FY22 Financial Results
Analyst and Investor Presentation

August 2022

Midway

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Unsatisfactory result but good progress on repositioning the business

FY22 result requires turnaround

- As foreshadowed at the May investor briefing and following weak demand in 1H22, COVID-19 harvest and haul disruptions, labour shortages and wet weather reduced woodfibre supply in 2H22
- Increasing fuel and labour costs in 2H22 eroded margins given export prices fixed for the CY
- NPAT losses in WA Logistics, Plantations and Woodfibre segments

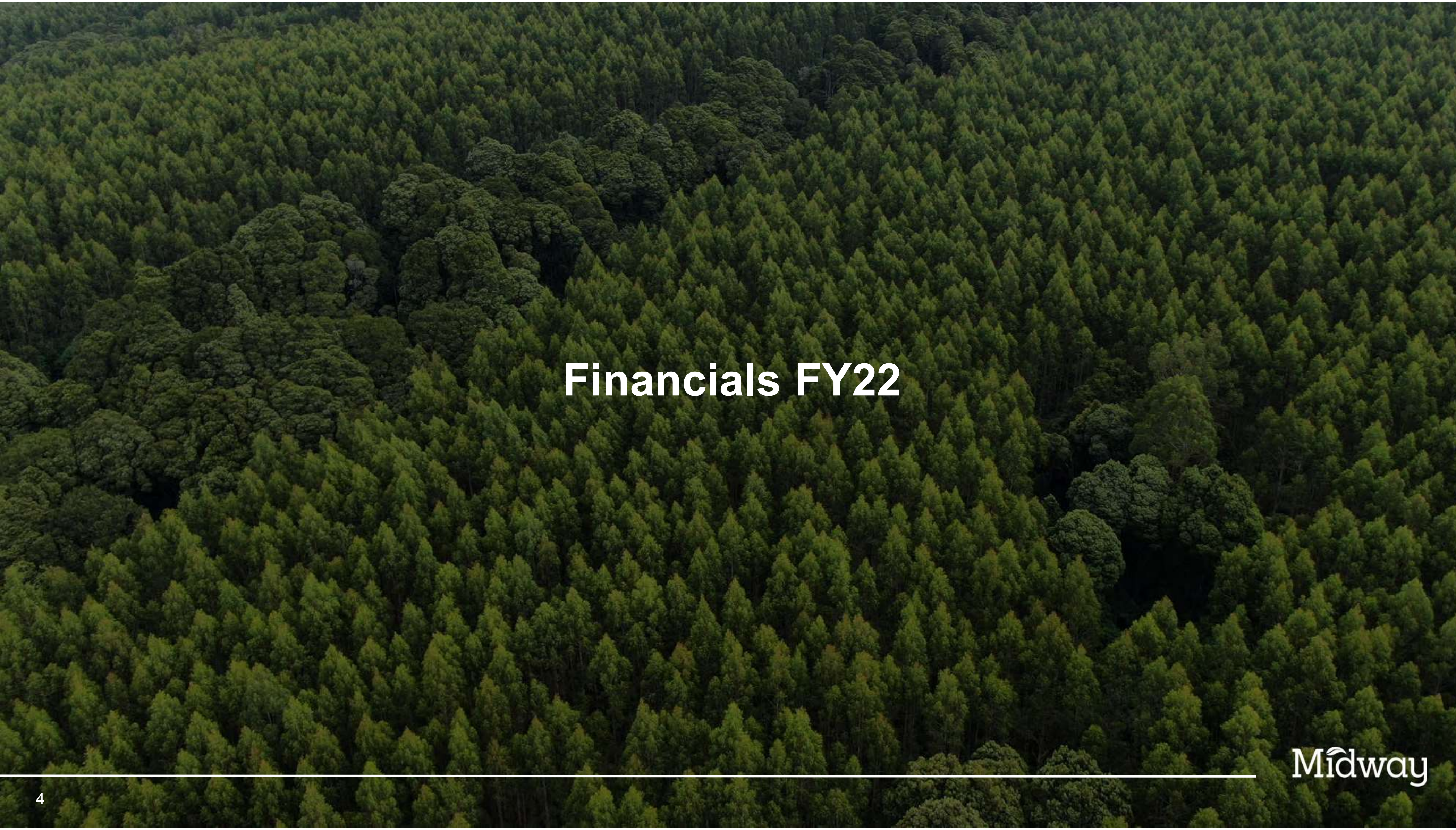
Actions being taken

- **WA Logistics exit** well advanced
- **Plantation business restructure** - contracts signed to sell plantation assets whilst retaining plantation management and offtake for the woodfibre and repaying the expensive "Strategy" finance arrangement
- **Woodfibre** – Volume, Price and Costs
  - Tiwi Islands - new customers contracted for Acacia exports to return business to profitability
  - Bell Bay (Tas) first vessel loaded in July 2022, Norfolk St commissioning in Sept 22
  - Prevailing strong spot price and annual pricing arrangements being reviewed
  - Geelong grain terminal proposal progressing well

