505	2,278	4	**32,303**
Cost of goods sold	(4,640)	(3,650)	(1,269)		**(9,560)**
Gross Profit	**11,876**	**9,855**	**1,009**	**4**	**22,743**
Total other income and expenses				(9,429)	**(9,429)**
EBITDA*				(9,425)	**13,315**
Depreciation & amortisation				(4,659)	**(4,659)**
Interest income				61	**61**
Finance costs				(944)	(944)
Profit/(loss) before income tax expense				(14,967)	**7,773**
Income tax expense				(1,333)	**(1,333)**
Profit/(loss) after income tax expense				**(16,300)**	**6,440**

*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

	2024 $'000	2023 $'000
Revenue from contracts with customers		
Electricity and related services - over time	9,322	13,887
Net gain / (loss) on electricity derivative financial instruments	3,864	(683)
Infrastructure construction – over time	1,832	1,643
Biogas management services – over time	566	615
Other revenue – point in time	255	138
Total revenue	**15,839**	**15,600**
Environmental Certificates income		
Large-scale generation certificates (LGCs)	2,774	3,194
Australian carbon credit units (ACCUs)	14,633	13,505
Total Environmental Certificates income	**17,407**	**16,699**
Other income		
Net gain on disposal of property, plant, and equipment	-	1
Sundry income	64	3
Interest income	128	61
Total other income	**192**	**65**

Note 5: Profit Before Income Tax

	2024 $'000	2023 $'000
Profit before income tax includes the following expenses:		
Depreciation and amortisation expense		
Depreciation of property, plant, and equipment	4,022	3,655
Depreciation of leased motor vehicles and equipment	588	395
Amortisation of land and buildings right-of-use assets	333	333
Amortisation of intangible assets	404	276
Total depreciation and amortisation expense	**5,347**	**4,659**
Finance costs		
Interest and finance charges on borrowings	920	776
Interest and finance charges on finance leases	102	45
Interest and finance charges on Right-of-use land and buildings	115	123
Total finance costs	**1,137**	**944**
Employee benefits expense		
Salaries and wages expenses	6,137	4,880
Less Capitalised projects salaries & wages	(1,202)	(756)
Contributions to superannuation funds	679	549
Director's fees	372	375
Share based payments	54	686
Provisions for employee benefits	101	75
Total employee benefits expense	**6,141**	**5,809**

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	2024	2023
Audit and review of the financial reports	155,170	141,082
Total audit and review of financial reports	155,170	141,082
Other services		
Taxation compliance and advisory services	25,864	32,455
Total other non-audit services	25,864	32,455
Total remuneration provided to BDO	**181,034**	**173,537**

Note 6: Income Tax

(a) Income tax recognised in the Statement of Profit or Loss	2024 $'000	2023 $'000
The components of tax expense comprise:		
Current tax expense in respect of the current year	1,399	-
Deferred tax expense relating to the origination and reversal of temporary differences	857	1,369
Adjustments for under/(over) provision of current income tax of previous years	(4)	(36)
Total income tax expense	**2,252**	**1,333**

(b) Reconciliation between tax expense and pre-tax accounting profit	2024 $'000	2023 $'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% (2023: 25%)	2,231	1,943
Add/less tax effect of:		
Adjustments in respect of current tax of prior years	(4)	140
Adjustments in respect of deferred tax of prior years	-	(154)
Tax effect of permanent differences	25	100
Tax effect amounts relating to the origination and reversal of temporary differences	-	(696)
Total income tax expense	**2,252**	**1,333**

(c) Aggregate amount of tax charged/(credited) directly to equity relating to items that are recognised in equity	2024 $'000	2023 $'000
Deferred tax - capital raising costs	-	326
Deferred tax - cashflow hedges	493	(2,275)
	493	**(1,949)**

(d) Tax balances recognised in the Statement of Financial Position	2024 $'000	2023 $'000
Current tax balances		
Current tax liabilities		
Income tax payable	1,139	-
Deferred tax balances		
Non-current assets		
Deferred tax assets	2,194	1,921
Non-current liabilities		
Deferred tax liabilities	6,947	6,313
Net deferred tax liability	**4,753**	**4,392**

