Appendix 4D

For the half year ended 31 December 2022

ABN 44 005 616 044

This half year financial report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

for the half year ended 31 December 2022

Half year ended: 31 December 2022
Previous corresponding period: 31 December 2021

Result Summary

		%		$'000
Consolidated Revenue from Operations	Up	18.1	to	107,685
Underlying[1] Net profit after tax from operations attributable to shareholders	Up	16.5	to	(2,871)
Net profit after tax from operations attributable to shareholders	Up	186.5	to	3,152

Improved sales volumes from a strong global woodfibre market enabled Midway to generate sales revenue of $107.7 million, an 18.1 per cent increase on the previous corresponding period.

The Group achieved $0.2M EBITDA-S from continuing operations despite higher supply costs and a lower dry fibre component of woodfibre exports, with positive contributions from PMP and SWF. These positive contributions largely enabled Midway to absorb higher supply costs due to labour shortages, higher fuel prices and increased timber costs and a lower bone-dry component of woodfibre exports due to wet weather in Tasmania.

The wet weather experienced in the half restricted access to some plantations particularly in Midway Tasmania, which hindered supply to the new mill at Bell Bay.

A gain of $12.3M was recognised on the plantation estate sale with proceeds used to repay long-term debt and reduce the Strategy liability.

For a further explanation of the results above, refer to the Company's ASX/Media Announcement for the half year ended 31 December 2022.

Dividends / distributions

	Amount per security	Franked amount per security at 30%
2022 interim dividend (no dividend declared)	-	-
2022 final dividend (no dividend declared)	-	-

No interim dividend has been declared in respect of the half year ending 31 December 2022.

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	151.1 cents	152.2 cents

Other information required by Listing Rule 4.2A

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in the accompanying 31 December 2022 Half Year Financial Report.

[1] Refer to page 7 for a definition of underlying measures

Contents

Review of Results and Operations

Review of results

For the period ending 31 December

$'000	Notes	2022	2021	Change
Revenue and other income				
Sales revenue		107,685	91,165	16,520
Other income		3,840	2,466	1,374
		111,525	93,631	17,894
Less: expenses				
Changes in inventories of finished goods and work in progress		(177)	6,932	(7,109)
Raw Materials, consumables and other procurement expenses		(73,103)	(69,076)	(4,027)
Employee benefits expense		(11,061)	(9,384)	(1,677)
Plantation management expenses		(800)	(47)	(753)
Freight and shipment costs		(16,477)	(14,576)	(1,901)
Repairs and maintenance costs		(5,314)	(3,661)	(1,653)
Other operating expenses		(5,727)	(3,764)	(1,963)
Share of profit/(loss) of equity accounted investments		1,478	922	556
EBITDA – S (underlying) - consolidated		344	977	(633)
Depreciation & Amortisation		(3,264)	(5,074)	1,810
EBIT – S (underlying)		(2,920)	(4,097)	1,177
Net finance expense		(1,457)	(1,135)	(322)
Net profit/(loss) before tax – S (underlying)		(4,377)	(5,232)	855
Income tax benefit/(expense)		1,694	1,861	(167)
Net profit/(loss) after tax – S (underlying)		(2,683)	(3,371)	688
Less: Net loss after tax – Statutory (discontinued operations)		260	2,332	(2,072)
Net profit/(loss) after tax – S (underlying, continued operations)		(2,423)	(1,039)	(1,384)

Reconciliation of underlying net profit after tax to statutory net profit after tax, (NPAT)	31-Dec-22	31-Dec-21
NPAT (underlying) - consolidated	(2,683)	(3,371)
Net fair value (decrement)/increment on biological assets	107	2,985
Non-cash interest expense (AASB 15 strategy impact)[1]	(2,691)	(2,612)
Insurance costs, net of proceeds received[2]	(110)	-
Profit on disposal of plantation estate	8,598	-
Impairment loss on Non-current Assets (Bio Growth Partners Pty Ltd)	-	(98)
Interest received (Lorax)	460	-
Transaction costs incurred	(342)	(483)
Net profit / (loss) after tax – Statutory - consolidated	3,339	(3,579)
Less: Net loss after tax – Statutory (discontinued operations)	260	2,332
Net profit / (loss) after tax – Statutory (continuing operations)	3,599	(1,247)

1. Non cash interest expense is 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. The Strategy arrangement is a contractual obligation to repurchase hardwood trees the Group sold in February 2016.
2. Costs related to insurance works, and reimbursements received from the Group's insurers, are presented gross under the Consolidated Statement of Comprehensive Income.

