1H23 Investor and Analyst Presentation

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February 2023

Midway

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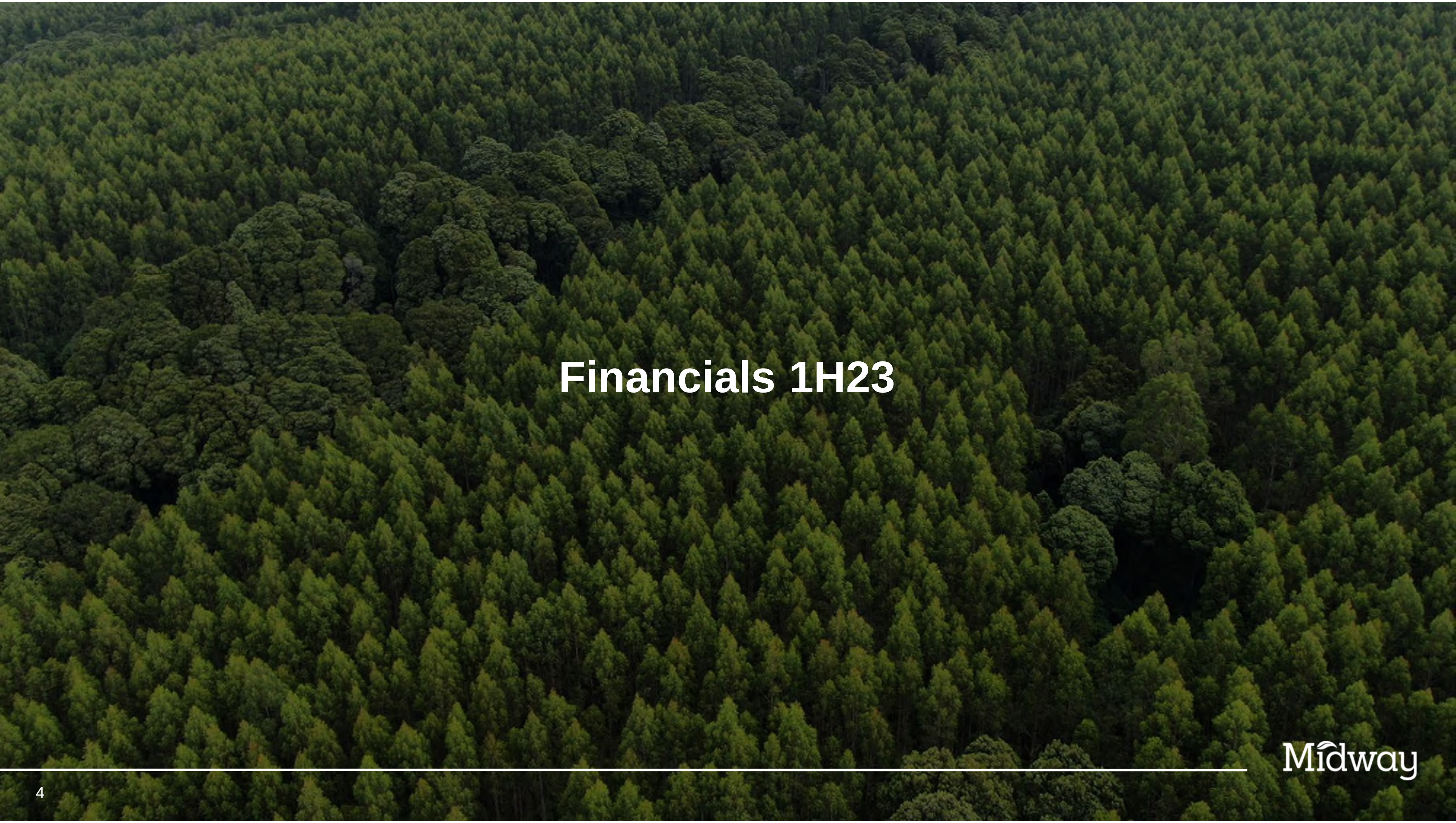
Highlights 1H23