(d) Tax balances recognised in the Statement of Financial Position	2024 $'000	2023 $'000
Deferred tax balances arise from the following:		
Deferred tax assets		
Accrued Expenses	32	39
Employee benefits provision	152	127
Lease liability	1,392	1,149
Unused tax losses	-	6
Blackhole expenses	410	586
Other deductible temporary differences	208	14
	2,194	**1,921**
Deferred tax liabilities		
Accelerated depreciation for tax purposes	2,378	2,738
Accrued income	2,734	1,812
Right of use asset	1,245	1,042
Other taxable temporary differences	590	721
	6,947	**6,313**

Deferred tax movements in temporary differences during the year

As at 30 June 2023	Balance at 1 July 2023	Charged/ (credited) to Profit or Loss	Charged/ (credited) to Equity	Non-financial statement items	Balance at 30 June 2024
Accrued Income	(1,812)	(921)	-	-	(2,733)
Property, plant and equipment	(2,738)	360	-	-	(2,378)
Intangible assets	14	(14)	-	-	-
Right of use assets	(1,042)	(203)	-	-	(1,245)
Accrued Expenses & Provisions	168	17	-	-	185
Lease liabilities	1,148	243	-	-	1,391
Capital raise costs	586	(176)	-	-	410
Tax losses	6	-	-	(6)	-
Other deferred tax assets and liabilities	(722)	(154)	493	-	(383)
	(4,392)	**(848)**	**493**	**(6)**	**(4,753)**

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)**

Note 7: Dividends

	2024 $'000	2023 $'000
Dividends Paid		
Final Dividend for 2023 of 1.2 cent per share fully franked paid 26 September 2023 (Final dividend for 2022, 1 cent per share paid 2023)	1,060	712
Interim Dividend for 2024 of 1.2 cents per share fully franked paid 27 March 2024 (Interim dividend for 2023, 1.113 cents per share paid 2023)	1,064	983
Total dividends paid during the period	**2,124**	**1,695**
Dividends Declared after the reporting period and not recognised		
Final Dividend declared for 2024 of 1.3 cents per share fully franked (Final dividend for 2023 of 1.2 cents per share fully franked paid 26 September 2023)	1,153	1,060
Dividend franking account		
Franking credits available for subsequent financial years based on the 2024 tax rate 25% (2023 25%)	1,765	1,074

Note 8: Cash and Cash Equivalents

	2024 $'000	2023 $'000
Cash at bank	2,438	52

Note 9: Trade and Other Receivables

	2024 $'000	2023 $'000
Current		
Trade receivables	909	1,157
Total Current Receivables	**909**	**1,157**
Refer note 19 for details on credit risk		

Note 10: Other Assets

	2024 $'000	2023 $'000
Current		
Accrued income	861	426
Shareholder loans[1]	144	139
Other current assets	1,640	465
Prepayments	255	216
Total Current Other Assets	**2,900**	**1,246**
Non-Current		
Shareholder loans[1]	476	610
Security deposits	900	872
Other non-current assets[2]	6,000	-
Total Non-Current Other Assets	**7,376**	**1,482**

1. 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 FY24 benchmark interest rate was 8.27% (FY23 4.77%).
2. Other Non-Current Assets includes $6M relating to a contractual prepayment of royalty obligations made during FY24. The prepayment will be amortised over the life of the contract.

Note 11: Environment Certificates

	2024 $'000	2023 $'000
Current		
Australian carbon credit units (ACCUs)	14,035	11,402
Large scale generation certificates (LGCs)	957	1,001
Total Current Environmental Certificates	**14,992**	**12,403**

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 2024					
Cost	47,952	3,651	3,461	22,377	**77,441**
Accumulated depreciation	(19,565)	(1,259)	(844)	0	**(21,668)**
Net carrying amount	**28,387**	**2,392**	**2,617**	**22,377**	**55,773**
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**
Movements in carrying amounts					
Balance at 1 July 2023	26,499	1,219	2,950	11,709	**42,377**
Additions	3,090	1,779	-	13,471	**18,340**
Disposals	-	-	-	-	**-**
Depreciation & amortisation	(4,022)	(588)	(333)	-	**(4,943)**
Transfers in/(out) of work in progress	2,820	(17)	-	(2,803)	**-**
Balance at 30 June 2024	**28,387**	**2,392**	**2,617**	**22,377**	**55,773**
Balance at 1 July 2022	22,662	1,454	3,283	8,075	**35,474**
Additions	3,741	281	-	8,119	**12,141**
Disposals	(195)	(6)	-	-	**(201)**
Depreciation & amortisation	(3,655)	(395)	(333)	-	**(4,383)**
Written off engineering costs expensed	-	-	-	(654)	**(654)**
Transfers in/(out) of work in progress	3,946	(115)	-	(3,831)	**-**
Balance at 30 June 2023	**26,499**	**1,219**	**2,950**	**11,709**	**42,377**