Plantation Carbon

- Three pronged approach to leverage Midway's competitive advantage in Carbon:
  - Midway owns and manages end-to-end rights for trees and carbon
  - Midway manages plantation and carbon on behalf of an aggregation of small landowners
  - Midway manages carbon on behalf of institutional investor landowner

1: Australian Carbon Credit Units



Financials FY22

Key results

- Revenue of **$198.5M** (FY21: $280.2M)
- Underlying EBITDA-S [1] of **-$1.8M** (FY21: $14.6M)
- Underlying Net Profit after Tax before significant items of **-$8.6M** (FY21: -$0.7M)
- Significant items before tax – net **-$1.2M** (FY21:-$1.4M)
- Operating cashflow of **-$6.5M** (FY21: $22.3M)
- Net debt of **$41.9M** as at 30 June 2022 (FY21: $31.5M)
- Segment performance (NPAT)
  - Woodfibre **-$1.8M** (2021:$7.4M)
  - Plantation management **-$4.9M** (2021: -$6.1M)
  - Forestry Logistics **-$3.8M** (2021: -$5.4M)
  - Ancillary **-$2.4M** (2021: -$1.1M)

Capital management

- Directors will not declare a final dividend in FY22 given the NPAT result, and dividend policy [2]
- Directors have announced an intention to use the majority of funds from the first tranche of the MEAG sale to pay back corporate debt, repay the Strategy financial liability and fund a special fully franked dividend of up to approximately 19.5 cents per share in 1H23 (subject to completion and conditions).

140.6 cents net tangible asset backing

Asset sales contracted above book value

Gearing Ratio 25%

1: Underlying EBITDA-S = EBITDA before significant items and net fair value increment on biological assets
2: The current dividend policy is 70 - 90% of NPAT franked to the maximum extent available

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Financial results – FY22

$Am	FY22	FY21	% Change	
Sales Revenue	198.5	280.2	(29.2%)	
Other Income	2.8	2.2	27.3%	
Equity Accounted Share of Profits	1.0	(1.5)	166.7%	
Operating Costs**	(204.1)	(268.4)	23.9%	
EBITDA – S(1)	(1.8)	14.6	(112.3%)	
Significant Items(2)	(1.2)	(1.4)	14.3%	
Net Fair Value Gain/(Loss) on Biological Assets	6.5	(2.3)	382.6%	
Statutory EBITDA	3.5	10.9	(67.9%)	
Statutory EBIT	(5.0)	(0.4)	(1150.0%)	
Finance Expense	(2.5)	(1.8)	(38.9%)	
Strategy finance expense(3)	(11.4)	(2.9)	(293.1%)	
Pre-tax Profit	(18.9)	(5.1)	(270.6%)	
Tax Benefit / (Expense)	6.0	(0.1)	6100.0%	
Statutory NPAT	(12.9)	(5.2)	(148.1%)	

1: EBITDA-S represents EBITDA before significant items and the net fair value increment on biological assets.
2: Significant items in FY22 includes transactions costs relating to the divestment of the plantation estate ($2.3M).
3: $11.4M 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. This arrangement will be wound up as apart of the plantation estate divestment.
** Reflects lower purchases of raw materials due to the reduced sales volume