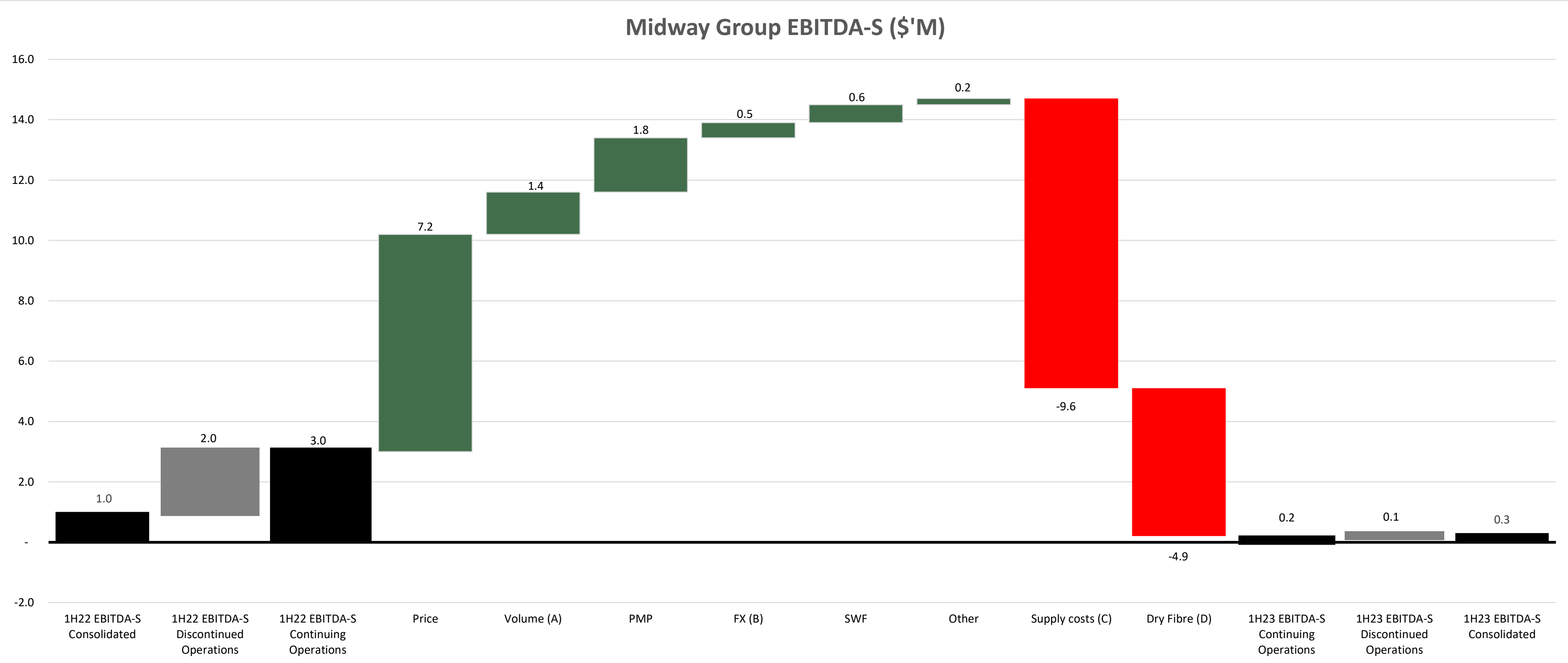
18.1% increase in sales revenue	**$0.2m** Break-even EBITDA-S[1]	**$1.8M** EBITDA-S turnaround at PMP	**$6.9m** turnaround for Statutory NPAT of $3.3 million
$12.3m profit on sale of plantation estate for $156.3 million	Repayment of $21.7M long term debt	**2.03** Current asset ratio	**151.1** cents Net tangible asset backing

1: From continuing operations

Financials 1H23



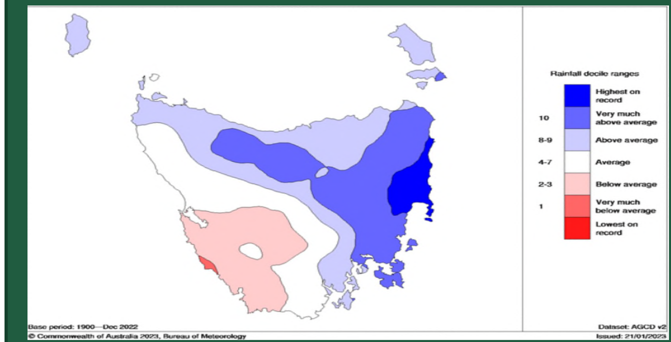
Key drivers – 1H23



(A) Volume favourable due to additional export volumes. However, margins were compressed due to the high supply costs
(B) Effective FX rate of 0.7504 AUD/USD resulting in a slightly favourable variance to pcp
(C) Significant increase in supply costs; key drivers include fuel costs and log purchase price
(D) Dry fibre % was down 2.7% over the pcp, being impacted by wetter than average season and product mix