Note 13: Intangible Assets

	Goodwill $'000	Licenses $'000	**Total $'000**
Net carrying amounts			
30 June 2024			
Cost	314	5,172	**5,486**
Accumulated amortisation	-	(1,283)	**(1,283)**
Net carrying amount	**314**	**3,889**	**4,203**
30 June 2023			
Cost	314	4,071	**4,385**
Accumulated amortisation	-	(879)	**(879)**
Net carrying amount	**314**	**3,192**	**3,506**
Movements in carrying amounts			
Balance at 1 July 2023	314	3,192	**3,506**
Additions	-	1,101	**1,101**
Amortisation expense	-	(404)	**(404)**
Balance at 30 June 2024	**314**	**3,889**	**4,203**
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**

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
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

	2024 $'000	2023 $'000
Current		
Trade payables	893	935
Payroll liabilities	68	207
Accrued royalties and other expenses	2,792	1,842
Total Current trade and other payables	**3,753**	**2,984**

Note 15: Borrowings

	2024 $'000	2023 $'000
Current		
Bank loans	-	-
Lease liability	774	449
Right of use liability	308	218
Less: Borrowing costs	(38)	(6)
Total Current Borrowings	**1,044**	**661**

Note 15: Borrowings

	2024 $'000	2023 $'000
Non-Current		
Bank loans	19,200	1,500
Lease liability	1,718	850
Right of use liability	2,768	3,078
Less: Borrowing costs	(65)	(6)
Total Non-Current Borrowings	**23,621**	**5,422**
Total Borrowings	**24,665**	**6,083**

Bank loans comprise of the following CBA facility:

Facility	Total Facility		Utilised		Average Interest Rate	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 %	2023 %
Project loans	47,350	27,350	19,200	1,500	7.00	7.65
Overdraft	500	500	nil	nil	10.12	7.50
Contingent liability	1,000	100	85	85	1.75	1.75

During FY24 LGI's debt facility was increased to principally fund the construction of the Eastern Creek site. The debt facility has a termination date of 30 June 2027 and it is management's intent to roll this facility for a further period prior to the termination date. The facility is interest only and interest rates are as above. Debt covenants include, leverage ratio no greater than 2.5:1.0 and interest cover ratio not less than 3.0:1.0. During FY24 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

Employee liabilities	2024 $'000	2023 $'000
Current		
Employee benefits provision	-	20
Annual leave	326	277
Long service leave	90	87
Total Current Employee liabilities	**416**	**384**
Non-Current		
Long service leave	194	145
Total Non-Current Employee liabilities	**194**	**145**
Total Provisions	**610**	**529**

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.

	2024 $	2023 $
Short-term employee benefits	1,503,172	1,548,759
Post-employment benefits	133,986	124,533
Other long-term benefits	3,107	20,081
Share-based payments	-	113,492
Total remuneration to key management personnel	**1,640,265**	**1,806,865**

Share Based Payments

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

30 June 2024				Movements				
Grant Date	Expiry Date	Tranche	Exercise Price	1 July 2023	Issued	Exercised	Expired	30 June 2024
1 Feb 2018	31 Jan 2025	2	$0.700	300,000	-	(300,000)	-	-
1 May 2019	31 Jan 2025	6	$0.925	200,000	-	(100,000)	-	100,000
				500,000	**-**	**(400,000)**	**-**	**100,000**

30 June 2023				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**

Details of employee share rights issued, vested and cancelled during the financial year are set out below:

30 June 2024			Movements					
Grant Date	No. of rights granted	Grant date share price	1 July 2023	Issued	Cancelled	30 June 2024	Vested	Unvested
29 Sep 2023	25,000	$2.12	-	25,000	-	25,000	-	25,000
22 Oct 2023	25,000	$2.10	-	25,000	-	25,000	-	25,000
			-	**50,000**	**-**	**50,000**	**-**	**50,000**

The expense recognised in the profit and loss statement, as part of the employee benefits expense during the year in relation to the share rights granted was $54,140 (2023 $nil).

KMP 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:	2024 $	2023 $
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.	90,000	92,500

Related Party Share Loans (KMP)

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 FY24 benchmark interest rate was 8.27% (FY23 4.77%).