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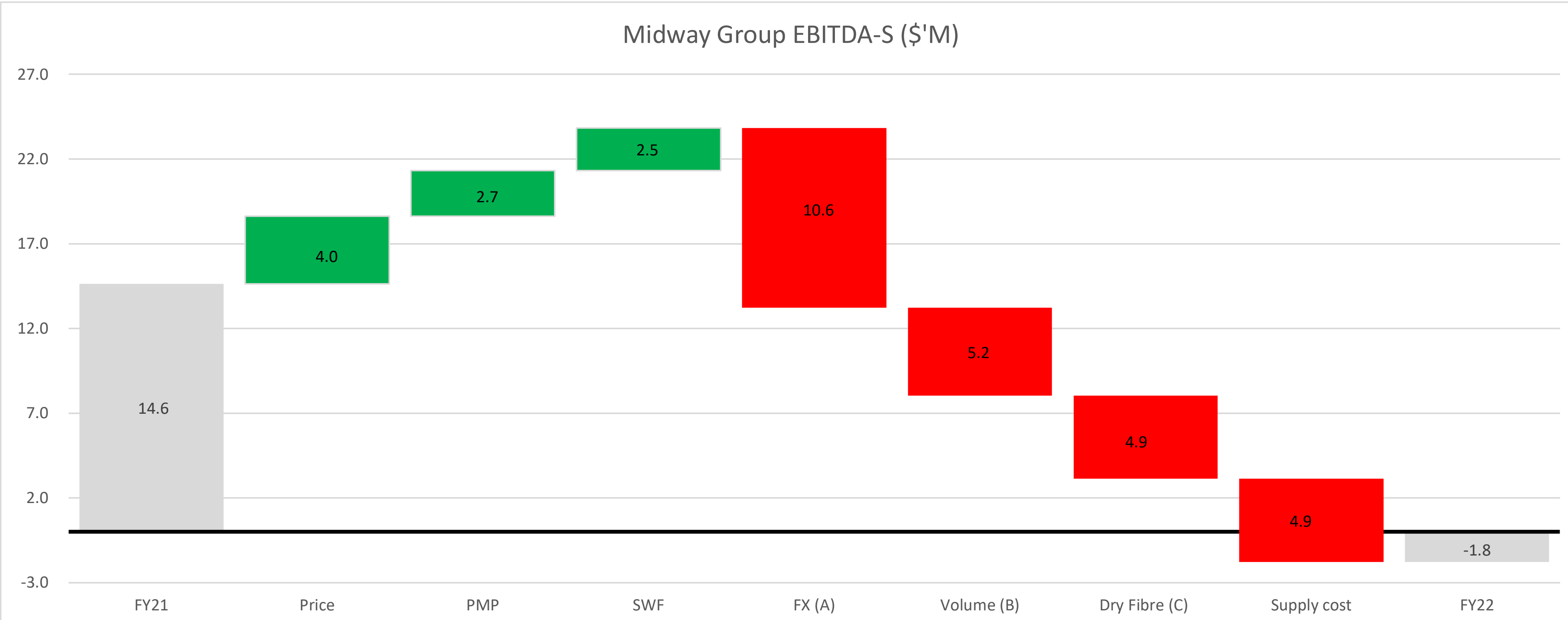
Key drivers of performance – FY22



(A) The Group took out cover at an effective rate of 0.7514 resulting in a large variance to pcp
(B) The majority of the volume decreased came from Geelong and Tasmania which had the largest harvest and haul disruptions
(C) Dry fibre % was down 2.1% over the pcp, being impacted by the wet weather particularly at QCE

Cash flow – FY22

$Am	FY22	FY21	$Am Change
Operating Cash Flow[(1)]	(6.5)	22.3	(28.8)
Investing Cash Flow[(2)]	9.3	(5.2)	14.5
Financing Cash Flow	(12.9)	(15.1)	2.2
Net Change in Cash	(10.0)	2.0	(12.0)
Net Debt[(3)]	(41.9)	(31.5)	(10.4)

(1) Timing of vessel proceeds of $8.8M as proceeds were received on the 1st July 2022 (FY23). Operating losses primarily relate to the Forestry Logistics segment which is now being exited and incurring $2.3M in transaction costs as apart of the plantation estate divestment due to settle in 1H23.
(2) Investing activities includes proceeds from the sale of the Kerrisdale and Wandong properties of $20M, partially offset by the payment of PPE of $9.4M primarily due to the development of the MWT Bell Bay facility.
(3) Net debt excludes the Strategy financial liability as this is not taken into account for debt covenant calculations. Net debt includes term debt of $19.2M, working capital of $15.2M and asset finance facilities of $4.3M.

Balance sheet – FY22

$Am	30/06/2022	30/06/2021	$Am Change
Total Current Assets	46.1	59.3	(13.2)
Total Non-current Assets	211.1	203.6	7.5
Total Assets(1)	257.2	262.9	(5.7)
Total Current Liabilities(2)	62.9	46.4	16.5
Non-current Borrowings (3)(4)	25.9	34.9	(9.0)
Total Non-current Liabilities	69.5	84.3	(14.8)
Total Liabilities	132.4	130.7	1.6
Net Assets	124.8	132.2	(7.4)

(1) Plantation land was revalued upwards by 7.7% as at 30 June 2022
(2) Current asset deficient position created by $8.9M hedge liability and operating losses.
(3) Large proportion of Long-term debt repaid ($10.0M).
(4) Excludes Strategy arrangement.