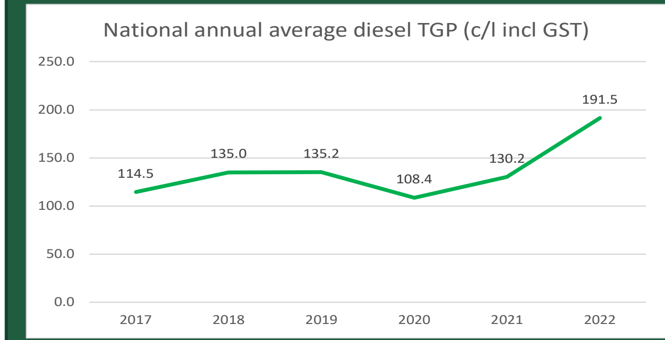
Other key drivers

Weather – 1H23



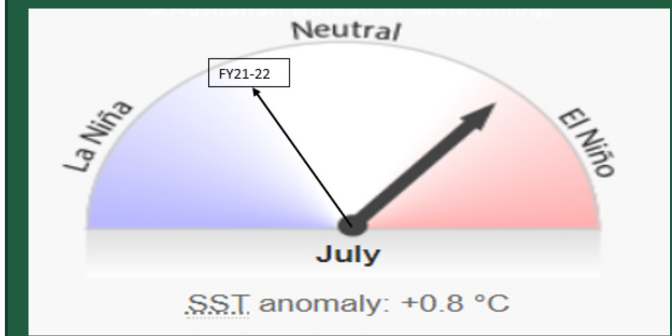
Source: Bureau of Meteorology

Fuel



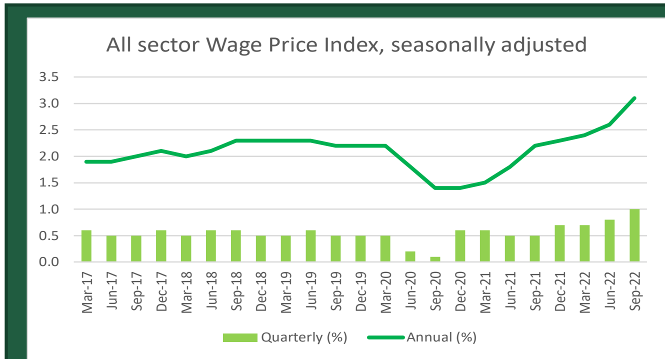
Source: Australian Institute of Petroleum

Weather forecast



Source: Bureau of Meteorology

Labour



Source: Australian Bureau of Statistics

Trading Conditions

Woodfibre demand, supply and pricing

Demand

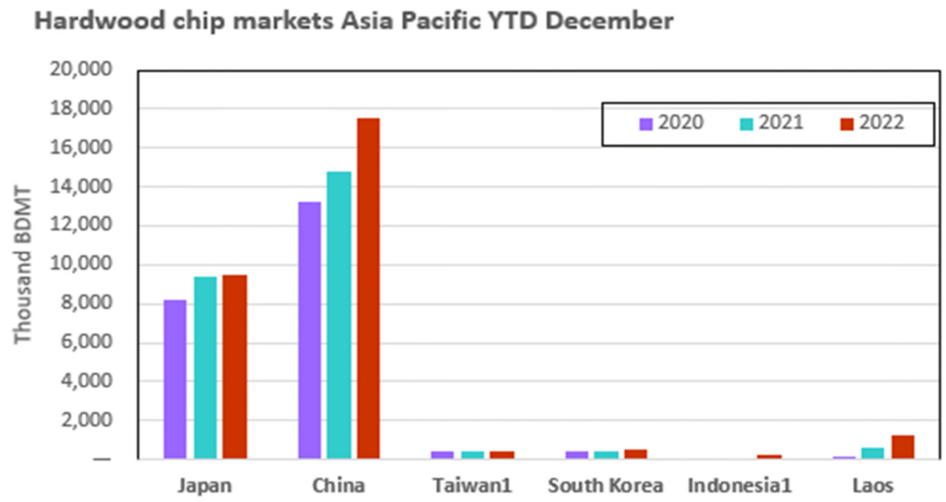
- Chinese hardwood chip imports up 18.8% year on year to December, and expected to increase further due to the new virgin pulp mill expansions
- Japanese hardwood chip imports at 9.4 million BDMTs, up 0.5% over previous year
- Indonesian imports began to increase significantly in 2022 and Midway is positioning to capitalise on this growth

