1H22 Results
Analyst and Investor Presentation

February 2022

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All references to dollars are to Australian currency unless otherwise stated.

Overview

1H22 - Key results

- Revenue of **$91.2M** (1H21: 150.9M) due to COVID-19 disruption and China power cuts
- Underlying EBITDA [1] of **$1.0M** (1H21: $8.0M) due to lower volumes, lower bone-dry content and higher foreign exchange rate on a pcp basis
- Underlying net profit after tax before significant items of -**$3.6M** (1H21: $0.5M)
- Significant items after tax – net **-$0.8M** (1H21:$1.5M)
- Operating cashflow of -**$10.3M** (1H21: $1.5M) includes **-$6.7M** of inventory build
- Net debt of **$47.4M** (FY21: $31.5M) due to higher working capital
- But gearing ratio remains modest and interest cover adequate
- Balance sheet also remains strong and provides opportunities for strategic reset

1H22 - Operating conditions

- COVID 19 supply disruptions adversely affected supply and demand
- Power cuts in China reduced sales volumes from Geelong and Bell Bay
- Chinese customers switched to lower quality timber in Asia to offset rising freight costs
- Remedial actions being taken to address underperforming business units
  - Cost cutting initiatives beginning to show results
  - Securing key contracts

152.2 cents net tangible asset backing

Gearing Ratio 29%

Interest Cover 4.2 times

1: Underlying EBITDA = EBITDA before significant items and net fair value increment on biological assets

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Financials 1H22

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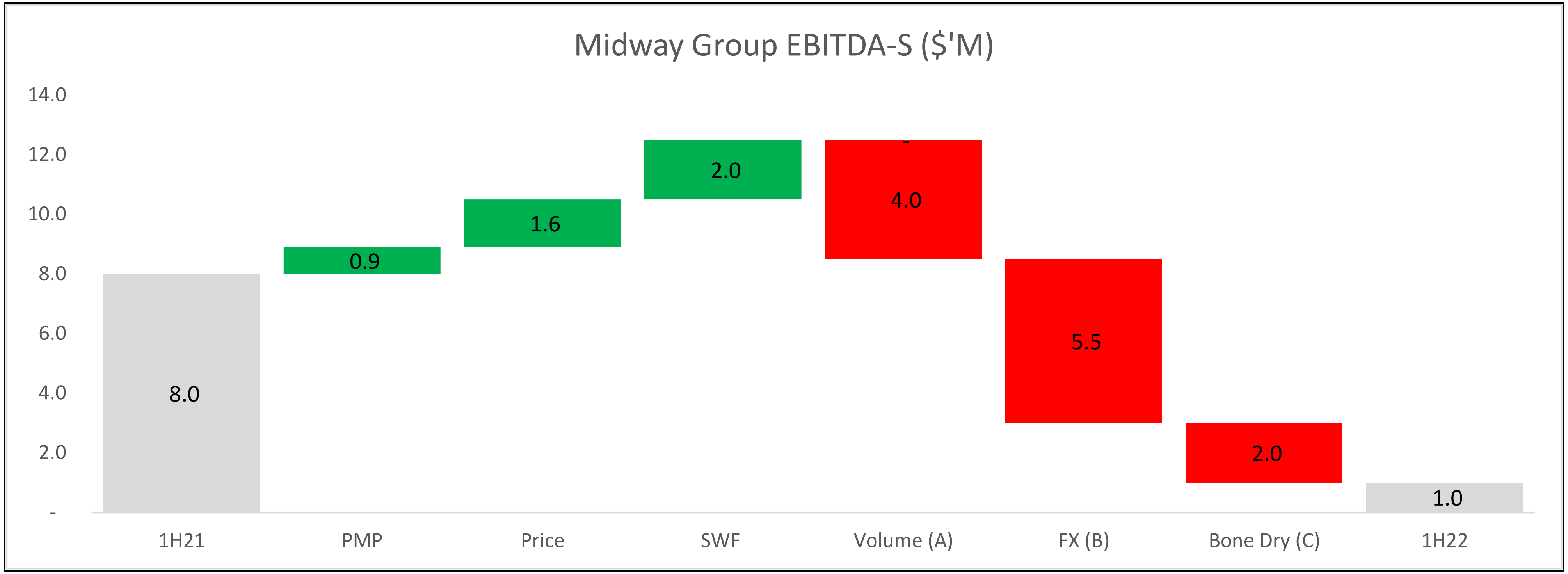
Financial results – 1H22