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

	31-Dec-22	31-Dec-21
EBITDA-S – continuing operations	226	3,004
EBITDA-S – discontinued operations	118	(2,027)
EBITDA - S (underlying) - consolidated	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 - consolidated	12,135	4,453
Less: EBITDA (gain) / loss – discontinued operations	(118)	2,125
EBITDA – continuing operations	12,017	6,578

Earnings summary

Consolidated revenue from operations increased 18.1% to $107.7M in the period.

The Group also recognised a gain of $12.3M arising from the sale of the plantation estate during the half, with proceeds used to repay the Group's long term debt.

The Group's underlying EBITDA-S (consolidated) was down by $0.6M to $0.3M for the six months ending 31 December 2022 compared to the prior corresponding period (pcp). EBITDA-S attributable to continuing operations was down by $2.8M to $0.2M.

Utilisation of longstanding FX contracts continued to place pressure on margins, which was offset by improved sales volumes overall.

A number of factors impacted margins in 1H23 including:

- Labour cost pressures due to shortages
- Fuel price
- Wet weather impacted access to plantations, particularly in Midway Tasmania

Outlook

The new mill at Bell Bay, a part of Midway Tasmania, is now online and increasing production into the second half of the financial year with the focus on the new Regrowth Thinning's product. This, combined with expected improved pricing and better access to plantations due to forecast improving weather conditions means an expected turnaround in 2H23.

Global woodfibre pricing in the market is expected to settle at significantly stronger levels that 1H23.

Overall, wet weather across the Group is expected to ease, however some residual supply costs and constraints persist.

The Group has seen a positive start to the second half of the financial year whereby demand for physical product has been strong, and favourable pricing has been locked in for Eucalyptus Nitens shipments suggesting market sentiment remains positive.

In 2H23, the Group is expected to perform better than the prior corresponding period.

Directors' Report

The Directors present their report together with the consolidated financial statements of the Group comprising of Midway Limited (the Company) and its subsidiaries (the Group) for the period ending 31 December 2022 and the auditor's report thereon.

Directors

The names and details of the Company's directors in office during the half year and until the date of this report are as follows:

Name	Position Held	Employment status
Directors		
Gordon Davis	Independent Non-Executive Chair	Appointed as Chair 1 May 2022
Gregory McCormack	Non-Executive Director	Retired 28 November 2022
Nils Gunnersen	Non-Executive Director	
Tom Gunnersen	Non-Executive Director	
Leanne Heywood	Independent Non-Executive Director	
Thomas Keene	Independent Non-Executive Director	Retired 28 November 2022
Kellie Benda	Independent Non-Executive Director	Appointed 5 October 2022
Anthony McKenna	Managing Director and CEO	

All of the directors have been in office for the entire period unless otherwise stated.

Dividends

No dividend has been declared in respect of the half year ending 31 December 2022.

Plantation Management Partners

During the half year period, Northern Territory Port and Marine Pty Ltd, operator of the Port Melville facility in the Tiwi Islands entered administration. The port is utilised by PMP to ship the woodfibre processed by the operation.

While the administration creates some uncertainty around the Port, the administrator has advised that the Port operations will continue through the administration.

Significant Events Subsequent to the end of the Half Year

The Directors are not aware of any other matter or circumstance which has arisen since 31 December 2022 that has significantly affected or may significantly affect the operations of the Group in subsequent financial years, the results of those operations, or the state of affairs of the Group in future financial years.

Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 8 and forms part of the directors' report for the period ended 31 December 2022.

Rounding off

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Directors' Report

Non-IFRS measures

Throughout this report the Group has used certain non-IFRS measures, such as underlying EBIT and underlying EBITDA. The non-IFRS measures have been deemed useful for recipients in measuring the underlying performance of the Group. The non-IFRS measures have not been audited or reviewed.

Non-IFRS measure	Description
EBIT	Earnings, before interest and tax
EBITDA	Earnings, before interest, tax, depreciation and amortisation
Underlying NPAT – S	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
Underlying EBITDA – S	Earnings, before interest, tax, depreciation and amortisation adjusted to remove impact of one off or non-recurring items and the net fair value gain / (loss) on biological assets

Signed in accordance with a resolution of the Directors.

Gordon Davis
Chairman

Melbourne,

23 February 2023

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Midway Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Midway Limited for the half-year ended 31 December 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Simon Dubois

