



## Appendix 4E



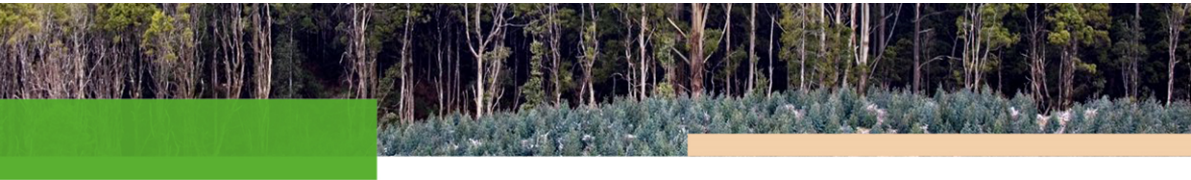
Midway

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### Announcement of Full-Year Results 2023

Midway Limited  
ABN 44 005 616 044





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## RESULTS FOR ANNOUNCEMENT TO THE MARKET

for the financial year ended 30 June 2023

Financial year ended: 30 June 2023

Previous corresponding period: 30 June 2022

### Result Summary<sup>1</sup>

		%		\$'000
Consolidated Revenue from Operations	Down	5.4%	to	187,808
Net profit / (loss) after tax from ordinary activities attributable to shareholders	Up	59.1%	to	(3,542)
Net profit / (loss) after tax attributable to shareholders	Up	78.4%	to	(2,804)

<sup>1</sup> Results include both continued and discontinued operations for the consolidated Group.

### Earnings drivers

The Group reported a net loss after tax from ordinary activities attributable to shareholders of -\$3.5M, an improvement on the prior year of 59.1%. The main drivers behind the result are:

- Improved prices were achieved in the second half, which in addition to the utilisation of all unfavourable FX positions, contributed to the realisation of improved margins despite the market downturn.
- The market downturn was caused by a weak global pulp market at a time when new pulp paper mill capacity was coming on stream resulting in high pulp paper stocks leading to a reduction in production.

Despite the market downturn, an improvement in the underlying business has been in evidence and actions to improve future performance are ongoing, including:

- Commissioning of the new mill facility in Midway Tasmania and commencement of regrowth thinning chipping operations;
- Progression with carbon management opportunities;
- Completion of the exit of the loss-making Midway Logistics business;
- Positive underlying consolidated EBITDA result of \$2.9 million in FY23, a \$4.7 million turnaround from the prior corresponding period whereby the Group made a loss of \$1.8 million consolidated underlying EBITDA; and
- Net debt of only \$3.9 million as at 30 June 2023, down from \$41.9 million as at 30 June 2022 after the Company used the proceeds from the sale of surplus land and its Victorian plantation assets to repay all long-term corporate debt.

During the year, a total gain of \$12.5M was recognised on the sale of 17,000 hectares of the Group's plantation estate to a special purpose vehicle (SPV) owned by clients of MEAG, Munich Re's asset manager, for a total consideration of \$154.1M. Additionally, the Group recognised an impairment loss of \$7.8M within the Plantation Management Partners business due to provisioning against aged receivables, and a \$0.4M impairment loss relating to provisioning against slow-moving parts inventory.

For a further explanation of the results above, refer to the Company's ASX/Media Announcement for the year ended 30 June 2023 and the accompanying Directors' Report.

### Dividends / distributions

	Amount per security	Franked amount per security at 30%
2022 interim dividend (no dividend declared)	-	-
2022 final dividend (no dividend declared)	-	-
2023 interim dividend (no dividend declared)	-	-
2023 final dividend (no dividend declared)	-	-
Record date for determining entitlements to the final dividend:		N/A
Date final dividend payable:		N/A
	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	143.1 cents	140.6 cents

## Directors' Report

### Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the accompanying Financial Report for the year ended 30 June 2023.

The Directors present their report together with the consolidated financial statements of the Group comprising of Midway Limited (the Company) and its subsidiaries for the financial year ended 30 June 2023 and the auditor's report thereon.

### Directors

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

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

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

**Gordon Davis** B.Sc (Forestry), M.Sc (Ag), MBA

#### Independent Non-Executive Chairman

Gordon has spent most of his career in the forestry and commodities industries. He was Managing Director of AWB Limited from 2006 to 2011, and Chair of VicForests from 2011 to 2016. He has been a director of Nufarm Limited (ASX: NUF) since 2011, and Healius Limited (ASX: HLS) since 2015. Gordon was also the Chair of Greening Australia between 2014 and 2019, and was appointed Chairman of the Company from 1 May 2022. Gordon was appointed a director in April 2016.

**Kellie Benda** LLB, BA (Industrial Relations), MAppFin, Harvard AMP, FAICD

#### Independent Non-Executive Director (appointed 5 October 2022)

Kellie commenced her career with Mallesons (now King & Wood Mallesons) as a corporate lawyer and then moved into investment banking. She held senior executive positions as Chief Risk Officer, Chief Operating Officer and Executive General Manager in organisations including AGL Limited, Origin Energy Limited, Emeco Holdings Limited and Aurizon Limited. She has served as a non-executive director of the WA Forests Products Commission and IMX Resources Limited, including a period as Chair. She is a director of PSMA Australia Limited (Geoscape Australia) and several not-for-profit entities. Kellie is a member of the Safety and sustainability Committee, Audit and Risk Committee and People and Remuneration Committee. She was appointed a director on 5 October 2022.

**Nils Gunnersen** B.Bus (Agricultural Commerce)

#### Non-Executive Director

Nils has over 25 years' experience across the forests and wood products industry. He is a graduate of the Australian Rural Leadership Programme. He was Executive Director of Operations and then Managing Director of Gunnersen Pty Ltd, a large independent wood products importer and distributor in Australia and New Zealand (2008-2019). He is a Trustee of the JW Gottstein Trust, a charitable trust which supports education in the forest products industry. Nils is a director of Chebmont Pty Ltd, which is a substantial holder of Midway shares. Nils is Chair of the Safety and Sustainability Committee, and was appointed a director in October 2012.



## Directors' Report

**Tom Gunnersen** B.A (Melb), MBA (Finance) (Bond)

### Non-Executive Director

Tom has 20 years of corporate, investment and capital markets experience in Australia and Asia. He is a co-founder and current Director of boutique corporate advisory firm KG Capital Partners and is a Director of Chebmont Pty Ltd, which is a substantial holder of Midway shares. Previously, Tom was a Director of Equities for global investment bank Canaccord Genuity Limited during which time he was based in Hong Kong for several years. Tom is a member of the People and Remuneration Committee, and was appointed a Director in February 2018.

**Leanne Heywood** OAM, B.Bus (Acc), MBA, FCPA, GAICD

### Independent Non-Executive Director

Leanne has broad general management experience gained through an international career in the mining sector, including 10 years with Rio Tinto. Her experience includes strategic marketing, business finance and compliance and she has led organisational restructures, disposals and acquisitions. She has been a director of Allkem Limited (ASK:AKE) since 2016, Snowy Hydro Limited since March 2022, Symbio Limited (ASX:SYM) since March 2022, Quickstep Holdings Limited (ASX:QHL) since February 2019 and is a Graduate member of the Charles Sturt University Council. Leanne is Chair of the Audit and Risk Committee and the People and Remuneration Committee. She was appointed a director in March 2019.

**Anthony McKenna** BA, MBA, CFA, GAICD

### Managing Director and Chief Executive Officer (appointed 24 January 2022)

Tony has broad experience in private investment, M&A, and agribusiness. He was Managing Director of Ruyi Australia Group, part of Shandong Ruyi Technology, a Chinese multinational group, from 2016 to 2022. During that time, he was responsible for the operations of Cubbie Station, Australia's largest cotton farm, and Lempriere Wool, an international wool processing and trading business. Prior to 2016, Tony was CEO of Lempriere Capital, a private investment group specialising in agribusiness, and Executive Director of agri funds manager AgCAP. Tony was appointed Managing Director and Chief Executive Officer on 24 January 2022.