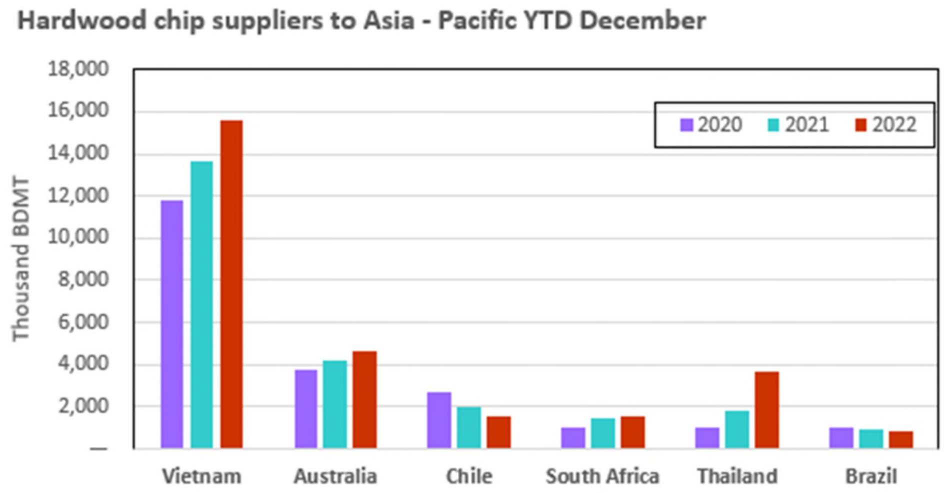
Supply

- Despite a slower than expected start, Vietnam supplied a record 15.5 million BDMTs in 2022
- Australia supplied 4.6 million BDMT, up 11.1%, however lost market share due to supply chain and weather constraints
- Midway has contracts for all its 2023 hardwood woodfibre production and significant volumes contracted for CY 2024

Pricing

- Vietnam FOB price ended December 50% up on January 2022, drifting a little lower from a record high of USD 195 BDMT
- A 2023 FOB price increase of US$25 for E. Nitens has been accepted
- The E. Globulus 2023 price is likely to settle around USD $200 BDMT, up $20 over 2022 prices





Source: RISI and DANA Limited

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Capital Management

Active capital management

Proceeds from plantation sale

$m	FY23	FY24	FY25	Total
Proceeds received	97.3	23.9	35.1	156.3
Long-term debt repaid	(21.7)	-	-	(21.7)
CML repaid	(10.0)	-	-	(10.0)
Net cash received	**65.6**	**23.9**	**35.1**	**124.6**
Less:				
Purchase of AFF timber	(27.4)	(12.1)	(6.8)	(46.3)
Purchase of pine	(5.1)	-	-	(5.1)
Expected tax payments	(9.1)	(2.5)	(7.1)	(18.7)
Net cash retained	**24.0**	**9.3**	**21.2**	**54.5**

- $97.3M of proceeds was received in relation to the first three tranches of the plantation estate sale
- The Group has repaid all long term debt with the proceeds
- $10M of the working capital facility was also paid down
- $27.4M was paid to repurchase wood under the “Strategy” arrangement which effectively refinanced the woodfibre into the MEAG deal
- It remains the Company’s intention to pay shareholders a fully-franked dividend of up to 19.5 cents per share. The Board will revisit the timing of the dividend at the full year results

A stronger balance sheet

Balance Sheet $m	31/12/2022	30/06/2022	Change
Current assets	100.3	46.1	54.2 ▲
Non-current assets	109.5	211.1	(101.6) ▼
Total assets	**209.8**	**257.2**	**(47.4)** ▼
Current liabilities	49.5	62.9	(13.4) ▼
Non-current liabilities	26.3	69.5	(43.2) ▼
Total liabilities	**75.8**	**132.4**	**(56.6)** ▼
Net assets	**134.0**	**124.8**	**9.2** ▲