Partner

Melbourne

23 February 2023

Consolidated Statement of Comprehensive Income

For the period ended 31 December

	Notes	2022 $'000	2021* $'000
Continuing operations			
Revenue and other income			
Sales revenue	3	107,382	88,901
Other income	3	15,068	2,284
		122,450	91,185
Less: expenses			
Changes in inventories of finished goods and work in progress		(177)	6,958
Materials, consumables and other procurement expenses		(72,675)	(67,510)
Depreciation and amortisation expense	3	(3,002)	(3,987)
Employee benefits expense		(11,008)	(7,834)
Biological assets net fair value (decrement)/increment	8	153	4,264
Plantation management expenses		(800)	(47)
Freight and shipping expense		(16,477)	(14,576)
Repairs and maintenance expense		(5,118)	(2,521)
Other expenses		(5,809)	(4,263)
		(114,913)	(89,516)
Finance expense	3	(5,006)	(4,789)
Finance income	3	380	-
Net finance expense		(4,626)	(4,789)
Share of net profits from equity accounted investments	7	1,478	922
Profit / (loss) before income tax expense		4,389	(2,198)
Income tax benefit/(expense)		(790)	951
Profit / (loss) for the period from continuing operations		3,599	(1,247)
Discontinued operations			
Profit / (loss) for the period from discontinued operation	5	(260)	(2,332)
Profit for the period		3,339	(3,579)
Items that will not be reclassified to profit and loss			
Revaluation of land fair value adjustment, net of tax		-	8,937
Items that may be reclassified subsequently to profit and loss			
Cash flow hedges - effective portion of changes in fair value, net of tax		5,462	(2,824)
Foreign operations – foreign currency translation differences		-	-
Equity accounted investees - share of OCI		168	70
Other comprehensive income for the period		5,630	6,183
Total comprehensive income for the period		8,969	2,604
Profit / (loss) is attributable to:			
- Owners of Midway Limited		3,152	(3,645)
- Non-controlling interests		187	66
		3,339	(3,579)
Total comprehensive income is attributable to:			
- Owners of Midway Limited		8,782	2,547
- Non-controlling interests		187	57
		8,969	2,604

	Notes	2022 $'000	2021* $'000
Earnings per share for profit attributable to equity holders:			
Basic (loss)/earnings per share		$0.04	-$0.04
Diluted (loss)/earnings per share		$0.04	-$0.04
Earnings per share for profit attributable to equity holders – continuing operations:			
Basic (loss)/earnings per share		$0.04	-$0.01
Diluted (loss)/earnings per share		$0.04	-$0.01

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

* The comparative information has been re-presented due to a discontinued operation.

Consolidated Balance Sheet

As at

	Notes	31-Dec-2022 $'000	30-Jun-2022 $'000
Current assets			
Cash and cash equivalents		28,840	2,969
Receivables		36,515	10,774
Inventories		20,773	20,772
Biological assets	10	6,787	2,697
Current tax receivable		-	-
Other assets		7,417	8,583
Assets held for sale	15	-	314
Total current assets		100,332	46,109
Non-current assets			
Biological assets	10	2,969	45,238
Other Receivables		40,537	7,395
Investments accounted for using the equity method	7	12,665	11,019
Intangible assets		1,971	1,971
Loan receivables		218	604
Property, plant and equipment		51,070	144,839
Total non-current assets		109,430	211,066
Total assets		209,762	257,175
Current liabilities			
Trade and other payables		14,877	20,653
Current tax payable		2,060	1,698
Borrowings	11	15,753	21,029
Strategy financial liability		10,551	6,908
Derivative financial liability		1,136	8,940
Provisions		5,085	3,702
Total current liabilities		49,462	62,930
Non-current liabilities			
Borrowings	11	8,013	25,862
Strategy financial liability		5,174	32,717
Provisions		154	151
Deferred tax liabilities		13,008	10,717
Total non-current liabilities		26,349	69,447
Total liabilities		75,811	132,377
Net assets		133,951	124,798
Contributed Equity			
Share capital		64,888	64,888
Reserves		96,334	87,368
Accumulated losses		(28,741)	(28,741)
Equity attributable to owners of Midway Limited		132,481	123,515
Equity attributable to non-controlling interests		1,470	1,283
Total equity		133,951	124,798

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

$'000	Share capital	Reserves	Retained earnings	Non-controlling interests	Total equity
Balance as at 1 July 2021	64,888	81,939	(15,767)	1,182	132,242
Profit for the period	-	-	(3,645)	66	(3,579)
Revaluation of land, net of tax	-	8,937	-	-	8,937
Cash flow hedges - effective portion of changes in fair value, net of tax	-	(2,746)	-	(8)	(2,754)
Total comprehensive income for the year	-	6,191	(3,645)	58	2,604
Other Transactions:					
Issuance of ordinary shares, net of transaction costs	-	-	-	-	-
Issuance of performance rights	-	-	-	-	-
Share based payments expense	-	75	-	-	75
Transfers to profits reserve	-	-	-	-	-
Transactions with owners in their capacity as owners:					
Dividends	-	-	-	-	-
Total other transactions	-	75	-	-	75
Balance as at 31 December 2021	64,888	88,205	(19,412)	1,240	134,921
Balance as at 1 July 2022	64,888	87,368	(28,741)	1,283	124,798
Profit / (loss) for the period	-	3,152	-	187	3,339
Revaluation of land, net of tax	-	-	-	-	-
Cash flow hedges - effective portion of changes in fair value, net of tax	-	5,630	-	-	5,630
Total comprehensive income for the year	-	8,782	-	187	8,969
Other Transactions:					
Issuance of ordinary shares, net of transaction costs	-	-	-	-	-
Issuance of performance rights	-	-	-	-	-
Share based payments expense	-	184	-	-	184
Transfers from asset revaluation reserve	-	(52,393)	-	-	(52,393)
Transfers to profits reserve	-	52,393	-	-	52,393
Transactions with owners in their capacity as owners:					
Dividends	-	-	-	-	-
Total other transactions	-	184	-	-	184
Balance as at 31 December 2022	64,888	96,334	(28,741)	1,470	133,951