KMP share loans at 30 June 2024 are as follows:

KMP Name	Loan maturity date (term 7 years)	Loan balance 30-Jun-23 $	Interest paid $	Principal paid $	Loan balance 30-Jun-24 $
Andrew Peters	30 Jun 2027	239,970	19,247	34,527	186,196
Dean Wilkinson	30 Jun 2028	144,289	12,471	11,405	120,413
Jarryd Doran	30 Jun 2028	117,883	10,186	9,325	98,372
Total KMP Share Loans		**502,142**	**41,904**	**55,257**	**404,981**

Note 17: Equity – Share Capital

	30 Jun 2024		30 Jun 2023	
Employee liabilities	$'000	No. of shares '000	$'000	No. of shares '000
Ordinary shares at beginning of reporting period	31,928	88,294	7,417	71,172
Issue of shares on the exercise of options	303	400	52	56
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
Transaction costs arising on share issues net of tax	-	-	(1,154)	-
Ordinary shares at reporting date	**32,231**	**88,694**	**31,928**	**88,294**

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

	2024 $'000	2023 $'000
Share based payment reserve		
Opening balance	766	766
Share based payments	54	-
Balance at reporting date	**820**	**766**
Hedge reserve (Cash flow hedges)		
Opening balance	855	(5,970)
Gain or (loss) of future hedge instruments	(1,971)	9,100
Deferred tax	493	(2,275)
Balance at reporting date	**(623)**	**855**
Total Reserves in equity	**197**	**1,621**

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 Mangement

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 2024 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 2024 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 2024.

LGI's banking facililies are with a major Australian bank with a S&P long term credit rating of "AA-".

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. 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
2024						
Trade and other payables	14	N/A	3,753	3,753	-	-
Bank loans	15	7.00%	23,229	1,343	21,886	-
Lease & Right-of-Use Lease liabilities	15	5.10%	6,310	1,290	4,156	864
Total			**33,292**	**6,386**	**26,042**	**864**
2023						
Trade and other payables	14	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**

Derivative financial instruments

The Company had the following derivative financial instruments as at 30 June 2024:

	2024 $'000	2023 $'000
Current derivative financial assets		
Electricity price swaps – cash flow hedges	-	1,140
Current derivative financial liabilities		
Electricity price swaps – cash flow hedges	831	-
Option premiums received in advance	37	-
Hedge reserve (Cash flow hedges net of tax)		
Electricity price swaps – cash flow hedges	(623)	855

Future electricity swaps hedged capacities range between 1 to 5 Megawatts and prices hedged are between $83 and $142.

Fair value measurement of derivatives

The derivative financial instruments assets and liabilities recognises 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 2024	(1,478)	-	3,864
Year ended 30 June 2023	6,825	-	(683)

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.

	Average price increase			Average price decrease		
Sensitivity	% change	Effect on profit before tax $'000	Effect on equity $'000	% change	Effect on profit before tax $'000	Effect on equity $'000
Electricity price						
2024	10%	-	(932)	10%	-	901
2023	10%	-	(848)	10%	-	857

Note 20: Captial Expenditure Commitments

At 30 June 2024, LGI had commitments for the acquisition of power generation plant & equipment of $5.4 million (2023: $1.2 million).

Note 21: 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 22: Events Subsequent To Reporting Date

Other than a dividend declared, there has been no matter or circumstance, which has arisen since 30 June 2024 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2024, of the Company, or

(b) the results of those operations, or

(c) the company's state of affairs in future financial years.

Note 23: Cashflow Information

Reconciliation of Profit after tax to net cash from operating activities	2024 $'000	2023 $'000
Profit after income tax expense for the year	**6,673**	**6,440**
Adjustments for non-cash items:		
Depreciation and amortisation	5,347	4,659
Share based payments	54	68
Salary & wages recovered from capital projects	(1,202)	(756)
Capital raise costs	-	101
Net (gain)/loss on disposal of property, plant and equipment	-	194
Interest income on related party loan	(61)	(41)
	4,138	**4,225**
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(2,776)	(1,532)
(Increase)/decrease in hedge	38	(53)
(Increase)/decrease in other assets	204	-
(Increase)/decrease in income tax payable	3,079	1,333
Increase/(decrease) in trade and other payables	(1,405)	(3,593)
Increase/(decrease) in provisions	(38)	138
Increase/(decrease) in deferred tax liabilities	-	-
	(898)	**(3,707)**
Net cash provided by operating activities	**9,913**	**6,958**

Non-cash investing and financing activities	2024 $'000	2023 $'000
Acquisition of plant and equipment by means of leases	1,779	281
Shares issued under employee share plan	-	613
Total non-cash investing and financing activities	**1,779**	**894**

LGI has provided bank guarantees to the value of $0.985 million (2023: $0.956 million) including the $0.750 million security obligation under the ACT Mugga Lane landfill gas contract.