**Gregory McCormack** B.Bus

### Non-Executive Director (retired 28 November 2022)

Greg has spent his entire career in the forest products industries. He was the Managing Director of McCormack Timbers, a timber milling and wholesale business, and was a founding Director of Midway in 1980. He has held senior positions with both the National and the Victorian Association of Forest industries (having served as President of both associations). Greg is the current President of the Australian Forest Products Association. Greg was appointed a director in November 1997 and is a member of the People and Remuneration Committee. Greg stood down as Chair of the Board on 1 May 2022.

**Thomas Keene** B.Ec, FAICD

### Independent Non-Executive Director (retired 28 November 2022)

Tom has a commercial and agribusiness background, having held the position of Managing Director of GrainCorp Ltd between 1993 and 2008. In 2007, Tom was awarded the NAB Agribusiness Leader of the Year. He is a former Chairman of Allied Mills Ltd and Grain Trade Australia and a former Director of Cotton Seed Distributors Ltd. He has been a director of Australian Agricultural Company Limited (ASX: AAC) since 2011. Tom is a member of the Audit and Risk Management and the People and Remuneration Committees, and was appointed a director in August 2008.

**Robert Bennett** B.Com, CA, FGIA

### Company Secretary

Rob has many years company secretarial and governance experience with Coles Group Limited, AWB Limited, and Medibank Private Limited.

## Directors' Report

### Committee Membership

As at the date of this report, the Company has an Audit & Risk Committee (ARC) (previously Audit & Risk Management Committee), a People & Remuneration Committee (PRC) (previously Remuneration & Nomination Committee) and a Safety & Sustainability Committee (SSC) (previously Workplace Health Safety and Sustainability Committee) of the Board of Directors.

Name	ARC	SSC	PRC	Comments
<b>Directors</b>				
Gordon Davis				Chair
Kellie Benda	✓	✓	✓	
Nils Gunnersen		✓	✓	Chair SSC
Tom Gunnersen	✓	✓		
Leanne Heywood	✓		✓	Chair ARC   Chair PRC
Anthony McKenna				CEO

### Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year and the number of meetings attended by each Director were as follows:

Directors	Board		ARC		PRC		SSC		Other Committees	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Gordon Davis	11	11							3	3
Kellie Benda	9	9	4	4	3	3	1	1		
Nils Gunnersen	11	11			3	3	3	3		
Tom Gunnersen	11	11	6	6			3	3		
Leanne Heywood	11	11	6	6	4	4	2	2	3	3
Anthony McKenna	11	11							1	1
Thomas Keene	3	2	2	2	1	1				
Gregory McCormack	3	3			1	1				

### Principal Activities

The principal activities of the Group during the 2023 financial year are based on the reportable segments of the group as below:

Reportable Segments	Products / Services
<b>Woodfibre</b>	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.
<b>Forestry Logistics<sup>1</sup></b>	Forestry logistics provides support services to third parties engaged in growing woodfibre including harvest and haul.
<b>Plantation and Carbon Management</b>	Plantation management is the provision of silviculture services including on group owned trees combined with carbon management activities. The segment also holds any group owned plantation land and trees.
<b>Ancillary</b>	Other aggregated costs which are not individually significant

<sup>1</sup> Discontinued operation, refer to Note 1.3 for details.



## Directors' Report

### Operating and Finance Review

#### Financial Results

##### Full year results impacted by recent pulp and paper market developments and residual supply chain disruption

- The Group achieved positive underlying earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations and before significant items of \$2.9M (2022: \$1.1M).
- The Group's balance sheet remains strong with net tangible assets of \$1.43 cents per share.
- The Group recognized a gain of \$12.5M arising from the sale of the plantation estate during the half, with proceeds used to repay the Group's long term debt, resulting in a reduction in the Group's net debt position to \$3.9M (2022: \$41.9M).
- No dividend will be paid in respect of full year FY23 results.

##### Group performance

- The Group secured an improved benchmark Eucalyptus Globulus sales price of US\$198.75 / BDMT for major Japanese customers for calendar year 2023.
- The Group utilised longstanding FX contracts in the first half, set at a rate of 0.75, which adversely impacted margins.
- The Group's share of profit from SWF is \$2.4M in FY23 (FY22: profit of \$1.0M), an improvement of \$1.4M.
- The loss-making Logistics segment has been exited.
- In the second half, a weak international pulp and paper market, at a time when new pulp paper mill capacity was coming on stream, resulted in high inventories and a slow down in production. Chinese customers subsequently responded by deferring the majority of their 2023 contracted woodfibre shipments, ongoing pressure on volumes and margins in the woodfibre segment.
- This compounded the challenges experienced in the first half, with labour cost pressure, ongoing elevated fuel prices and wet weather impacting access to plantations, particularly in Midway Tasmania.

A summary of the financials has been provided below to the previous corresponding period:

	Notes	2023 \$'000	2022 \$'000	Change
<b>Revenue and other income</b>				
Sales revenue	1.1	187,808	198,480	(10,672)
Other income	4.8	6,668	2,845	3,823
		<b>194,476</b>	<b>201,325</b>	<b>(6,849)</b>
<b>Less: expenses</b>				
Changes in inventories of finished goods and work in progress		14,156	5,353	8,803
Materials, consumables and other procurement expenses		(137,564)	(133,563)	(4,001)
Employee benefits expense		(20,620)	(19,158)	(1,462)
Plantation management expenses		(3,995)	(80)	(3,915)
Freight and shipping expense		(24,897)	(40,945)	16,048
Repairs and maintenance expense		(9,865)	(7,680)	(2,185)
Other expenses		(11,222)	(8,050)	(3,172)
Share of net profits from equity accounted investments		2,386	1,036	1,350
<b>EBITDA - S</b>		<b>2,855</b>	<b>(1,762)</b>	<b>4,617</b>
Depreciation & Amortisation		(6,318)	(8,544)	2,226
<b>EBIT - S</b>		<b>(3,463)</b>	<b>(10,306)</b>	<b>6,843</b>
Net finance expense		(2,132)	(2,430)	298
<b>Net loss before tax - S</b>		<b>(5,595)</b>	<b>(12,736)</b>	<b>7,141</b>
Income tax expense		2,478	4,177	(1,699)
<b>Net loss after tax - S</b>		<b>(3,117)</b>	<b>(8,559)</b>	<b>5,442</b>
Less: Net loss after tax – Statutory (discontinued operations)		(191)	(3,809)	3,618
<b>Net profit/(loss) after tax – S (underlying, continued operations)</b>		<b>(2,926)</b>	<b>(4,750)</b>	<b>1,824</b>

## Directors' Report

### Operating and Finance Review (continued)

#### Non-IFRS measures

Throughout this report the Group has used certain non-IFRS measures, predominately EBIT and 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.

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 the 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

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

	2023 \$'000	2022 \$'000	Change
<b>Net profit / (loss) after tax – S (consolidated)</b>	<b>(3,117)</b>	<b>(8,559)</b>	<b>5,442</b>
Net fair value increment on biological assets	105	4,543	(4,438)
Non-cash interest expense (AASB 15 Strategy impact) <sup>1</sup>	(3,218)	(7,997)	4,779
Insurance costs, net of proceeds received <sup>2</sup>	65	-	65
Midway Logistics wind-down costs, net	-	(500)	500
Impairment loss on non-current assets	(5,489)	(98)	(5,391)
Impairment loss on current assets	(245)	-	(245)
Interest received <sup>3</sup>	1,374	-	1,374
Profit on sale of non-current assets	8,726	1,361	7,365
Transaction costs incurred	(580)	(1,628)	1,048
<b>Net profit / (loss) after tax Statutory (consolidated)</b>	<b>(2,379)</b>	<b>(12,878)</b>	<b>10,499</b>
Less: Net loss after tax – Statutory (discontinued operations)	(191)	(3,809)	3,618
<b>Net profit / (loss) after tax – Statutory (continuing operations)</b>	<b>(2,188)</b>	<b>(9,069)</b>	<b>6,881</b>

- 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.
- 3 Includes interest received by the Group on cash deposits relating to proceeds received from the sale of the plantation estate.