$Am	1H22	1H21	% Change	
Sales Revenue	91.2	150.9	(39.6%)	↓
Other Income	2.5	1.2	108.3%	↑
Equity Accounted Share of Profits	0.9	(1.1)	181.8%	↑
Operating Costs**	(93.6)	(143.0)	34.5%	↑
EBITDA – S[(1)]	1.0	8.0	(87.5%)	↓
Significant Items[(2)]	(0.8)	1.5	(153.3%)	↓
Net Fair Value Gain/(Loss) on Biological Assets	4.3	(2.9)	248.3%	↑
Statutory EBITDA	4.5	6.7	(32.8%)	↓
Statutory EBIT	(0.6)	1.1	(154.5%)	↓
Finance Expense[(3)]	(4.9)	(2.6)	(88.5%)	↓
Pre-tax Profit	(5.5)	(1.4)	(292.9%)	↓
Tax Expense	1.9	0.1	(1800.0%)	↓
Statutory NPAT	(3.6)	(1.3)	(176.9%)	↓

1: EBITDA-S represents EBITDA before significant items and the net fair value increment on biological assets.
2: Significant items in 1H22 includes BGP impairment of ($0.1M), Consultancy ($0.7M).
3: Includes 3.7M of non-cash net interest expense incurred on the liability created on 1 July 2018 to repurchase trees under the Strategy arrangement, which was deemed a financing arrangement upon the adoption of AASB 15 Revenue from Contracts with Customers.
** Reflects lower purchases of raw materials due to the reduced sales volume

Key drivers of performance – 1H22



(A) The majority of the volume decreased came from Geelong, which was four shipments down on pcp
(B) The Group took out cover at an effective rate of 0.7514 resulting in a large variance to pcp
(C) Bone dry was down 2.4% over the pcp, being impacted by the La Nina weather events in the Eastern States

Cash flow – 1H22

$Am	1H22	1H21	$Am Change
Operating Cash Flow[(1)]	(10.3)	1.5	(11.8)
Investing Cash Flow	(2.9)	(2.1)	(0.8)
Financing Cash Flow	6.8	(2.4)	9.2
Net Change in Cash	(6.3)	(3.0)	(3.3)
Net Debt[(2)]	47.4	43.6	3.8
Interest Cover	4.2	8.1	

(1) Operating cashflow includes $6.7M relating to the build up of inventory over the period to 31 December 2021.
(2) Net debt excludes the Strategy financial liability as this is not taken into account for debt covenant calculations. Net debt includes term debt of $29.2M, working capital of $16.7M and asset finance facilities of $4.1M.

Balance sheet – 1H22

$Am	31/12/2021	30/06/2021	$Am Change
Total Current Assets[(1)]	71.0	59.3	19.7
Total Non-current Assets	201.9	203.6	(1.7)
Total Assets[(2)]	272.9	262.9	10.0
Total Current Liabilities	54.6	46.4	8.2
Non-current Borrowings[(3)]	33.9	34.9	(1.0)
Total Non-current Liabilities	83.4	84.3	(0.9)
Total Liabilities	138.0	130.7	7.3
Net Assets	134.9	132.2	2.7

(1) Kerrisdale and Wandong properties are classified as held for sale for $17.4M on the balance sheet as at 31 December 2021
(2) Plantation land was revalued upwards by 7.5% as at 31 December 2021
(3) Excludes Strategy arrangement.