Changes in Debt arising from financing activities	Bank loans (net of borrowing costs) $'000	Lease liability $'000	Total $'000
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**
Net cash from / (used in) financing activities	17,847	(837)	17,010
Other non-cash changes	(238)	1,810	1,572
Balance at 30 June 2024	**19,097**	**5,568**	**24,665**

Note 24: Earnings per Share

	2024 $'000	2023 $'000
Profit after income tax expense for the year	6,673	6,440
	No.	**No.**
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	88,423,086	84,122,112
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	88,533,238	84,441,896
	Cents	**Cents**
Basic earnings	7.5	7.7
Diluted earnings	7.5	7.6

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 2024 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.

5. The information disclosed in the attached consolidated entity disclosure statement is true and correct.

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 23rd day of August 2024

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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 2024, 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 material accounting policy information, the consolidated entity disclosure statement 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 2024 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
Refer to note 4 and note 11 The company has recognised income from Australian Carbon Credit Units (‘ACCUs’) and Large-scale Generation certificates (‘LGCs’) under AASB120 *Accounting for Government Grants and Disclosure of Government Assistance*. 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. 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.	Our audit procedures included, but were not limited to: • 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 2023) by performing retrospective testing over the number created versus the number credited by the Clean Energy Regulator post-creation.

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 2024, 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:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of 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 34 to 40 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of LGI Limited, for the year ended 30 June 2024, 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

BDO

R M Swaby
Director

Brisbane, 23 August 2024

Shareholder information

The shareholder information set out below was applicable as at 9 August 2024.

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	539	0.30
1,001 to 5,000	393	1.21
5,001 to 10,000	134	1.19
10,001 to 100,000	197	7.57
100,001 and over	66	89.73
	1,329	**100**
Holding less than a marketable parcel	43	-

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	16,593,232	18.71
McGavin Holdings (Aust) Pty Ltd <T & S McGavin Family A/C)	13,282,930	14.98
Picarra Holdings Pty Ltd <Picarra Land A/C>	8,398,064	9.47
Citicorp Nominees Pty Ltd	7,695,387	8.68
HSBC Custody Nominees (Australia) Limited	4,169,012	4.70
JP Morgan Nominees Australia Pty Limited	3,114,298	3.51
Rodney Bloomer + Vivienne Bloomer <The Coolabine Family A/C>	3,036,500	3.42
Washington H Soul Pattinson and Company Limited	2,175,000	2.45
UBS Nominees Pty Ltd	2,036,646	2.30
Jessica North	1,530,700	1.73

Holding	Ordinary Shares	
	Number held	% of total shares issued
Davirose Pty Ltd <Davirose Holding A/C>	1,000,000	1.13
Majana Pty Ltd <Majana Super Fund A/C>	1,000,000	1.13
Tropico Pty Ltd <Philip Myer Family A/C>	800,000	0.90
L J & K Thomson Pty Ltd <L J T & K T Super Fund A/C)	788,954	0.89
Mrs Belinda Margaret Manago	760,829	0.86
Cameron Investment Pty Ltd	760,080	0.86
Mr Mark Alan Webber	718,148	0.81
G & Y Klempfner Pty Ltd <G Klempfner Super A/C>	624,262	0.70
Flagstaff Superannuation Pty Ltd <Flagstaff Superfund A/C>	600,000	0.68
Andrew W Peters <Highcrest Family A/C>	500,858	0.56
	69,584,900	**78.47**

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	16,593,232	18.71%
McGavin Holdings (Aust) Pty Ltd	13,282,930	14.98%
Robert McGavin	8,540,920	9.63%
Perpetual Limited and its related bodies	6,666,667	7.55%
Wilson Asset Management Group	4,660,173	5.28%

Shares subject to Escrow

Fully paid Ordinary Shares under Voluntary Escrow		
Escrow	Shares	Holders
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	100,000	1

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.

FOCUS YOUR ENERGY

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