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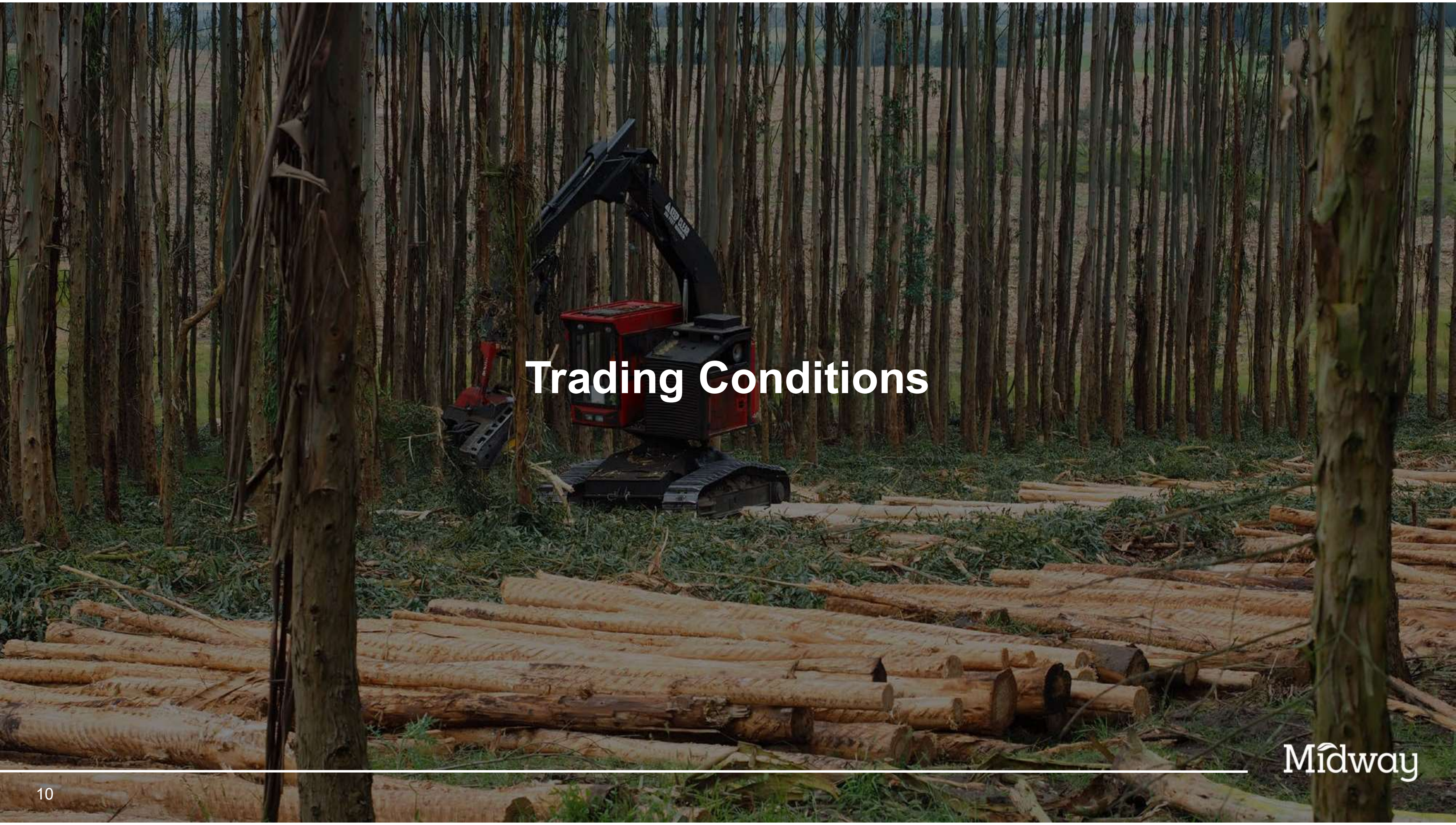
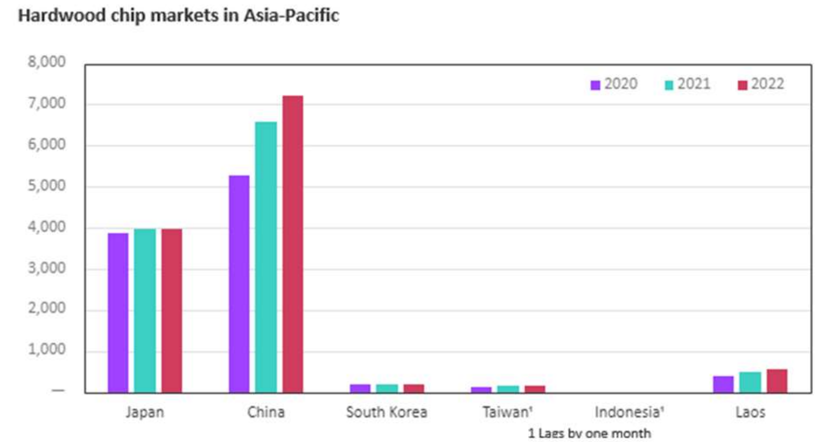
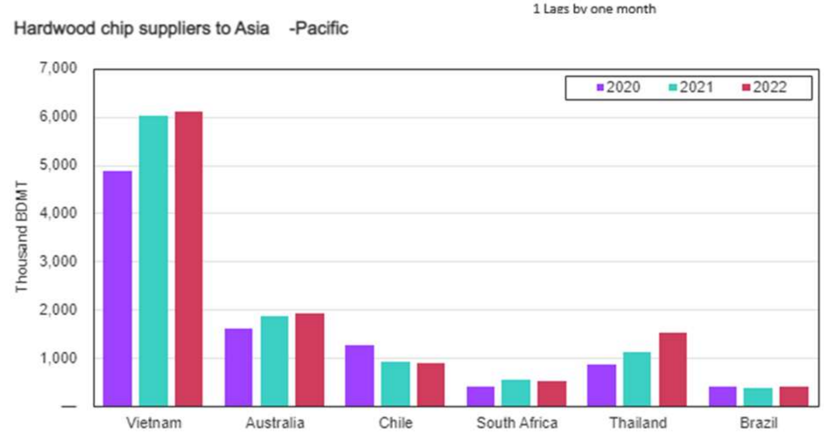