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cashflows

For the period ended 31 December

	Notes	2022 $'000	2021* $'000
Cash flow from operating activities			
Receipts from customers		109,051	95,034
Payments to suppliers and employees		(114,395)	(101,929)
Interest received		728	-
Interest paid		(1,318)	(844)
Income tax (paid) / received		(495)	(957)
Net cash provided by / (used) in operating activities		(6,429)	(8,696)
Cash flow from investing activities			
Payment for property, plant and equipment		(5,071)	(2,047)
Proceeds from sale of property, plant and equipment		94,112	148
Payment for non-current biological assets		(5,741)	(1,097)
Acquisition of BioGrowth Partners Pty Ltd, net cash		-	448
Cash flows from discontinued operation	5	22	138
Net cash used in investing activities		83,322	(2,410)
Cash flow from financing activities			
Repayment of Strategy financial liability		(27,395)	(4,343)
Principal repayment of lease liabilities		(2,524)	(3,036)
Proceeds from bank borrowings		12,680	10,247
Repayment of bank borrowings		(33,942)	(499)
Proceeds from loan receivable		159	2,420
Net cash provided by / (used) in financing activities		(51,022)	4,789
Reconciliation of cash			
Cash at beginning of the financial period		2,969	12,956
Net increase/(decrease) in cash held		25,871	(6,317)
Cash at end of financial period (net of overdrafts)		28,840	6,639

The above Consolidated Statement of Cashflows should be read in conjunction with the accompanying notes.

* The comparative information has been re-presented due to a discontinued operation.

Notes to the Consolidated Half Year Financial Statements

1. Reporting Entity

Midway Limited (the Company) is a company domiciled in Australia. These consolidated half year financial statements as at and for the period ended 31 December 2022 are of Midway Limited and its subsidiaries (the Group). The Group is primarily involved in the production and export of wood fibre to producers of pulp, paper and associated products, forestry logistics and planation management.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2022 are available at http://www.midwaylimited.com.au/.

2. Basis of Preparation

These half year financial statements are prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and with IAS 34 *Interim Financial Reporting*.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2022. As the half-year report does not include notes of the type normally included in an annual financial report, it should be read in conjunction with the most recent annual financial report.

These half year financial statements have been prepared on a going concern basis and the Directors consider that there are reasonable grounds to believe the Group will be able to pay its debts as and when they fall due based on forecast operating cash flows, their debt funding position and capital management strategy. The Directors have considered forecast cash flow scenarios for at least the twelve-month period from the date of approval of these half year financial statements. As a result, the Directors consider that the Group is able to pay its debts as and when they are due, and these half year financial statements can be prepared on a going concern basis.

These half year financial statements were authorised for issue by the Company's Board of Directors on 23 February 2023.

(a) Accounting policies

The same accounting policies and methods of computation have been applied by each entity in the consolidated Group and are consistent with those adopted and disclosed in the most recent Annual Report.

Use of Estimates and Judgements

In preparing these half year financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

COVID-19 continues to have an effect on the Group and can lead to volatility in certain assumptions such as forecast pricing and foreign exchange rates, which are key to the Group's estimates in impairment, biological assets and property, plant & equipment.

Notes to the Consolidated Half Year Financial Statements

3. Segment Reporting

(a) Description of segments

The Group reports segment information based on the internal reporting used by management for making decisions and assessing performance. The operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, is the Chief Executive Officer.

The segment reporting structure reflects the manner in which the Group manages each product/service offered.

Reportable Segments	Products / Services
Woodfibre	Includes primary operations whereby the Group purchases and sells both own and third party wood. SWF is also proportionally consolidated at 51% for segment reporting which reflects how management views and makes decisions of its operations.
Forestry Logistics (discontinued operation; refer note 5)	Forestry logistics provides support services to third parties engaged in growing woodfibre including harvest and haulage. Forestry logistics also provides harvesting, processing and delivery service to BioGrowth Partners (100% owned by Midway Ltd) which supplies biomass woodchips and sawdust to domestic customers in WA.
Plantation Management	Plantation management is the provision of silviculture services including on group and third party owned trees, including carbon-related services. The segment also holds any Group owned plantation land and trees.
Ancillary	Represents any one off, transactional and other non-recurring costs.