## Directors' Report

### Operating and Finance Review (continued)

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

	2023 \$'000	2022 \$'000	Change
EBITDA -S – continuing operations	2,858	1,089	1,769
EBITDA -S – discontinued operations	(3)	(2,851)	2,848
<b>EBITDA -S – (underlying) - consolidated</b>	<b>2,855</b>	<b>(1,762)</b>	<b>4,617</b>
Net fair value increment / (decrement) on biological assets	151	6,490	(6,339)
Insurance costs, net of proceeds received	93	-	93
Profit / loss on sale of assets – Midway Plantations	12,465	1,943	10,522
Impairment loss on non-current assets	(7,842)	(98)	(7,744)
Impairment loss on current assets	(350)	-	(350)
MWL wind-down	-	(714)	714
Transaction costs incurred	(829)	(2,326)	1,497
<b>EBITDA – statutory - consolidated</b>	<b>6,543</b>	<b>3,533</b>	<b>3,010</b>
Less: EBITDA gain / (loss) – discontinued operations	(3)	(3,565)	3,562
<b>EBITDA – continuing operations</b>	<b>6,546</b>	<b>7,098</b>	<b>(552)</b>

#### Performance against prior corresponding period

##### Woodfibre

	2023 Actual	2022 Actual	▲
Revenue <sup>1</sup>	225,182	186,185	21%
EBITDA - S	8,237	6,080	35%
EBITDA <sup>2</sup>	139	5,982	-98%
Export sales volume in Green Metric Tonnes (GMT) achieved by site	GMT '000s	GMT'000s	
Geelong	597	613	(16)
Portland <sup>1</sup>	721	541	180
Brisbane	237	276	(39)
Melville Island	143	77	66
Tasmania	295	450	(155)
Total	1,993	1,957	36

<sup>1</sup> Includes the Group's 51% share of SWF's revenue, which is eliminated per Note 1.1

<sup>2</sup> Woodfibre EBITDA includes a total of \$8.2M of impairment losses recognised in PMP. Refer to Note 1.7 for details.

Improved EBITDA-S is due to more favourable export pricing obtained in the second half combined with more favourable FX rates following usage of the legacy hedging contracts in the first half, providing benefits to margin achieved. Key points include:

- Volume increased at PMP and our joint venture operations in Portland (South West Fibre) by 66k GMT and 180k GMT respectively. The Group's share of profit recorded from SWF increased by \$1.4M to \$2.9M (FY22: \$1.0M).
- In Geelong and Brisbane, volumes reduced in FY23, however margins on E. Globulus and softwood improved in the second half.
- Favourable pricing was obtained for calendar year 2023 across most products, benefitting the margin realised in the second half.
- Tasmania noted a 155k GMT fall in volume, driven by recent market volatility impacting demand in the second half, combined with adverse weather experienced in the first half that impacted access to plantations.
- Other key movements include a 1.5% decrease in dry fibre % in the first half of the year particularly in Tasmania and Victoria.

## Directors' Report

### Operating and Finance Review (continued)

#### Plantation and Carbon Management

Plantation Management	2023 Actual	2022 Actual	▲
Revenue	9,943	10,634	-6%
EBITDA - S	(1,625)	(2,406)	32%
EBITDA	10,991	6,027	82%

The increase in EBITDA in the year was due to a combination of the gain recognised from the sale of the plantation estate combined with increased management fees arising from plantation estate management activities.

Now the estate has been sold and earnings are being generated from management of the estate along with carbon solutions being developed for third parties this segment is expected to return to profitability.

#### Forestry Logistics

Forestry Logistics (Discontinued)	2023 Actual	2022 Actual	▲
Revenue	315	4,883	-94%
EBITDA - S	(3)	(2,851)	100%
EBITDA	(3)	(3,565)	100%

Midway Logistics has been exited within FY23.



## Directors' Report

### Operating and Finance Review (continued)

#### Financial Position

	2023 \$'000	2022 \$'000
Current Assets	75,147	46,109
Non-current Assets	107,452	211,066
<b>Total assets</b>	<b>182,599</b>	<b>257,175</b>
Current Liabilities	37,645	62,930
Non-current liabilities	17,977	69,447
<b>Total liabilities</b>	<b>55,622</b>	<b>132,377</b>
<b>Net assets</b>	<b>126,977</b>	<b>124,798</b>

#### Highlights

- The ongoing challenging trading environment was reflected in reduced operating cash flows (from continuing operations) of negative \$12.3M (FY22: negative \$3.2M). This is principally due to working capital influences, with inventory of \$35.0M being held (2022: \$20.8M).
- The Group's net debt profile has improved, with long-term debt facilities being repaid and a net debt position of \$3.9M (2022: \$41.9M).
- No dividend declared in FY23.

#### Net Debt

	2023 \$'000	2022 \$'000
Bank loans - current	1,000	16,950
Bank loans - non current	-	20,675
Hire purchase liabilities - current	2,027	2,354
Hire purchase liabilities - non current	3,599	1,922
Other finance arrangements	-	-
AASB 16 Lease liabilities	4,888	4,990
Cash and cash equivalents	(5,606)	(2,969)
Term deposit	(2,009)	(2,000)
<b>Net Debt</b>	<b>3,899</b>	<b>41,922</b>

#### Highlights

- Net debt decreased following the sale of the plantation estate with repayments made to long and short-term borrowings.

## Directors' Report

### Outlook

The Directors believe that the long-term outlook for woodfibre exports into Asia, specifically China and Japan, remains positive. The Group has positioned itself for success in FY24 by completing the building of the new processing site at Bell Bay in Tasmania and exiting the loss-making logistics business in the year. The Group also achieved a 10% increase in the headline FOB pricing to our major customers and saw an increase in underlying EBITDA (consolidated) of \$4.7M to \$2.9M (FY22: \$1.8M loss).

Global trading conditions remain challenging for many businesses, including Midway. During the first half of FY24 Midway will closely watching global pulp and paper stocks for signs that woodfibre demand will return to normal levels in calendar year 2024. In the interim, Midway continues to progress its strategic initiatives to improve the business and maximise returns to shareholders.

The timing of the market turnaround remains uncertain, however the Directors are looking at additional performance improvement initiatives and diversification strategies that may generate future revenue and earnings streams. We remain confident that there are potential growth opportunities for Midway that will benefit shareholders in the longer term.

### Key Risks and Business Challenges

The principal risks and business challenges for the Group are:

- Security of supply – There is a risk that Midway may not be able to secure sufficient timber supply necessary to meet customer demand.
- Customer demand – As most sales are achieved on a short-term contractual basis, there can be no guarantee that these relationships will continue.
- Exposure to foreign exchange rates – As most sales are denominated in USD whilst costs are in AUD, any adverse exchange rate fluctuations would have an adverse effect on Midway's future financial performance and position.
- Banking facilities – There is a risk that Midway may not be able to refinance its existing or future bank facilities as and when they fall due, or that the terms available to Midway on refinancing may not be as favourable as the terms of its existing or future bank facilities. In addition, Midway has a debt facility which is subject to various covenants. Factors such as a decline in Midway's operations and financial performance (including any decline arising from any adverse foreign exchange rate fluctuations) could lead to a breach of its banking covenants. If a breach occurs, Midway's financier may seek to exercise enforcement rights under the debt facility, including requiring immediate repayment, which may have a materially adverse effect on Midway's future financial performance and position.
- Excess system capacity – Midway is subject to a number of contracts which contain minimum annual volume commitments. Financial costs are imposed if these volume commitments are not met.
- Contamination of product – Woodfibre export contracts all contain similar contamination requirements. There is a risk of financial recourse in the event of a breach of contract.
- Costs – Midway's profitability could be materially and adversely affected by changes in costs which are in many respects beyond its reasonable control.
- Australian Carbon Credit Units (ACCUs) – the Group is exposed to volatility in future ACCU price and demand movements as it is now entering carbon management activities. The Group's future profit could be impacted if demand or pricing falls.
- Vessel chartering – There is a risk that Midway may not be able to finalise an export sale contract rendering a vessel idle, or that a vessel cannot be chartered when needed, causing a potential shipment to be adversely impacted.
- Employee recruitment and retention risk – There is a risk the Group may not be able to attract and retain key staff, particularly in remote regions.
- Fire – The loss of plantation resource and therefore supply due to fire is an ever-present industry risk.
- Extreme weather events – There is a risk of extreme weather events occurring.
- Geopolitical conditions – There is a risk that global political developments may adversely affect market conditions.
- Other risks facing the company include failure to comply with laws, regulations and industry standards generally (and environmental matters and industry accreditations specifically), risk of litigation, claims and disputes, bribery and corruption in foreign jurisdictions.