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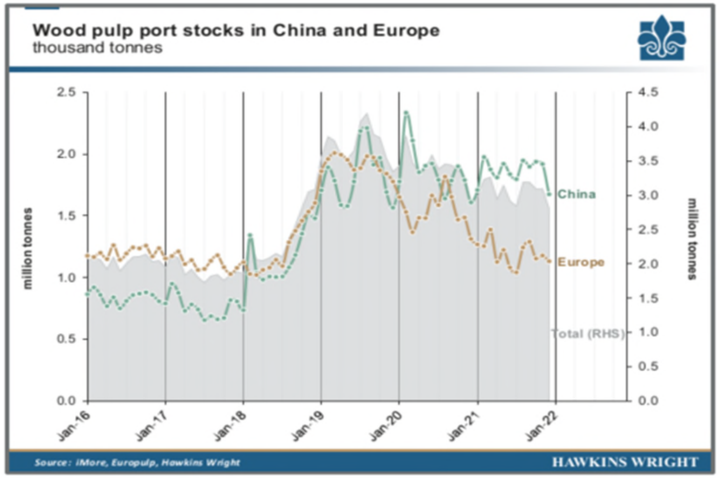
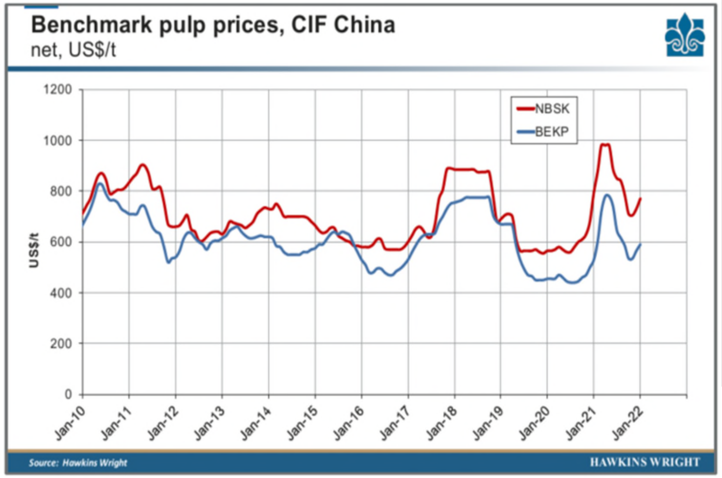
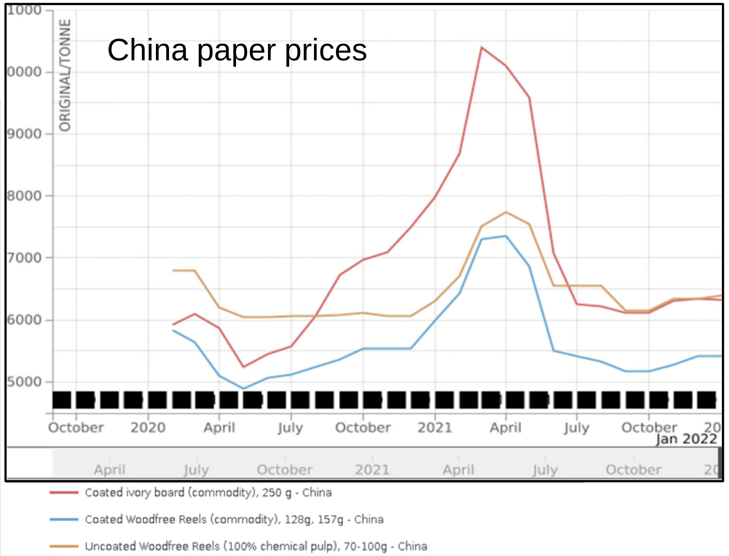
Trading Conditions

Trading conditions

- Global pulp stocks trending lower due to COVID-19 production and supply constraints
- The high E Globulus price worked as a disincentive for customers and suppressed demand as they searched for cheaper alternatives
- Improving sales commitments in 2H22 and 1H23
- China pulp prices rebounding following challenging 1H22
    - o BHKP (hardwood pulp) up US$97/ADT since November, currently trading at US$640/ADT
    - o BSKP (softwood pulp) up US$130/ADT since November, currently trading at US$825/ADT
- Paper prices yet to show signs of improvement