The Group evaluates the performance of its operating segments based on net sales (net of insurance and freight costs). Net sales for Geographic segments are generally based on the location of customers, earnings before interest, tax, depreciation and amortisation (EBITDA) for each segment includes net sales to third parties, related cost of sales and operating expenses directly attributable to the segment. EBITDA for each segment excludes other income and expense and certain expenses managed outside the operating segments.

Key adjustment items relate to the gross up of revenue and operating and other expenses to reflect cost, insurance and freight (CIF) sales and principal sales. Management accounts are prepared on a segment basis with 51% share of SWF joint venture included in Woodfibre processing. For statutory accounts SWF is equity accounted with revenue and expenses of SWF eliminated.

Notes to the Consolidated Half Year Financial Statements

3. Segment Reporting (continued)

(b) Segment information provided to senior management

31-Dec-22

($'000)	Woodfibre	Plantation management	Ancillary	Eliminations	Continuing Operations	Forestry Logistics*	Consolidated
Sales revenue	125,265	959	-	(18,842)	107,382	303	107,685
Inter segment sales	-	3,225	-	(3,225)	-	-	-
Other income	2,766	12,497	-	(195)	15,068	898	15,966
Total revenue and other income	128,031	16,681	-	(22,262)	122,450	1,201	123,651
Share of equity accounted profits/(loss)	-	-	-	1,478	1,478	-	1,478
EBITDA – S(1)	2,586	(1,117)	(27)	(1,216)	226	118	344
Significant items	(157)	12,283	(488)	-	11,638	-	11,638
Fair value (gain) on biological assets	-	153	-	-	153	-	153
EBITDA	2,429	11,319	(515)	(1,216)	12,017	118	12,135
Depreciation and amortisation	(2,839)	(824)	-	661	(3,002)	(263)	(3,265)
EBIT	(410)	10,495	(515)	(555)	9,015	(145)	8,870
Net finance expense	(1,461)	(3,234)	-	69	(4,626)	(18)	(4,644)
Net profit before tax	(1,871)	7,261	(515)	(486)	4,389	(163)	4,226
Income tax expense	746	(2,178)	8	634	(790)	(97)	(887)
Net profit after tax	(1,125)	5,083	(507)	148	3,599	(260)	3,339
Segment assets	155,204	83,130	6,236	(36,273)	208,297	1,465	209,762
Equity accounted investees	12,665	-	-	-	12,665	-	12,665
Capital expenditure	5,521	124	-	(81)	5,564	-	5,564
Segment liabilities	(54,178)	(11,382)	(3,742)	6,200	(63,102)	(12,709)	(75,811)

(1) EBITDA – S: Earnings before interest, tax, depreciation and amortisation, significant items and net fair value gain / (loss) on biological assets.

* Discontinued; refer note 5

Notes to the Consolidated Half Year Financial Statements

3. Segment Reporting (continued)

31-Dec-21

($'000)	Woodfibre	Plantation management	Ancillary	Eliminations	Continuing Operations	Forestry Logistics*	Consolidated
Sales revenue	82,307	1	-	6,594	88,902	2,263	91,165
Inter segment sales	-	4,406	-	(4,406)	-	-	-
Other income	4,433	26	-	(2,175)	2,284	182	2,466
Total revenue and other income	86,740	4,433	-	13	91,186	2,445	93,631
Share of equity accounted profits/(loss)	-	-	-	922	922	-	922
EBITDA – S[1]	5,702	(1,080)	(25)	(1,593)	3,004	(2,027)	977
Significant items	-	-	(690)	-	(690)	(98)	(788)
Fair value loss on biological assets	-	4,264	-	-	4,264	-	4,264
EBITDA	5,702	3,184	(715)	(1,593)	6,578	(2,125)	4,453
Depreciation and amortisation	(4,278)	(817)	(8)	1,116	(3,987)	(1,087)	(5,074)
EBIT	1,424	2,367	(723)	(477)	2,591	(3,212)	(621)
Net finance expense	(1,093)	(3,778)	-	82	(4,789)	(77)	(4,866)
Net profit before tax	331	(1,411)	(723)	(395)	(2,198)	(3,289)	(5,487)
Income tax expense	107	439	10	395	951	957	1,908
Net profit after tax	438	(972)	(713)	-	(1,247)	(2,332)	(3,579)
Segment assets	186,533	171,339	4,867	(94,392)	268,347	4,533	272,880
Equity accounted investees	10,880	-	-	-	10,880	-	10,880
Capital expenditure	(2,513)	(138)	-	-	(2,651)	(1,208)	(3,859)
Segment liabilities	(74,388)	(98,734)	(3,295)	52,183	(124,234)	(13,725)	(137,959)

(2) EBITDA – S: Earnings before interest, tax, depreciation and amortisation, significant items and net fair value gain / (loss) on biological assets.