## Directors' Report

### Key Risks and Business Challenges (continued)

In order to manage these challenges, the Company hedges a significant proportion of its forward sales through foreign exchange hedging contracts and continues to maintain and strengthen its business relationships including entering into strategic alliances with key suppliers. Additionally, imposing a strong control environment focusing on preventative controls, acts to further manage these business challenges.

### Dividends

There were no dividends declared during the 2023 financial year, or since the end of the financial year.

### Corporate Governance

The Group has adopted a range of charters and policies aimed at ensuring that the Group's business is conducted in an ethical manner and in accordance with the expected standards of corporate governance.

### Significant Changes in the State of Affairs

#### *Wind-down of Midway Logistics*

On 1 April 2022 the Group announced its intention to exit Midway Logistics, which was completed within the first half of this financial year.

#### *Plantation Management Partners*

During the year, 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.

#### *Sale of plantation estate*

- In 2022 Midway signed contracts for the sale of 17,000 hectares of its existing plantation estate in the central and south-west regions of Victoria to a special purpose vehicle (SPV) owned by clients of MEAG, Munich Re's asset manager, for \$154.1M.
- Settlement of the remaining two tranches due to occur in September 2023 and September 2024.
- Proceeds received to-date have been used to improve the Group's balance sheet position, with net debt substantially improving to \$3.9M (from \$41.9M in FY22). Other usage includes \$27.4M to repay a proportion of the Strategy liability, \$8.0M in net capital gains tax paid, \$4.6M in capital expenditure, \$5.1M to purchase pine, and support of the Group's \$14.2M inventory build in FY23.
- The SPV has also committed to invest \$200 million in land acquisition for new hardwood 'greenfield' plantations in south-west Victoria over the next five years under Midway's management, with several land purchases being completed this financial year.

### Significant Events Subsequent to the end of the Financial Year

In August 2023 the Group renewed its lease agreement with Port of Brisbane for a period of ten years, with two five-year option periods. The result is the recognition of a right of use asset and lease liability of \$14.5M on the Group's Consolidated Balance Sheet. Other than this item and as noted in this report, the Directors are not aware of any matter or circumstance which has arisen since 30 June 2023 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.

### Likely Developments and Expected Results of Operations

Midway will continue to pursue further growth opportunities through:

- securing additional supply to meet expected unfulfilled demand from existing and potential customers, including through strategic supply arrangements with large plantation managers and collaboration with other interested parties;
- proactively seeking new opportunities to utilise spare capacity in at least four processing and export facilities utilised by Midway;
- continuing to evaluate potential adjacent growth opportunities, particularly in the fields of carbon emissions offsets and carbon abatement; and
- exploring complementary business opportunities which utilise our marketing, plantation management, processing and supply chain management skills.

### Environmental Regulation

- The Chief Executive Officer reports to the Board on any environmental and regulatory issues at each Directors' meeting, if required. During the year, no significant incidents occurred.

## Directors' Report

### Greenhouse Gas and Energy Data Reporting Requirements

- The Company is not subject to the reporting requirements of either the Energy Efficiency Opportunities Act 2006 or the National Greenhouse and Energy Reporting Act 2007.

### Share Option Plan

- The Company has adopted a Long-Term Incentive Plan (LTIP) under which it has issued 953,519 to senior executives in the current financial year. The rights and options vest over a performance period ending 30 June 2025, subject to satisfaction of vesting conditions such as a comparator measure of Total Shareholder Return (TSR) benchmarked against the top ASX 300 companies.
- Refer to the Remuneration Report for details on the rights issued to Key Management Personnel (KMP).

### Indemnification and Insurance of Directors and Officers

#### Indemnification

The Company has indemnified the Directors and officeholders of the Company for costs incurred, in their capacity as a Director or officeholder, for which they may be held personally liable, except where there is a lack of good faith.

#### Insurance of Directors and Officers

During the year the Company paid a premium for a Directors and Officers Liability Insurance Policy. This policy covers Directors and Officers of the Company and the Company. In accordance with normal commercial practices under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of the premiums are confidential.

#### Insurance of Auditor

No payment has been made to indemnify the Company's Auditor during or since the end of the financial year.

### Proceedings on behalf of the Company

There are no legal proceedings currently outstanding.

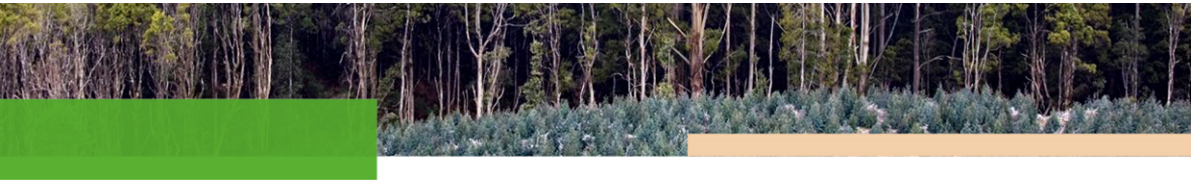
### Non-Audit Services

The Company may decide to employ the Auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit & Risk Committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality 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, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

	2023	2022
KPMG Australia	\$	\$
Audit and assurance services		
- Statutory audit fees	224,675	228,000
Other services		
- Non- assurance services – other advisory services	21,228	88,717



## Directors' Report

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is set out on page 16 and forms part of this report.

### 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.

Signed in accordance with a resolution of the Directors.

### Gordon Davis

Chairman

Melbourne,

24 August 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 audit of Midway Limited for the financial year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature of the KPMG firm, written in a stylized, cursive font.

KPMG

A handwritten signature of Simon Dubois, written in a cursive font.

Simon Dubois

*Partner*

Melbourne

24 August 2023

## Remuneration Report (Audited)

### Introduction

The Directors are pleased to present the FY2023 Remuneration Report, which forms part of the Midway Limited (Company) Directors' Report. It outlines the Board's remuneration philosophy and remuneration information for the Company's Non-Executive Directors, Executive Directors and other KMP in accordance with the requirements of the *Corporations Act 2001* and its regulations.

For the purposes of this report, KMP is defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Executive Remuneration represents remuneration for the Executive KMPs and other members of senior management. This report discloses remuneration as it relates to Executive KMP's, however the framework is applied more broadly to other members of senior management.

The information provided in this Remuneration Report, which forms part of the Directors' Report, has been audited as required by section 308(3C) of the *Corporations Act 2001*.

### Key Management Personnel disclosed in this Report

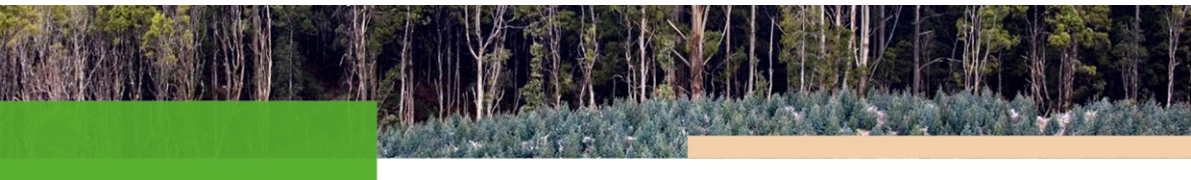
Name	Position Held	Employment status
<b>Directors</b>		
Gordon Davis	Non-Executive Chairman	
Kellie Benda	Non-Executive Director	Appointed 5 October 2022
Nils Gunnersen	Non-Executive Director	
Tom Gunnersen	Non-Executive Director	
Leanne Heywood	Non-Executive Director	
Gregory McCormack	Non-Executive Director	Retired 28 November 2022
Thomas Keene	Non-Executive Director	Retired 28 November 2022
<b>Executives</b>		
Anthony McKenna	Managing Director and CEO	
Anthony Price	Managing Director and CEO	Retired 24 January 2022
Michael McKenzie	Chief Financial Officer	
Ashley Merrett	Chief Financial Officer	Retired 1 July 2022

### Principles Used to Determine Nature and Amount of Remuneration

The performance of the Group depends upon the quality and performance of its Directors and executives. To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high performing executives;
- Link executive rewards to shareholder value;
- Have a portion of executive remuneration variable, dependent upon meeting performance benchmarks; and
- Establish appropriate and demanding performance benchmarks in relation to variable executive remuneration.