Trading Conditions

Woodfibre demand and supply

- **Demand**
  - Japanese market is mature and demand growth is flat
  - However Chinese hardwood woodchip imports up 9.4% year on year to May despite COVID-19 zero policy
- **Supply**
  - Vietnam woodchip industry may have reached peak supply
    - Vietnam producers reportedly cutting young woodfibre to meet increased demand in 2022
    - This may lead to a Vietnam supply deficit over the next few years
    - Vietnam pricing has increased significantly as a result – some spot sales have reportedly shipped at US FOB $185+ BDMT (a +50% price increase from January 2022)
  - European paper market also remains tight with pulp producers seeking more Brazil/Uruguay and South Africa woodchips that once found its way to China





Extract: RISI

Woodfibre and pulp paper pricing

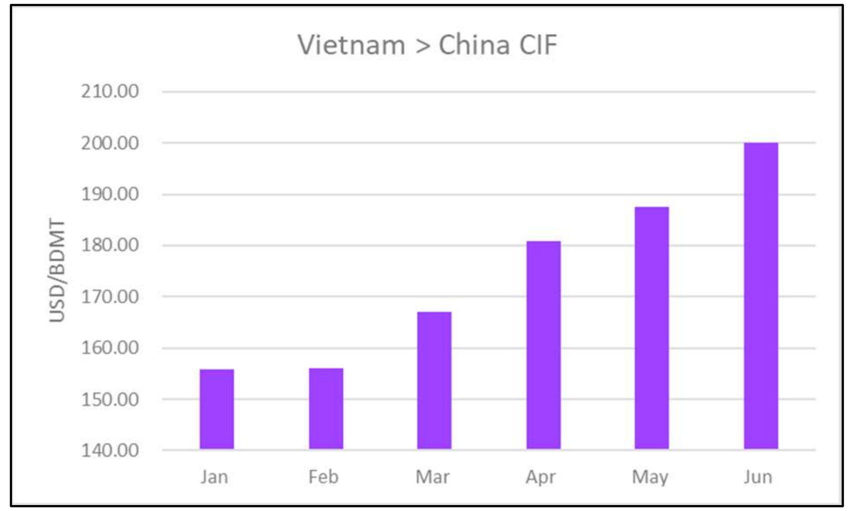
Current pricing

- FOB woodfibre export prices have been increasing while Midway contract terms locked in during CY22

- China softwood pulp prices currently stable after six months of increases
    - BSKP (softwood pulp) up US$205/ADT since January, currently trading at US$995/ADT
    - BHKP (hardwood pulp) up US$220/ADT since January, currently trading at US$855/ADT

Pricing outlook

- All hardwood woodfibre stock sold-out until end of CY22 with customers seeking more in CY22 and secure supply for CY23
- RISI have forecast over three million tonnes of new pulp capacity to come on stream in the next 12 months that will underpin demand
- RISI forecasting upward demand pressure on CY23 woodfibre export prices from Australia