* Discontinued; refer note 5

Notes to the Consolidated Half Year Financial Statements

3. Segment Reporting (continued)

(c) Revenue by geographic region

The presentation of geographical revenue is based on the geographical location of customers.

31-Dec-22

Revenue by geographic region	Woodfibre processing	Plantation management	Ancillary	Eliminations	Continuing Operations	Forestry Logistics*	Consolidated
Australia	1,015	4,184	-	(3,225)	1,974	303	2,277
China	81,656	-	-	(7,337)	74,319	-	74,319
Japan	42,594	-	-	(11,505)	31,089	-	31,089
South East Asia	-	-	-	-	-	-	-
	125,265	**4,184**	**-**	**(22,067)**	**107.382**	**303**	**107,685**

31-Dec-21

Revenue by geographic region	Woodfibre processing	Plantation management	Ancillary	Eliminations	Continuing Operations	Forestry Logistics*	Consolidated
Australia	1,310	4,408	-	(4,407)	1,311	2,263	3,574
China	38,128	-	-	23,415	61,543	-	61,543
Japan	42,869	-		(16,821)	26,048	-	26,048
South East Asia	-	-	-	-	-	-	-
	82,307	**4,408**	**-**	**2,187**	**88,902**	**2,263**	**91,165**

* Discontinued operation; refer note 5

In the six months ending 31 December 2022 there were five (31 December 2021: two) customers in China and Japan that individually made up 10% or above total sales for the Group.

4. Individually significant items

For period ended 31 December		2022	2021
Individually significant items before tax	**Notes**	**$'000**	**$'000**
Profit on sale of plantation estate [(1)]	6	12,283	-
Insurance costs, net of recoveries [(2)]		(157)	-
Impairment loss on non current assets (Bio Growth Partners Pty Ltd)		-	(98)
Transaction costs [(3)]		(488)	(690)
Impact of individually significant items		11,638	(788)

(1) The Group recognised a gain of $12.3M in relation to the disposal of the plantation estate. Refer to Note 6 for details.
(2) Costs related to insurance works, and reimbursements received from the Group's insurers, are presented gross under the Consolidated Statement of Comprehensive Income.
(3) Transaction costs refers to costs incurred relating to key business development opportunities.

Notes to the Consolidated Half Year Financial Statements

5. Discontinued operation

General

In August 2022, the Forestry Logistics segment ceased operational activities as a result of the wind-down commenced in FY22. The Forestry Logistics segment was not previously classified as held-for-sale or as a discontinued operation. The comparative Consolidated Statement of Comprehensive Income has been re-presented to show the discontinued operation separately from continuing operations.

Results of discontinued operation	31-Dec-22 $'000	31-Dec-21 $'000
Total revenue and other income	1,330	3,097
Elimination of intra-segment revenue	(129)	(652)
Total external revenue and other income	1,201	2,445
Expenses	(1,493)	(6,386)
Elimination of expenses related to inter-segment sales	129	652
External expenses	(1,364)	(5,734)
Results from operating activities, before tax	(163)	(3,289)
Income tax	(97)	957
Results from operating activities, net of tax	(260)	(2,332)
Gain on sale of discontinued operations	-	-
Profit/(loss) from discontinued operations, net of tax	(260)	(2,332)

Cash flow from (and used in) discontinued operation	31-Dec-22 $'000	31-Dec-21 $'000
Cash flow from operating activities	(1,555)	(1551)
Cash flow from investing activities	1,836	(353)
Cash flow from financing activities	(259)	2,042
	22	138

Policy

A discontinued operation is a component of the Group where the operations and cash flows can be clearly distinguished from the rest of the Group. It represents a separate major line of operations and is part of a single co-ordinated plan to dispose of a separate major line of operation or business.

When an operation is classified as a discontinued operation, the comparative income statement and statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Such disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Notes to the Consolidated Half Year Financial Statements

6. Sale of plantation land

General

On 17 October 2022 following approval from the Foreign Investment Review Board (FIRB) the Group sold 17,000 hectares of existing brownfield hardwood plantation land in south-west Victoria to a special purpose vehicle managed by MEAG, a wholly owned subsidiary of Munich Re, for $156.3M. The sale resulted in a gain on disposal of $12.3M being recognised in the period.

At 31 December 2022, three of the five tranches have settled, with the two subsequent tranches expected to settle in September 2023 and 2024 respectively. The Group has determined that as at 17 October 2022, control over the plantation land, trees and roading assets was relinquished and these assets were derecognised from the balance sheet at that date.