Cash flow $m	31/12/2022	31/12/2022	Change
Operating cash flow	(6.4)	(8.7)	2.3 ▲
Investing cash flow	83.3	(2.4)	85.7 ▲
Financing cash flow	(51.0)	4.8	(55.8) ▼
Net increase / (decrease) in cash held	**25.9**	**(6.3)**	**32.2**

- Balance sheet now provides the Company with resilience to support sales growth
- Following completion of the first three tranches of the sale of the plantation estate, the Group's net current asset position has increased significantly
- Current asset ratio at 31 December 2022 of 2.03
- Net debt improvement of $49.0M extinguishing debt and putting the Company in a surplus cash position at 1H23 of $12.0[1] million
- Net tangible asset backing of $1.51 per share

1: Excludes AASB 16 lease liabilities

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Midway Strategy

Midway strategic priorities

Midway is well positioned to leverage its core business model to maximise shareholder returns

Maximising shareholder returns

Lifting operating performance	Leverage capabilities	Maximising value of assets
▪ Positive EBITDA-S contribution from PMP and South West Fibre ▪ QCE performing well with increased softwood price and volume in 1H23 ▪ Commenced shipments out of Midway Tasmania Norfolk street mill ▪ Exited Midway Logistics ▪ E Globulus price expected to settle around US$200 per bone dry tonne.	▪ Softwood line at MW Geelong commencing ▪ Grain project has natural adjacency to the woodfibre business ▪ Carbon opportunity is naturally aligned to the core business ▪ Second rotation at the Tiwi Islands is a significant opportunity to combine the Groups existing woodfibre business with new carbon management opportunities	▪ Sale of surplus land at higher than book value ▪ Sale of Victorian planation estate at a profit of $12.3 million ▪ Grain terminal in progress to maximise value, utilisation and capacity of the Geelong site

Targeted growth opportunities

Expanding core business

- Midway Tasmania Norfolk street mill opened and processing woodfibre
- Segregated regrowth thinnings stockpile allows Midway to seek pricing premium for higher quality woodfibre
- Midway Geelong has opened a new softwood line in order to generate a new revenue stream given the strength of the softwood market
- First greenfield acquisition through MEAG has occurred, which increases the availability of resource and area of plantations under management