This section of the Remuneration Report outlines the Company's remuneration framework and philosophy which is designed to attract, motivate and retain highly skilled Directors and executives.



## Remuneration Report (Audited)

### People and Remuneration Committee

The Board has established a People and Remuneration Committee to assist the Board in reviewing and making recommendations to the Board in relation to the Company's remuneration policy, and remuneration arrangements for the Directors and executives.

The People and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of high quality, high performing Directors and executives.

The People and Remuneration Committee is comprised of Non-Executive Directors, the majority of whom are independent in accordance with the People and Remuneration Committee Charter. The Board considers that having a separate remuneration committee serves as an efficient and effective mechanism to bring the transparency, focus and independent judgement needed on remuneration decisions.

The Board has also adopted a number of key policies to support the Company's remuneration framework. The Company's policies and the People and Remuneration Committee Charter, which sets out the functions and responsibilities of that committee, are available at [www.midwaylimited.com.au](http://www.midwaylimited.com.au).

### Remuneration Framework

In accordance with best practice corporate governance standards, the Company's remuneration policies and practices regarding the remuneration of Non-Executive Directors are separate and distinct from the remuneration of Executive Directors and other senior executives.

These policies and practices appropriately reflect the different roles and responsibilities of Non-Executive Directors compared with Executive Directors and other senior executives of the Company.

### Use of Remuneration Consultants

The People and Remuneration Committee may, from time to time, engage external remuneration consultants to provide it with advice, information on current market practices, and other matters to assist the Committee in the performance of its duties.

### Non-Executive Director Remuneration

#### Objective

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors.

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

#### Framework

Under the Company's Constitution, the Non-Executive Directors as a whole may be paid or remunerated for their services a total amount or value not exceeding \$1.2M per annum or such other maximum amount fixed by the Company in general meeting. An amount not exceeding the amount determined is then divided between the Non-Executive Directors as approved by the Board upon recommendation from the People and Remuneration Committee.

Non-Executive Directors' fees and payments are reviewed periodically by the People and Remuneration Committee.

Directors may also be reimbursed for expenses properly incurred by the Directors in connection with the affairs of the Company including travel and other expenses in attending to the Company's affairs.



## Remuneration Report (Audited)

### Non-Executive Director Remuneration (continued)

Table 1.1 Non-Executive Director fee structure

	Board Base Fee	Additional Fee
	\$	\$
Non-Executive Director	90,000	-
Chair	180,000	-
Chair - Audit and Risk Committee	-	15,000
Chair - People and Remuneration Committee	-	15,000
Chair – Work, Health, Safety and Sustainability Committee	-	15,000
Committee member	-	7,500

The aggregate remuneration of Non-Executive Directors for the year ended 30 June 2023 was \$680,836.

### Executive Remuneration

In determining the level and make-up of executive remuneration, the Remuneration and Nomination Committee uses a combination of business experience, comparisons with executive remuneration of comparable companies and comparative remuneration in the market and makes its recommendations to the Board.

The executive remuneration and reward framework includes both fixed and ‘at risk’ reward components. ‘At risk’ reward includes short and long-term incentives which are based on performance outcomes. The structure has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- long term share-based performance incentives; and
- other remuneration such as superannuation and long service leave.

From time to time the Remuneration and Nomination Committee may consider “one-off” payments to executives, as part of their remuneration, in relation to specific events.

The combination of these comprises each executive’s total remuneration.

### Fixed remuneration

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the People and Remuneration Committee, based on individual and business unit performance, the overall performance of the Company, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

### Variable remuneration

#### Objective

The objective of the variable remuneration component of executive remuneration, comprising short term performance incentives and share based performance incentives, is to link the achievement of the Company’s targets with the remuneration received by the executives charged with meeting those targets, and to reward executives in a manner which is consistent with the interests of shareholders.

The total potential variable component is set at a level so as to provide sufficient incentive to the executive to achieve the targets and such that the cost to the Company is reasonable in the circumstances.

## Remuneration Report (Audited)

### 2023 Executive Remuneration (continued)

#### Structure

Actual variable incentives granted to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of key performance indicators (KPIs) covering both financial and non-financial measures of performance. Typically included are measures such as contribution to operational profit, occupational health and safety and risk management, leadership and team contribution. The Company has predetermined benchmarks which must be met in order to trigger payments.

The type of variable incentives and performance against KPIs of the Company and the individual performance of each executive are taken into account when determining the amount, if any, of the variable incentive that is to be awarded to each executive. Any variable incentives to be awarded to executives across the Company are subject to the approval of the Board.

Total remuneration for the CEO and CFO includes a combination of fixed remuneration, short term incentives and long-term incentives in the form of issued performance rights.

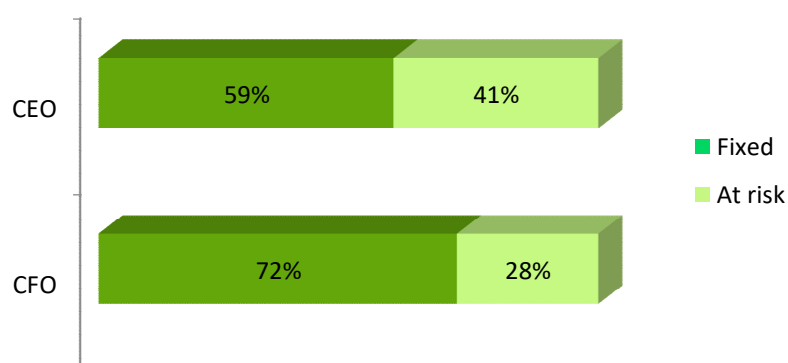
In assessing whether the KPIs for each variable component have been met, the Company measures actual results against internal targets.

A summary of contractual arrangements is provided below:

	Base salary <sup>1</sup>	Maximum STI	Eligibility LTIP	Termination Notice	Restraint of trade Provisions
	\$	\$			
Chief Executive Officer	561,290	167,888	✓	6 months	✓
Chief Financial Officer	290,214	95,700	✓	3 months	✓

<sup>1</sup> Includes superannuation and car allowances.

The remuneration mix is outlined below:



#### Short Term Incentive Plan

The Company's executive KMP and other members of senior management are eligible to participate in the Company's short term incentive plan (STI Plan).

Participants in the STI Plan have a maximum cash payment which is set as a percentage of their total fixed remuneration (TFR). Actual short-term incentive payments in any given year are dependent on the achievement of financial and non-financial criteria as approved by the Board. No incentive payment is payable if the threshold performance target is not met.

## Remuneration Report (Audited)

### 2023 Executive Remuneration (continued)

#### FY2023 Short Term Incentives

In FY2023, an offer to participate in the short term incentive (STI) Plan was made to the Company's executives including Executive KMP and other senior managers. Under the offer, employees will receive a STI payment calculated as a percentage of their TFR conditional on achieving performance measures including:

- Board approved underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) Actual vs Budget measured annually;
- Lost Time Injury Frequency Rate (LTIFR) Actual vs Previous Year measured annually; and
- Agreed and documented objectives specific to each executive's position measured annually.

EBITDA represents how the Company monitors its performance against budget, including achieving its strategic goals. Achieving the targeted EBITDA has a linkage to shareholder returns and therefore is an appropriate measure to incentivise executive performance.

LTIFR is an appropriate operational performance target as it is critical to the Company on two fronts: (1) It ensures the occupational health and safety measures implemented by the Company are first class to ensure employees are appropriately protected from any hazards in the workplace and; (2) By having limited downtime due to workplace injuries ensures maximum operational time of the Company's equipment.