Source: RISI

Business Initiatives

Business Initiatives

Sale of Victorian plantation estate

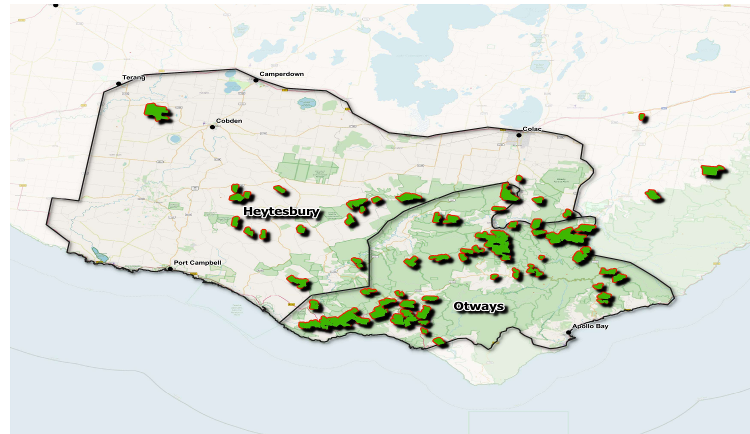
- Sold western Victorian plantation estate to MEAG for $154.1 million
    - Settlement pending regulatory approvals - expected in 1H23
        - First tranche represents 60% of total
        - Last tranche due to settle in September 2024
- Sold Wandong plantation north of Melbourne for $17 million at end March 2022
    - Settlement concluded in May 22
    - Proceeds used to repay $10 million in long-term debt and partially fund Bell Bay expansion

Midway Tasmania Woodfibre Export Business

- First vessel successfully loaded in July 2022 from the Berth 7 site in Bell Bay
- Further vessels of plantation softwood chip will be loaded in CY22 and CY23
- Adjacent Norfolk Street processing and storage site commissioning in Sep 2022

Geelong Grain Terminal Proposal

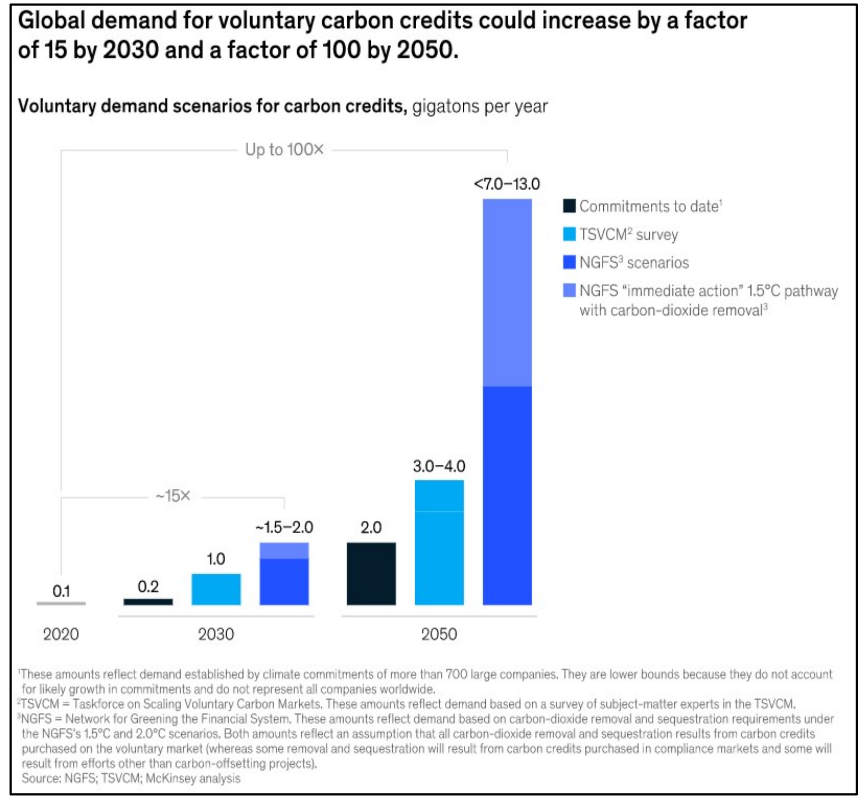
- Midway continues to progress development of a grain export terminal at Geelong.
- Grain terminal will use surplus land and utilise the dedicated Berth 4 ship-loader at Corio Quay North
- Planning and design progressing well