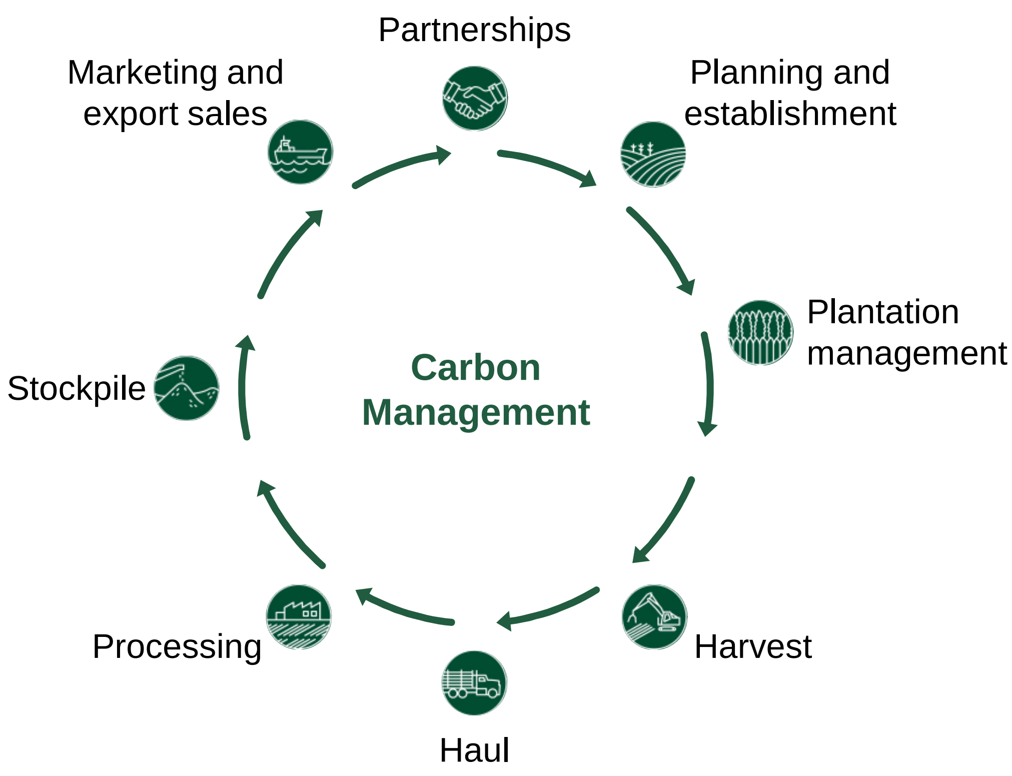
Grain project

- 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

Carbon opportunity

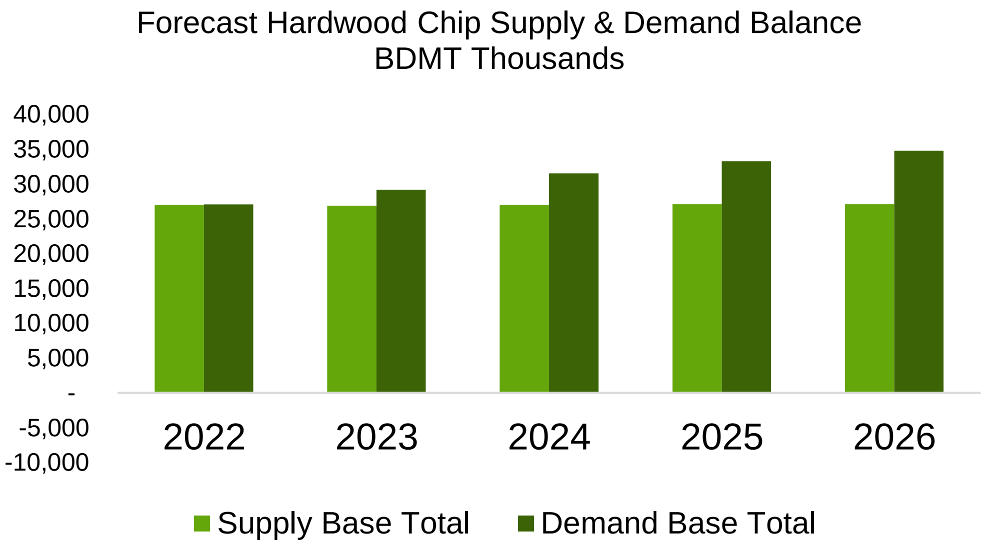
- Increasing pressure for voluntary carbon offsets is expected to grow demand for ACCUs by c. 17 - 20% CAGR between 2022 and 2031
- Large emitters must reduce net emissions by 5% per annum to 2030 creating an adjacent carbon opportunity for Midway

Midway Value Chain



Strategy aligned with growth trends

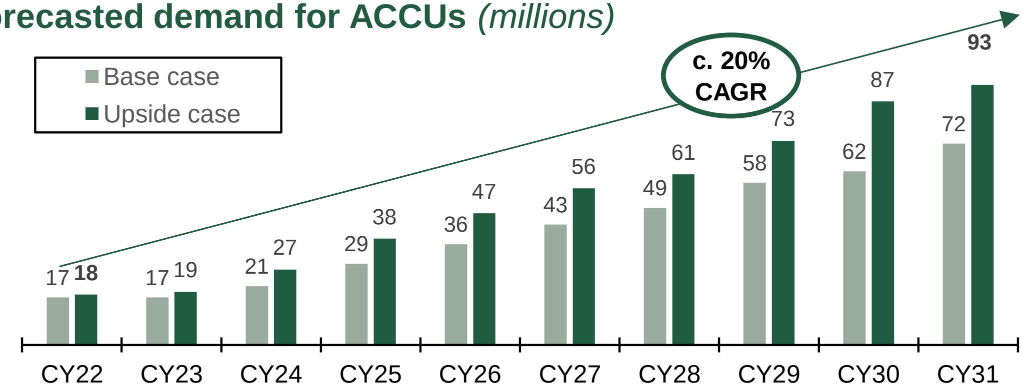
Woodfibre future supply demand imbalance