Extract: RISI

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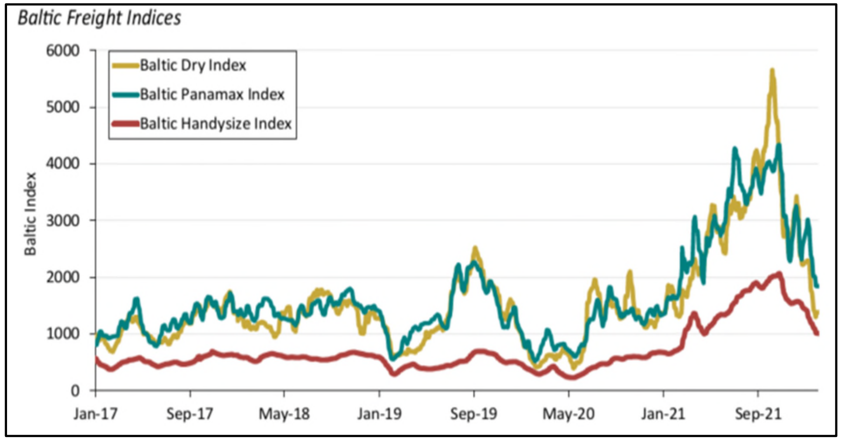
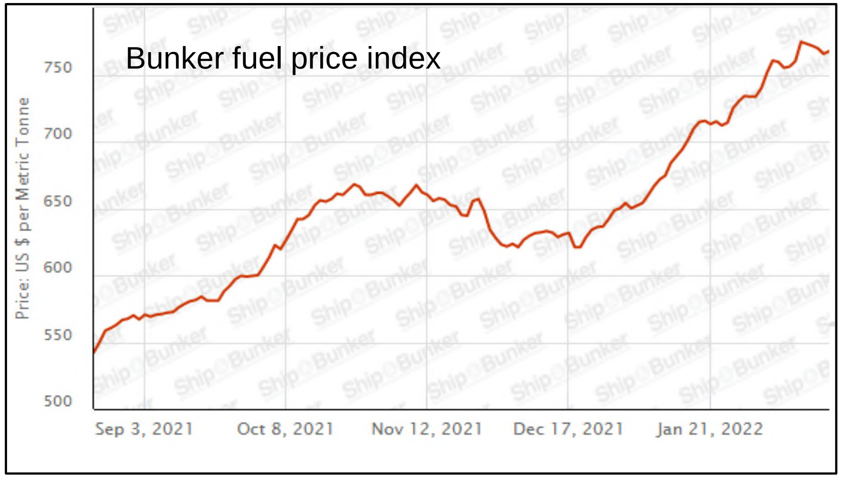
Ongoing COVID-19 supply chain disruption

- Major customers seeking lower priced woodfibre from Vietnam and Thailand to offset higher freight costs
  - Baltic Dry Index for vessels has increased 78% year-on-year
  - Bunker fuel costs for the vessels has also seen a approx. 55% increase over the last twelve months
- Domestic supply and labour constraints
  - Limited timber supply in Geelong catchment
  - Operational delays affecting Midway Logistics