A summary of the key terms of the Company's FY2023 STI Plan is set out as follows:

Term	Description												
Objective	To reward participants for achieving targets linked to the Company’s business strategy												
Participants	All Executive key management personnel and selected senior management members												
Performance period	Financial year ended 30 June 2023												
	STI is assessed against both financial and non-financial measures with the following weighting:												
	<table><tr><th>Measure</th><th>Weighting [CEO]</th><th>Weighting [CFO]</th></tr><tr><td>EBITDA</td><td>40%</td><td>40%</td></tr><tr><td>LTIFR</td><td>20%</td><td>20%</td></tr><tr><td>Individual performance measures</td><td>40%</td><td>40%</td></tr></table>	Measure	Weighting [CEO]	Weighting [CFO]	EBITDA	40%	40%	LTIFR	20%	20%	Individual performance measures	40%	40%
Measure	Weighting [CEO]	Weighting [CFO]											
EBITDA	40%	40%											
LTIFR	20%	20%											
Individual performance measures	40%	40%											
Performance measures													
Payment	Upon final endorsement by Board												

A sliding scale exists for each KPI target in relation to % of STI paid as set out below:

	% of target KPI [Maximum STI]	% of target KPI [Minimum STI]
EBITDA CEO	100% [max. \$67,155]	100% <sup>1</sup>
EBITDA CFO	100% [max. \$38,280]	100% <sup>1</sup>
LTIFR CEO	150% [max. \$50,366]	100% <sup>1</sup>
LTIFR CFO	150% [max. \$28,710]	100% <sup>1</sup>

<sup>1</sup> No incentive will be paid if the minimum % of the KPI target is not met

#### FY2023 Short Term Incentive outcomes

The following is a breakdown of the short term incentive outcomes achieved by key management personnel at the end of the 2023 financial year:

KMP	Maximum STI	% of Maximum STI Achieved
CEO	167,888	-
CFO	95,700	-



## Remuneration Report (Audited)

### 2023 Executive Remuneration (continued)

#### Long Term Incentive Plan

##### Objective

The Company has established and adopted a Long Term Incentive Plan (**LTIP**), which is intended to assist in the motivation, retention and reward of certain executives. The LTIP is designed to align the interests of executives more closely with the interests of shareholders by providing an opportunity for senior executives to receive an equity interest in Midway through the granting of awards including shares, options and performance rights, subject to satisfaction of certain conditions.

In FY2023, the Group issued performance rights to the Chief Executive Officer and Senior Executive Team. In total, 953,519 rights were issued based on the conditions set out in section (a).

##### Structure

The key terms of the LTIP are summarised below.

Term	Description
Administration	The Board has the discretion to determine which executive Directors and employees of Midway or any related Company are eligible to participate in the LTIP (Eligible Employees).
Eligibility	The awards (Awards) that may be issued under the LTIP currently include: <ul style="list-style-type: none"> <li>– shares;</li> <li>– options; and</li> <li>– performance rights.</li> </ul>
Awards	The Board may determine that the Awards will be subject to performance, service or other conditions (Vesting Conditions) and, if so, will specify those Vesting Conditions in the offer. Vesting Conditions may include conditions relating to continuous employment, performance of the participant or the occurrence of particular events.
Vesting conditions	Subject to the satisfaction of any applicable Vesting Conditions, Awards held by a participant will vest on the date specified in the terms of the offer for those Awards, which are to be determined by the Board at the time of offer and advised to the participant in individual offer documents.
Vesting date	Shares allocated on vesting of an Award carry the same rights and entitlements as other issued Shares, including dividend and voting rights.
Shares as an Award, or on vesting of an Award	Depending on the terms issued, the Shares may be subject to disposal and/or forfeiture restrictions, which means that they may not be disposed of or dealt with for a period of time and/or may be forfeited if certain further conditions are not satisfied.
Dividend and voting entitlements	Awards, other than Shares, are not entitled to dividend or voting rights.
Change of control	Upon the occurrence of a change of control of Midway, the Board may at its discretion and subject to such terms and conditions as it determines, resolve that the Vesting Conditions applicable to any unvested Awards be waived.
Restrictions	Without the prior approval of the Board or as expressly provided in the LTIP: <ul style="list-style-type: none"> <li>– options and performance rights may not be disposed of, transferred or encumbered; and</li> <li>– unvested Shares may not be disposed of, dealt with or encumbered or transferred in any way whatsoever until the first to occur of the following: (i) the satisfaction of the applicable Vesting Conditions; and (ii) the time when the Participant is no longer employed by the Company or a related Company.</li> </ul>
Loans	At the direction of the Board, the Company or a related Company may offer a participant a loan for the purpose of acquiring any Shares offered to the participant under the LTIP.
Amendments	To the extent permitted by the Listing Rules, Midway may amend all or any of the provisions of the LTIP rules.
Other terms	The LTIP also contains customary and usual terms having regard to Australian law for dealing with the administration, variation, suspension and termination of the LTIP.

## Remuneration Report (Audited)

### 2023 Executive Remuneration (continued)

#### 2023 Long Term Incentives

The LTIP offered to Midway's Executive KMP and other senior executives, is summarised below:

##### (a) Performance Rights

In FY2023, the Board granted the Chief Executive Officer and members of the Senior Executive Team 953,519 performance rights, subject to vesting conditions (see below). Following satisfaction of the vesting conditions the rights will automatically vest and the underlying shares will be issued. The performance period is until 30 June 2025.

Term	Description
Eligibility	Chief Executive Officer, Chief Financial Officer and members of the Senior Executive Team.
Consideration for grant	Nil
Instrument	<b>2023 plan:</b> Performance rights issued on 9 December 2022 and 13 April 2023 <b>2022 plan:</b> Performance rights issued on 1 December 2021 and 24 <sup>th</sup> January 2022 (CEO only) respectively
Number of rights granted	<b>2023 plan:</b> CEO 349,940; CFO 132,950; Other Senior Executives 470,629 <b>2022 plan:</b> CEO 89,227; CFO nil; Other Senior Executives 471,659
Additional cash settlement performance rights to CEO	Due to an error in the 2022 Notice of Annual General Meeting, it may have been unclear whether shareholders approved 489,916 performance rights or the 349,940 performance rights issued and shown above. Both numbers appeared in the notice but the intended number of performance rights was 489,916. To correct the situation, the Board approved a cash settlement equivalent to 489,916-349,940 = 139,976 performance rights on 11 January 2023. A cash amount equivalent to the fair value of 139,976 performance rights (or a proportionate number) will be paid to the CEO at around the same time that any of the 349,940 performance rights vest.
Service conditions	Participant must maintain continuous employment over the performance period
Performance period	<b>2023 plan:</b> 1 July 2022 to 30 June 2025 <b>2022 plan:</b> 1 July 2021 to 30 June 2024
Performance measure	The percentage of performance rights that will vest will depend on Midway's total shareholder return (TSR) over the performance period, relative to the comparator Company (companies in the S&P/ASX 300 Index excluding mining and energy companies). Performance rights will only vest on the following conditions: <ul style="list-style-type: none"> <li>less than median of the comparator Company, no performance rights will vest;</li> <li>at median of the comparator Company, 50% of the performance rights will vest;</li> <li>between median and the 75<sup>th</sup> percentile of the comparator Company, a straight-line pro rata vesting between 50% and 100% of the performance rights will occur; and</li> <li>greater than 75<sup>th</sup> percentile of the comparator Company, 100% of the performance rights will vest.</li> </ul>
Entitlement	Each Performance Right entitles the participant, on vesting of the performance right, to receive (at the discretion of the Board, other than as provided in the Plan Rules) by issue or transfer, one fully paid ordinary share in the capital of the Company (Share).
Restrictions	Performance rights are subject to the restrictions set out in the Plan Rules. In particular the participants must not: <ul style="list-style-type: none"> <li>Dispose of any performance rights without the prior consent of the Board or otherwise in connections with the Plan Rules; or</li> <li>Enter into any arrangement for the purpose of hedging, or otherwise affecting the participants economic exposure to the Performance Rights.</li> </ul>
Fair value at grant date <sup>1</sup>	<b>2023 plan:</b> Rights issued 9 December 2022 (\$0.65 cents); Rights issued 13 April 2023 (\$0.54 cents) <b>2022 plan:</b> Rights issued 1 <sup>st</sup> December 2021 (\$0.89 cents); Rights issued 24 <sup>th</sup> January 2022 (\$0.74 cents)

<sup>1</sup> Represents the fair value as calculated using a Monte Carlo Simulation model which incorporates the TSR performance conditions

## Remuneration Report (Audited)

### 2022 Executive Remuneration (continued)

#### (b) FY2021 LTI plan

The performance period ended on 30 June 2023 was subject to the performance measures outlined in the LTI plan described in section (a) performance rights. Midway's total shareholder return over the performance period between 1 July 2020 and 30 June 2023 was less than median of the comparator Company's and as a result 344,944 performance rights issues will not vest.