Carbon strategy

Carbon management opportunity

- The surging global and domestic market for cardon credits is underpinned by commitments to reach net zero by 2050
- Midway is developing a full forest and carbon management solution to meet demand for carbon credits
- The MEAG transaction includes:
    - the provision of carbon services through plantation management to MEAG; and
    - the ability to generate carbon credits through participatory rights when replanting parts of the existing estate
- Midway is also engaged in developing the new carbon regulatory framework
    - Data provided to the CSIRO review of FullCAM[1]
    - Consulting with the Clean Energy Regulator on the 2022 Plantation Forestry Methodology Determination



[1] Australian Government's calculation tool for modelling Australia's greenhouse gas emissions from the land sector

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Midway's competitive advantage in carbon management

Midway is well positioned to leverage its core business model to become a leader in carbon credit generation and management services within the Australian and Southeast Asian markets.

Key differentiators for Midway versus incumbents

1. Currently no independent provider at-scale with a '**seed–to–sale**' integrated partnership and service model for plantation and land owners
2. **Strategic partnership with well-resourced investors** provides necessary scale and credibility for Midway to position itself as the **'plantation carbon manager of choice'**
3. There is a **natural alignment between customers** seeking commercial forestry arrangements and carbon management services
4. Carbon management organically **builds upon current value chain** to generate additional earnings between plantation management and harvest
5. New carbon management opportunities present **additional upside** through secured timber supply for **underlying woodfibre business**
6. High barriers to entry (capital, regulatory, capability) to enter carbon market **fortifies Midway as a natural aggregator** for small to medium sized freehold landowners

Midway Value Chain

Three carbon revenue models

Midway is pursuing a three pronged approach to growing its carbon credits business addressing immediately available opportunities

	Approach 1: Plantation Owner	Approach 2: Aggregator	Approach 3: Manager
Overview	Midway **owns and manages end-to-end rights** for trees and carbon	Midway **manages plantation and carbon** on behalf of an aggregation of small landowners	Midway **manages carbon** on behalf of institutional investor landowner
Proceeds	• Midway pays landowner an **annual lease fee** and/or a **share of carbon proceeds** and owns the woodfibre and carbon credits generated	• Midway and landowner **share in carbon proceeds** at an agreed upon rate	• Midway receives a **fee for management of the planation and carbon** • **Additional revenue may be earned** if Midway provides additional value add carbon services
Pipeline of carbon projects	• Tiwi Islands (c. 30,000 Ha)	• Tasmania (c.10,000 Ha aggregated across individual landowners) • Other managed or owned freehold and leasehold land (c. 1,000 Ha)	• Geelong catchment plantation assets (c. 17,000 Ha via MEAG commitment) • Other third-party interest already generated for carbon offtake

Benefits for Midway

- Greater economies of scale than individual projects
- Flexible capital arrangements under each approach
- Ability to manage exposure to environmental risks (seasonality, tree crop, natural disasters)
- Access to secured future wood supply for woodfibre operations