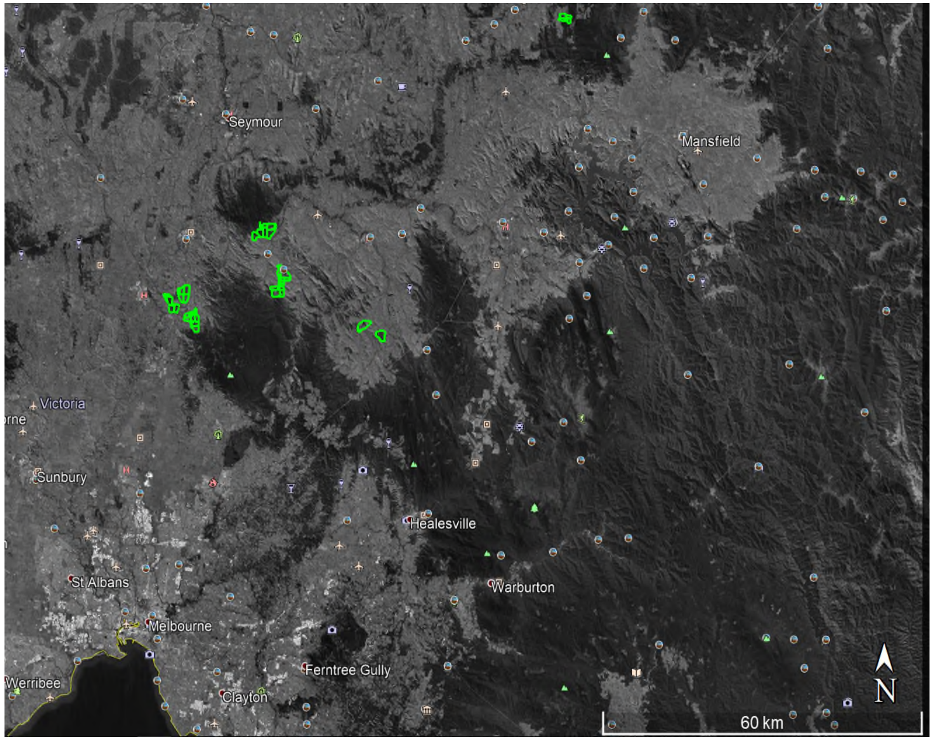




Business Initiatives

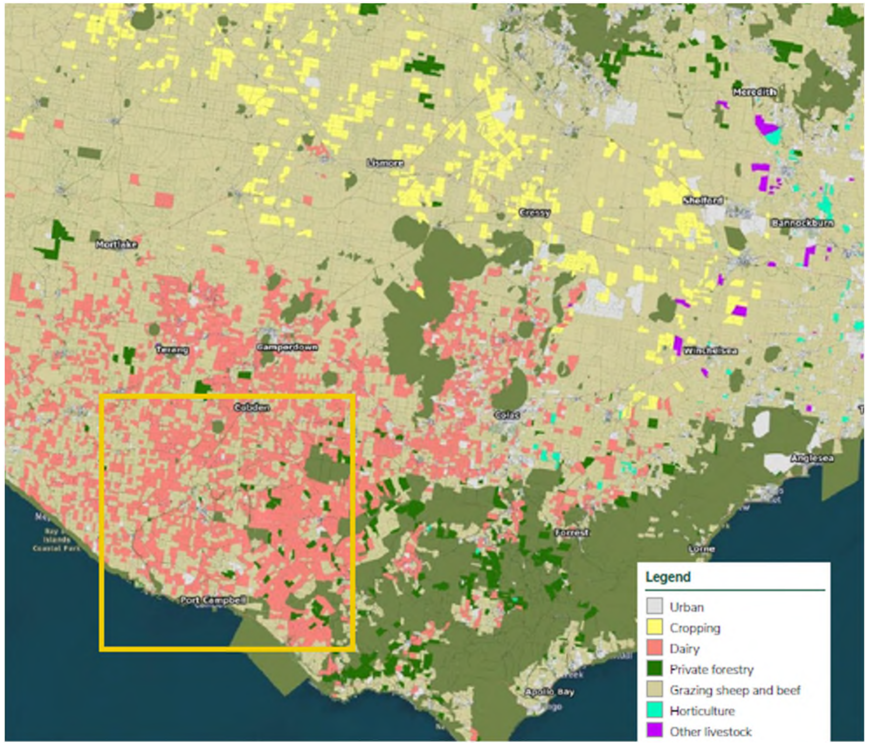
Sale of surplus land

- Midway is progressing the sale of surplus land:
  - Sale of 785ha of land in the Upper Goulburn region for $3.2 million for settlement in June 2022
  - Sale of three properties 1,583ha at Wandong, north of Melbourne, valued at $14.2 million on the balance sheet
  - Midway will use the net sale proceeds to reduce debt and fund growth opportunities