The sale also facilitated repayment of all long-term corporate debt held by the Group, and also a repayment of a significant amount of the "Strategy" liability (the remainder of which will be repaid as the final two tranches settle).

A summary of the impact of the sale on the Group at the date of settlement with MEAG of the transaction, including associated debt repayments made to the Group's financiers, is shown below.

	Impact $'000
Assets	
Property, plant and equipment	
Plantation land	(90,804)
Roading assets	(4,896)
Biological assets - current	(2,697)
Biological assets – non-current	(39,476)
Cash & cash equivalents	42,643
Receivables – current	55,824
Receivables – non-current	32,480
Net impact – assets	(6,926)
Liabilities	
GST payable	848
Provisions	1,606
Borrowings – current	(1,313)
Borrowings – non current	(20,350)
Net impact – liabilities	(19,209)
Net gain on disposal recognised	12,283

In addition to the above transactions that occurred on initial settlement, prior to the settlement of the second and third tranches, repayment was made to the existing strategy financial liability totalling $27.4M.

Notes to the Consolidated Half Year Financial Statements

7. Interests in equity accounted investees

	Nature of relationship	Ownership interest		Carrying amount	
		31-Dec-22	30-Jun-22	31-Dec-22	30-Jun-22
		%	%	$'000	$'000
South West Fibre Pty Ltd[1]	Ordinary shares	51	51	12,665	11,019
				12,665	11,019

(1) South West Fibre Pty Ltd did not declare a dividend in respect of the half year period to the Company.

8. Seasonality of Operations

General

The Group traditionally has higher sales in the second half of the financial year than the first half. Winter conditions in South West Victoria constrain the ability to source woodfibre in some locations that contain difficult terrain having a flow on effect on the amount of processed woodfibre available for shipment.

As sales are made in bulk via shipping vessels with volumes of approximately 35,000 to 60,000 green metric tonnes per shipment, any movement in anticipated timing of shipments from one half to another can alter the half year financial performance.

9. Dividends

The following dividends were declared and paid during the period ending 31 December:

	2022	2021
	$'000	$'000
Fully franked at 30% (2021: 30%)	-	-

No dividend has been declared in respect of the half year ending 31 December 2022.

Notes to the Consolidated Half Year Financial Statements

10. Biological assets

As at	31-Dec-22 $'000	30-Jun-22 $'000
Current		
Plantation hardwood at fair value	6,787	2,697
Non-Current		
Plantation hardwood at fair value	2,794	38,573
Plantation hardwood at fair value (new plantings)	175	6,665
	9,756	47,935

The treecrop is classified as current or non-current based on the anticipated timing of harvest.

	Biological assets $'000
at 30 June 2022	47,935
Harvested timber	(1,828)
New plantings	569
Purchase of standing timber	5,100
Change in fair value less estimated point of sale costs - due to:	
Sale of plantation timber[1]	(42,173)
Change in discount rate	-
Change in volumes, prices and markets	153
Balance at 31 December 2022	9,756

[1] Refer to Note 6

As noted in section 2.2 (d) of the Group's most recent Consolidated Financial Statements (as at 30 June 2022), a portion of the Group's treecrop was legally owned by Strategy Timber Pty Ltd, an investment trust managed by a third-party Timber Management Investment Organisation.

In FY20, Strategy Timber Pty Ltd, sold its investment in the treecrop to another third party, Hancock Natural Resource Group (HNRG), who acquired the Strategy hardwood plantation trees in Victoria on behalf of its investment clients. The existing agreements in place concerning Midway's commitment to repurchase the hardwood treecrop have been novated as a part of the sales process and as such does not have any ramifications for the group.

Notes to the Consolidated Half Year Financial Statements

11. Net Debt

As at	31-Dec-22 $'000	30-Jun-22 $'000
Bank loans – current	13,450	16,950
Bank loans - non current	-	20,675
Hire purchase liabilities - current	1,866	2,354
Hire purchase liabilities - non current	3,494	1,922
AASB 16 lease liabilities	4,956	4,990
Cash and cash equivalents	(28,840)	(2,969)
Term Deposit	(2,007)	(2,000)
	(7,081)	41,922

Excludes any liability relating to the Strategy arrangement as this is held on the balance sheet as a result of the adoption of AASB 15 and is not taken into account in the Group's debt covenant obligations.

i. Assets pledged as security

The Midway facilities are secured by the following:

- A fixed and floating charge granted by Midway Limited, Midway Plantations Pty Ltd.