#### Relationships between Company Remuneration Policy and Company Performance

The relationship between remuneration policy and Company performance is assessed for the current financial year and the prior four comparative periods. Measures set out below are not necessarily consistent with the measures used in determining variable amounts of remuneration to be awarded to KMP's. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	FY2023 <sup>1</sup>	FY2022 <sup>1</sup>	FY2021	FY2020	FY2019
	Actual	Actual	Actual	Actual	Actual
Key performance indicator	\$'000	\$'000	\$'000	\$'000	\$'000
Net profit/(loss) after tax	(2,379)	(12,878)	(5,178)	(11,733)	26,158
EBITDA	6,543	3,533	10,933	752	50,669
Underlying EBITDA-S <sup>2</sup>	2,855	(1,762)	14,632	13,836	37,075
Dividend paid (cents per share)	-	-	-	-	18

<sup>1</sup> Consolidated figures shown

<sup>2</sup> Underlying figures have not been audited.

Other non financial measures such as Lost Time Injury Frequency Rate (LTIFR) Actual vs Previous Year are also taken into account when assessing the variable remuneration awarded.



## Remuneration Report (Audited)

### Key Management Personnel Remuneration

The statutory remuneration disclosures for the year ended 30 June 2023 are detailed below and are prepared in accordance with Australian Accounting Standards (AASBs).

		Short term benefits			Post employment	Long Term Benefits	Share based payments	Total
		Salary and Fees	STI	Non-monetary <sup>1</sup>	Superannuation	Other <sup>2</sup>		
Directors								
Gordon Davis	2023	180,074	-	-	-	-	-	180,074
	2022	142,691	-	-	-	-	-	142,691
Kellie Benda <sup>3</sup>	2023	72,350	-	-	7,623	-	-	79,973
	2022	-	-	-	-	-	-	-
Nils Gunnersen	2023	99,091	-	-	10,332	-	-	109,423
	2022	107,984	-	-	10,838	-	-	118,822
Tom Gunnersen	2023	95,058	-	-	10,019	-	-	105,077
	2022	107,984	-	-	10,838	-	-	118,822
Leanne Heywood	2023	111,396	-	-	11,741	-	-	123,137
	2022	123,058	-	-	12,345	-	-	135,406
Gregory McCormack <sup>4</sup>	2023	36,185	-	-	3,851	-	-	40,036
	2022	183,022	-	-	18,367	-	-	201,389
Thomas Keene <sup>4</sup>	2023	38,968	-	-	4,148	-	-	43,116
	2022	107,984	-	-	10,838	-	-	118,822
Current Executives								
Anthony McKenna <sup>5</sup>	2023	533,684	-	-	27,606	14,915	224,610	800,815
	2022	229,481	18,000	-	12,058	6,902	75,348	341,789
Michael McKenzie <sup>6</sup>	2023	262,608	-	-	27,606	7,215	18,732	316,161
	2022	54,837	10,000	-	5,775	6,566	-	77,178
Former Executives								
Anthony Price <sup>7</sup>	2023	-	-	-	-	-	-	-
	2022	287,094	-	31,045	16,192	-	41,194	375,525
Ashley Merrett <sup>6</sup>	2023	-	-	-	-	-	-	-
	2022	230,585	-	17,896	21,410	11,255	45,334	326,480

<sup>1</sup> Relates to vehicle allowance paid by the Group

<sup>2</sup> Includes the movement in annual leave and long service leave provisions

<sup>3</sup> Appointed 5 October 2022

<sup>4</sup> Retired 28 November 2022.

<sup>5</sup> Anthony McKenna was appointed as Managing Director and CEO from 24 January 2022

<sup>6</sup> Ashley Merrett retired on 1 July 2022. . Michael McKenzie was appointed as CFO on 1 July 2022.

<sup>7</sup> Anthony Price was Managing Director and CEO until 24 January 2022

## Remuneration Report (Audited)

### Key Management Personnel Remuneration (continued)

#### Equity Instruments

KMP	Held at 1 July 2022	Shares acquired	Shares Sold	Other changes	Held at 30 June 2023
Gordon Davis	90,000	-	-	-	90,000
Kellie Benda	-	-	-	-	-
Nils Gunnersen	9,829	-	-	-	9,829
Tom Gunnersen	-	-	-	-	-
Leanne Heywood	5,000	-	-	-	5,000
Anthony McKenna	-	-	-	-	-
Michael McKenzie	-	-	-	-	-
Gregory McCormack <sup>1</sup>	9,604,599	-	-	(9,604,599)	-
Thomas Keene <sup>1</sup>	229,378	-	-	(229,378)	-

<sup>1</sup> Held at retirement date

#### Details of Equity Incentives Affecting Current and Future Remuneration

The table below outlines each KMP's unvested performance rights at the end of the reporting period. Details of vesting profiles of the performance rights held by each KMP are detailed below:

	Instrument	Number	Grant Date	% Vested in year	% Forfeited in Year	Financial Year in Which Grant Vests
Anthony McKenna	Performance Rights	89,227	24/01/2022	0%	-	2024
Anthony McKenna	Options	360,718	24/01/2022	100% <sup>1</sup>	-	2023
Anthony McKenna	Options	360,718	24/01/2022	0%	-	2024
Anthony McKenna	Performance Rights	349,940	09/12/2022	0%	-	2025
Michael McKenzie	Performance Rights	132,950	09/12/2022	0%	-	2025

<sup>1</sup> Options vested and remain uncalled at 30 June 2023.

#### Other Transactions with KMP

There are no other transactions between any of the KMP with any of the companies which are related to or provide services to the Company unless disclosed in this Remuneration Report.

# Financial Report

## Introduction

This is the Financial Report of Midway Limited (the Company) and its subsidiaries (the Group). The Company is a for-profit entity for the purposes of preparing a Financial Report.

Accounting policies and critical accounting judgements applied to the preparation of the Financial Report are included throughout the Financial Report with the related accounting balance or financial statement matters to allow them to be easily understood by the users of this Report.

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## Consolidated Statement of Comprehensive Income

For the year ended 30 June

	Notes	2023 \$'000	2022* \$'000
<b>Continuing operations</b>			
<b>Revenue and other income</b>			
Sales revenue	1.1	187,493	193,597
Other income	4.8	18,337	4,129
		205,830	197,726
<b>Less: expenses</b>			
Changes in inventories of finished goods and work in progress		14,156	5,379
Materials, consumables and other procurement expenses		(137,133)	(130,602)
Depreciation and amortisation expense	2.1 2.7	(6,041)	(6,803)
Employee benefits expense		(20,561)	(15,926)
Biological assets net fair value increment / (decrease)		151	6,490
Plantation management expenses		(3,995)	(80)
Freight and shipping expense		(24,897)	(40,945)
Repairs and maintenance expense		(9,648)	(5,334)
Impairment loss	1.2 1.7	(8,192)	(98)
Other expenses		(11,551)	(10,548)
		(207,711)	(198,467)
Finance expense	3.1	(6,470)	(13,731)
Finance income		1,716	(8)
Net finance expense		(4,754)	(13,739)
Share of net profit / (loss) from equity accounted investments	4.2	2,386	1,036
<b>Profit / (loss) before income tax expense</b>		<b>(4,249)</b>	<b>(13,444)</b>
Income tax expense benefit / (expense)	1.4	2,061	4,375
<b>Profit / (loss) for the period from continuing operations</b>		<b>(2,188)</b>	<b>(9,069)</b>
<b>Discontinued operations</b>			
Profit / (loss) for the period from discontinued operation		(191)	(3,809)
<b>Profit / (loss) for the period</b>		<b>(2,379)</b>	<b>(12,878)</b>
<i>Items that will not be reclassified to profit and loss</i>			
Revaluation of land fair value adjustment, net of tax	2.1	-	9,832
<i>Items that may be reclassified subsequently to profit and loss</i>			
Cash flow hedges - effective portion of changes in fair value, net of tax		4,492	(4,749)
Foreign operations - foreign currency translation differences		-	-
Equity accounted investees - share of OCI		-	95
Other comprehensive income for the period		4,492	5,178
<b>Total comprehensive income for the period</b>		<b>2,113</b>	<b>(7,700)</b>
<b>Profit / (loss) is attributable to:</b>			
- Owners of Midway Limited		(2,803)	(12,973)
- Non-controlling interests		424	95
		(2,379)	(12,878)
<b>Total comprehensive income is attributable to:</b>			
- Owners of Midway Limited		1,689	(7,801)
- Non-controlling interests		424	101
		2,113	(7,700)