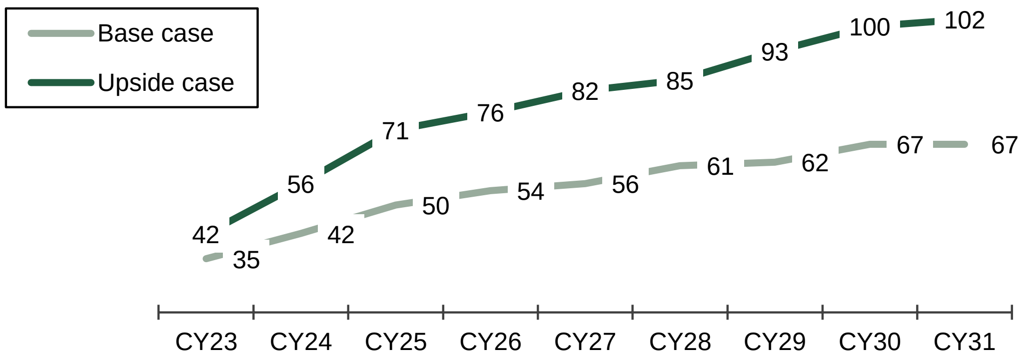
Source: DANA - 2022 Asia Pacific Woodchip & Biomass Trade Review

Strong carbon market economics

Forecasted demand for ACCUs *(millions)*



ACCU market pricing expectations *(A$)*



Source: Reputex Energy Report 2022

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Key Take-Outs

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Key take-outs

Turnaround of core business gaining traction

- 8-9 shipments of acacia from the Tiwi Islands expected to be shipped in CY23
- MW Geelong establishing a new softwood line and progressing other sources of woodfibre. Positioned for a second half turnaround
- SWF restructure delivering results with positive EBITDA contribution
- QCE capitalising on strong softwood market

Trading conditions expected to improve in CY23

- Contracted export volumes will drive better sales revenue on pcp
- Stronger export pricing and a more favorable FX rate, will benefit CY23 results
- Wet weather expected to ease, however some residual supply costs and constraints persist
- Prudent capital management to ensure potential working capital constraints don't limit operations in a stronger market

Driving new growth opportunities…

- New processing and export operation at Bell Bay in Tasmania fully operational
- Discussions with counterparties for the Geelong grain terminal are progressing
- Midway actively leveraging the emerging plantation carbon opportunity with the first MEAG Greenfield acquisition contracted post the sale of the plantation estate

Thank you

Attachments

Export Volumes

Volumes (000's GMT)	FY22 (a) 12 months	1H22 (a) 6 months	1H23 (a) 6 months	Comments
Geelong	613	237	341	Only hardwood, excludes grain and softwood
Portland	541	290	393	Revised volumes under new ABP agreement
Brisbane	276	150	140	Hardwood and softwood mix
Melville Island	77	40	109	Acacia only
Tasmania[1]	450	275	217	Includes third party and Midway wood
TOTAL	**1,957**	**992**	**1,200**	

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

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

	1H23	1H22
EBITDA-S – continuing operations	226	3,004
EBITDA-S – discontinued operations	118	(2,027)
EBITDA - S (underlying)	**344**	**977**
Net fair value (decrement)/increment on biological assets	153	4,264
Insurance costs, net of proceeds	(157)	-
Sale of plantation estate	12,283	-
Impairment loss on Non-current Assets (Bio Growth Partners)	-	(98)
Transaction costs incurred	(488)	(690)
EBITDA – statutory	**12,135**	**4,453**
Less: EBITDA (gain) / loss – discontinued operations	(118)	2,125
EBITDA – continuing operations	12,017	6,578

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

	1H23	1H22
Net profit/(loss) after tax - S [1]	**(2,683)**	**(3,371)**
Net fair value increment on biological assets	107	2,985
Non-cash interest expense (AASB 15 Strategy impact)	(2,691)	(2,612)
Insurance (Fire)	(110)	-
Profit on sale of asset (Lorax)	8,598	-
Impairment loss on Non-current Assets (BGP)	-	(98)
Interest received (Lorax)	460	
Transaction costs incurred	(342)	(483)
Net profit/(loss) after tax - statutory	**3.339**	**(3,579)**
NPAT, Discontinued Operations	(260)	(2,332)
NPAT Statutory (Continuing Operations)	3,599	(1,247)

(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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