A property mortgage over:

- the property situated at 150-190 Corio Quay Road, North Shore VIC, granted by Midway Limited
- the property situated at 10 The Esplanade, North Shore, VIC, granted by Midway Properties Pty Ltd; and the property situated at 1A The Esplanade, North Shore VIC, granted by Midway Limited
- One plantation land title in South West Victoria

ii. Facilities

Type	Utilised $'000	Total $'000	Maturity
Working capital (NAB)	13,450	16,000	30-Jun-23
Asset finance (NAB)	4,723	8,000	30-Jun-23
Asset finance (ANZ)	637	6,000	02-Oct-23

The Group has the ability to enter into purchase arrangements under the asset finance facility until it expires on 30-June-2023 (NAB) and 02-Oct-2023 (ANZ). Each outstanding finance arrangement will then be repaid within a five-year period.

Notes to the Consolidated Half Year Financial Statements

12. Impairment of non financial assets

Impairment tests for all assets are performed when there is an indicator of impairment, although goodwill is tested at least annually. If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged to the income statement.

The Groups' CGUs consist of individual business units at the lowest level at which cash inflows are made including:

- Midway Geelong
- Queensland Commodity Exports
- Midway Tasmania
- Plantation Management Partners
- South West Fibre

Key assumptions and estimates
Key assumptions and estimates used in the impairment analysis consist of:

Projected cash flows
The recoverable amount of a CGU is based on value in use calculations that are based on detailed management prepared forecasts for five years through to FY 2027, unless the timing of tree crop rotation profiles justifies a longer period. In the case of Plantation Management Partners, the timeframes were modelled out to 2057, reflecting the likely timeframes for the next two rotations.

Long-term average growth rate
A terminal growth rate of 2.2% (2022: 2.2%) has been used and only applied to CGUs whereby it is likely they will extend into perpetuity and there is a reasonable chance of sourcing woodfibre in each catchment whereby a CGU resides.

Discount rate
The Group used a pre-tax discount rate of between 12.2% and 15.1% (2022: 12.8% and 14.4%) for all CGUs.

Sensitivity analysis
The Group believes any reasonable possible change in the key assumptions would not cause the carrying value of the CGUs to exceed their recoverable amount.

COVID-19
The impact of COVID-19 on the market recovery continues to be an area of uncertainty.

As a result of conducting the impairment tests as at 31 December 2022, no write-downs were required.

Notes to the Consolidated Half Year Financial Statements

13. Subsidiaries

As at 31 December	Ownership interest held by the Company 2022 %	2021 %	Ownership interest held by NCI 2022 %	2021 %
Subsidiaries of Midway Limited and controlled entities:				
Queensland Commodity Exports Pty Ltd	90	90	10	10
Midway Plantations Pty Ltd	100	100	-	-
Midway Properties Pty Ltd	100	100	-	-
Midway Tasmania Pty Ltd	100	100	-	-
Australian Carbon Products Pty Ltd	100	-	-	-
Plantation Management Partners Pty Ltd	100	100	-	-
Resource Management Partners Pty Ltd	100	100	-	-
Plantation Management Partners Pte Ltd(1)	100	100	-	-
Midway Logistics Pty Ltd(2)	100	100	-	-
Midway Logistics Unit Trust(2)	100	100	-	-
BioGrowth Partners Pty Ltd(2)	100	100	-	-

1. In liquidation
2. Discontinued – refer Note 5

14. Contingent Liabilities

As at the date of this report there are no claims or contingent liabilities that are expected to materially impact, either individually or in aggregate, the Group's financial position or results from operations.

15. Asset Held-for-sale

	31-Dec-22 $'000	30-Jun-22 $'000
Opening balance	314	2,997
Plantation land at fair value	-	(2,997)
Fixed assets	(314)	314
Closing balance	-	314

16. Commitments

The Group has entered into $1.6M of commitments relating to capital expenditure as part of the Bell Bay woodfibre processing project during the six month period ending 31 December 2022.

17. Subsequent Events

There have been no matters or circumstances, which have arisen since 31 December 2022 that has significantly affected or may significantly affect:

(a) The operations, in financial periods subsequent to 31 December 2022, of the Group, or
(b) The results of those operations, or
(c) The state of affairs, in financial periods subsequent to 31 December 2022 of the Group.

Directors Declaration

The Directors declare that the consolidated interim financial statements and notes set out on pages 14 to 25 in accordance with the Corporations Act 2001:

a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

b) Give a true and fair view of the financial position of the Group as at 31 December 2022 and of its performance for the half year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Chairman: ______________________

G Davis

23 February 2023

Independent Auditor's Review Report

To the shareholders of Midway Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Midway Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim Financial Report of Midway Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2022 and of its performance for the ***Interim Period*** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2022
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Interim Period ended on that date
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Midway Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The ***Interim Period*** is the 6 months ended on 31 December 2022.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Simon Dubois

Partner

Melbourne

23 February 2023