Advancing Plantation Estate Fund

- Midway sought expressions of interest from domestic and global investors in 1H22
- Now in advanced discussions with a major investor to acquire the existing Midway plantation estate and grow that estate over time
- The Plantation Estate Fund will secure long term future timber supply for the processing and export facility at Geelong
- Announcement expected to be made in 2H22
- Net proceeds will be used to reduce debt, and fund growth projects to improve shareholder returns



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Progressing Geelong grain terminal

- Progressing project structure and operational arrangements
- Working with GeelongPort to ensure ship-loader is suitably configured for grain exports

<u>Benefits</u>

- Grain terminal will increase capacity utilisation of North Shore site while timber supply in Geelong catchment remains limited
- Grain exports will also contribute volume throughput to the underutilised take-or-pay ship-loader contract with GeelongPort
- Leverage Midway port access for alternative uses

Progressing Bell Bay expansion

Phase One - FY22

- Berth 7 commissioned and received first deliveries in October 2021
- Initial cargo accumulation underway for softwood woodfibre

Phase Two – FY23

- Development of the site commenced in December 2021 and scheduled for completion in July 2022
- Term of lease extended by agreement with TasPorts for five years with an option to extend for a further five years
- Initial processing unit with a capacity of 250,000 GMT pa operational July 2022
- Second processing unit to increase export capacity to 500,000 GMT pa by mid 2023

Benefits

- Midway-owned processing, storage and export site will enable company to increase volumes and improve quality profile

Berth 7 – Bell Bay

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Outlook

Outlook

2H22 - Trading conditions

- Improved trading conditions in first few months of 2H22
- But lingering COVID 19 supply disruptions still affecting markets

Business initiatives

- Finalise existing major projects (Plantation Estate, Grain Geelong, Bell Bay expansion)
- Expedite review of underperforming businesses
- Improve operating performance

Company strategy

- Progress strategy review
- Focus on earnings accretive, adjacent growth opportunities

Questions?

Attachments

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Reconciliation of underlying Earnings, before interest, tax, depreciation and amortization to statutory Earnings, before interest, tax, depreciation and amortization (EBITDA)

	1H22	1H21
EBITDA – S [1]	**977**	**8,046**
Net fair value increment on biological assets	4,264	(2,868)
Job Keeper	-	1,745
Impairment loss on Non-current Assets (BGP)	(98)	-
Transaction costs incurred	(690)	(264)
EBITDA – statutory	**4,453**	**6,659**

(1) Underlying EBITDA refers to statutory Earnings before interest, tax, depreciation and amortization adjusted to remove impact of one off or non-recurring items and the net fair value gain/(loss) on biological assets

Reconciliation of underlying net profit after tax to statutory net profit after tax (NPAT)

	1H22	1H21
Net profit/(loss) after tax - S [1]	**(3,371)**	**506**
Net fair value increment on biological assets	2,985	(2,008)
Non-cash interest expense (AASB 15 Strategy impact)	(2,612)	(846)
Job Keeper	-	1,222
Impairment loss on Non-current Assets (BGP)	(98)	-
Transaction costs incurred	(483)	(186)
Net profit/(loss) after tax - statutory	**(3,579)**	**(1,312)**

(1) Underlying NPAT refers to statutory net profit after tax adjusted to remove impact of one off or non-recurring items and the net fair value gain/(loss) on biological assets

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Export volumes

Volumes (000's GMT)	FY20 (a) 12 months	FY21 (a) 12 months	1H22 (a) 6 months	Comments
Geelong	683	848	360	Only woodfibre, excludes grain and softwood
Portland	851	296	290	Revised volumes under new ABP agreement
Brisbane	231	247	150	Hardwood and softwood mix
Melville Island	122	23	40	Only woodfibre, excludes biomass proposal
Tasmania[1]	498	823	275	Includes third party and Midway wood
Western Australia	245	223	78	Domestic sales in WA
TOTAL	**2,630**	**2,460**	**1,193**	

(1) Represents both Group owned and third party woodfibre where Midway performs the marketing function.

Export shipments by port

Site	1H21 6 months	2H21 6 months	1H22 6 months
Midway Geelong	9	8	5
Midway Tasmania	10	8	6
Queensland Commodity Exports	3	5	4
Plantation Management Partners	-	1	1