Outlook

Outlook

1H23 trading conditions will remain difficult…

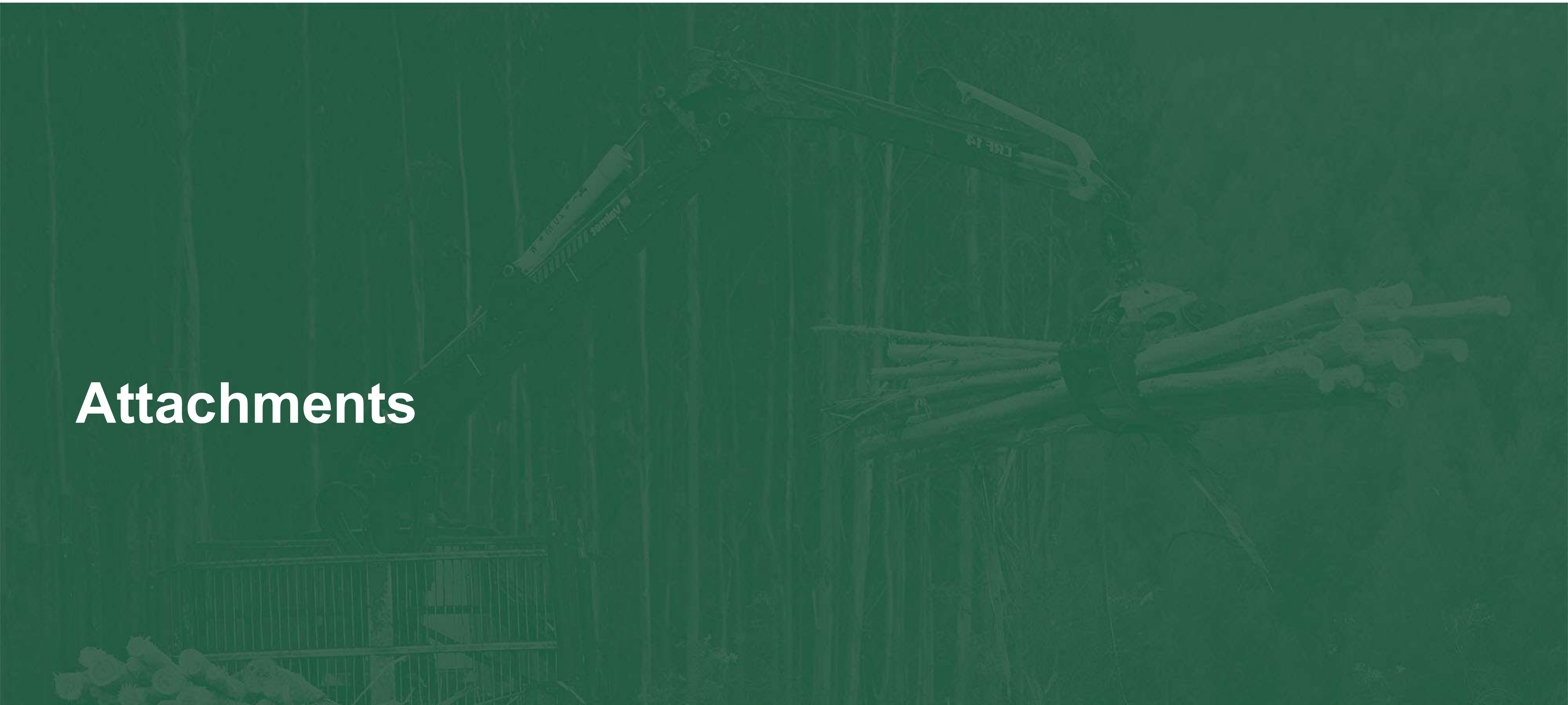
- Stronger export pricing forecast by RISI, and a more favorable FX rate, should benefit the business in CY23, however..
- Lingering COVID-19 harvest and haul disruptions will constrain available woodfibre for export
- Margin pressure will continue from higher fuel costs, labour shortages and the Group FX position hedged at 0.75 cents AUD/USD in 1H23

But business initiatives tracking well…

- First tranche of the sale of the Victorian plantation estate expected to settle after regulatory approvals in 1H23
- The new processing and export operation at Bell Bay in Tasmania expected to be fully operational by October 2022
- Geelong grain terminal planning and design is progressing well

Looking to a more positive future…

- Strategic review continues
- Reset of Company's balance sheet on sale of Plantation Estate with (conditional) intention to pay special fully franked dividend
- Midway very well positioned to exploit the emerging plantation carbon opportunity



Attachments

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

	FY22	FY21
EBITDA – S [1]	**(1,762)**	**14,632**
Net fair value increment on biological assets	6,490	(2,261)
Job Keeper	-	2,014
Profit/(loss) on non-current assets	1,943	-
Impairment loss on Non-current Assets (BGP)	(98)	(2,269)
Midway Logistics wind-down costs	(714)	-
Restructuring costs	-	(149)
Transaction costs incurred	(2,326)	(1,034)
EBITDA – statutory	**3,533**	**10,933**

(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

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

	FY22	FY21
Net profit/(loss) after tax - S [1]	**(8,559)**	**(661)**
Net fair value increment on biological assets	4,543	(1,583)
Non-cash interest expense (AASB 15 Strategy impact)	(7,997)	(1,767)
Job Keeper	-	1,410
Midway Logistics net write-down	(500)	-
Impairment loss on Non-current Assets (BGP)	(98)	(1,749)
Profit/(Loss) on sale of non-current assets	1,361	-
Restructuring costs	-	(105)
Transaction costs incurred	(1,628)	(723)
Net profit/(loss) after tax - statutory	**(12,878)**	**(5,178)**

(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

Sales volumes

Volumes (000's GMT)	FY21 (a) 12 months	FY22 (a) 12 months	Comments
Geelong	848	613	Hardwood pulp sales
Portland	296	541	Revised volumes under new ABP agreement
Brisbane	247	276	Hardwood and softwood mix
Melville Island	23	77	Two pulp grade acacia vessels in FY22
Tasmania[1]	823	450	Reduction in third party woodfibre sales
Western Australia	223	150	Domestic only, no export
TOTAL	**2,460**	**2,107**	

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