	Notes	2023 \$'000	2022* \$'000
<b>Earnings per share for profit attributable to equity holders:</b>			
Basic (loss)/earnings per share		(\$0.03)	(\$0.15)
Diluted (loss)/earnings per share		(\$0.03)	(\$0.15)
<b>Earnings per share for profit attributable to equity holders – continuing operations:</b>			
Basic (loss)/earnings per share		(\$0.03)	(\$0.10)
Diluted (loss)/earnings per share		(\$0.03)	(\$0.10)

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 30 June

	Notes	2023 \$'000	2022 \$'000
<b>Current assets</b>			
Cash and cash equivalents	3.1	5,606	2,969
Receivables	2.6	27,567	10,774
Inventories	2.6	34,996	20,772
Biological assets	2.3	1,744	2,697
Other assets		5,234	8,583
Assets held for sale	2.2	-	314
<b>Total current assets</b>		<b>75,147</b>	<b>46,109</b>
<b>Non-current assets</b>			
Biological assets	2.3	6,730	45,238
Other Receivables		33,459	7,395
Investments accounted for using the equity method	4.2	13,405	11,019
Intangible assets	2.7	1,971	1,971
Loan receivables		17	604
Property, plant and equipment	2.1	51,870	144,839
<b>Total non-current assets</b>		<b>107,452</b>	<b>211,066</b>
<b>Total assets</b>		<b>182,599</b>	<b>257,175</b>
<b>Current liabilities</b>			
Trade and other payables	2.6	16,707	20,653
Current tax payable		1,246	1,698
Borrowings	3.1	3,567	21,029
Strategy financial liability		9,151	6,908
Derivative financial liability		2,523	8,940
Provisions		4,451	3,702
<b>Total current liabilities</b>		<b>37,645</b>	<b>62,930</b>
<b>Non-current liabilities</b>			
Borrowings	3.1	7,947	25,862
Strategy financial liability		7,146	32,717
Provisions		139	151
Deferred tax liabilities	1.4	2,745	10,717
<b>Total non-current liabilities</b>		<b>17,977</b>	<b>69,447</b>
<b>Total liabilities</b>		<b>55,622</b>	<b>132,377</b>
<b>Net assets</b>		<b>126,977</b>	<b>124,798</b>
<b>Contributed Equity</b>			
Share capital	3.3	64,888	64,888
Reserves	3.3	91,926	87,368
Accumulated losses		(31,544)	(28,741)
<b>Equity attributable to owners of Midway Limited</b>		<b>125,270</b>	<b>123,515</b>
Equity attributable to non-controlling interests		1,707	1,283
<b>Total equity</b>		<b>126,977</b>	<b>124,798</b>

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	(15,768)	1,182	132,241
Profit/(loss) for the year	-	-	(12,973)	95	(12,878)
Revaluation of land, net of tax	-	9,832	-	-	9,832
Cash flow hedges - effective portion of changes in fair value, net of tax	-	(4,660)	-	6	(4,654)
Foreign operations – foreign currency translation differences	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	5,172	(12,973)	101	(7,700)
<b>Other Transactions:</b>					
Issuance of ordinary shares, net of transaction costs	-	-	-	-	-
Issuance of performance rights	-	-	-	-	-
Share based payments expense	-	257	-	-	257
Transfer from asset revaluation reserve	-	(11,238)	-	-	(11,238)
Transfer from profit reserve	-	11,238	-	-	11,238
<b>Transactions with owners in their capacity as owners:</b>					
Dividends	-	-	-	-	-
<b>Total other transactions</b>	-	257	-	-	257
Balance as at 30 June 2022	64,888	87,368	(28,741)	1,283	124,798
<b>Balance as at 1 July 2022</b>	<b>64,888</b>	<b>87,368</b>	<b>(28,741)</b>	<b>1,283</b>	<b>124,798</b>
Profit/(loss) for the year	-	-	(2,803)	424	(2,379)
Revaluation of land, net of tax	-	-	-	-	-
Cash flow hedges - effective portion of changes in fair value, net of tax	-	4,492	-	-	4,492
Foreign operations – foreign currency translation differences	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	4,492	(2,803)	424	2,113
<b>Other Transactions:</b>					
Issuance of ordinary shares, net of transaction costs	-	-	-	-	-
Issuance of performance rights	-	-	-	-	-
Share based payments expense	-	66	-	-	66
Transfer from asset revaluation reserve	-	37,337	-	-	37,337
Transfers to profits reserve	-	(37,337)	-	-	(37,337)
<b>Transactions with owners in their capacity as owners:</b>					
Dividends	-	-	-	-	-
<b>Total other transactions</b>	-	66	-	-	66
<b>Balance as at 30 June 2023</b>	<b>64,888</b>	<b>91,926</b>	<b>(31,544)</b>	<b>1,707</b>	<b>126,977</b>

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

## Consolidated Statement of Cashflows

For the Year Ended 30 June

	Notes	2023 \$'000	2022* \$'000
<b>Cash flow from operating activities</b>			
Receipts from customers		200,034	199,772
Payments to suppliers and employees		(210,507)	(201,901)
Interest received		493	-
Interest paid		(2,025)	(1,944)
Income tax (paid) / received		(252)	846
<b>Net cash flow - operating activities</b>	3.1	<b>(12,257)</b>	<b>(3,227)</b>
<b>Cash flow from investing activities</b>			
Payment for property, plant and equipment		(4,104)	(8,618)
Proceeds from sale of fixed assets		97,776	19,939
Payment for non current biological assets		(6,094)	(1,922)
Acquisition of equity accounted investees		-	448
Income tax paid		(7,958)	-
Cash flows from discontinued operation		374	197
<b>Net cash flow - investing activities</b>		<b>79,994</b>	<b>10,044</b>
<b>Cash flow from financing activities</b>			
Repayment of Strategy financial liability		(27,395)	(11,833)
Principal repayment of lease liabilities		(4,068)	(4,660)
Proceeds from bank borrowings		2,415	10,041
Repayment of bank borrowings		(36,289)	(10,975)
Proceeds from loan receivable		237	2,623
Investment in term deposit		-	(2,000)
<b>Net cash flow - financing activities</b>		<b>(65,100)</b>	<b>(16,804)</b>
<b>Reconciliation of cash</b>			
Cash at beginning of the financial period		2,969	12,956
Net increase/(decrease) in cash held		2,637	(9,987)
<b>Cash at end of financial period (net of overdrafts)</b>		<b>5,606</b>	<b>2,969</b>

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 Financial Statements

## Section 1: Our Performance

This section provides an insight into the performance of Midway and its subsidiaries including:

- The Woodfibre segment performance improved in FY23, driven mainly by favourable pricing negotiations with customers for calendar year 2023, and also due to the Group's legacy unfavourable hedging arrangements being utilised. Offsetting this was continued supply cost increase and the impacts of global market volatility in the second half, which adversely impacted demand.
- The Group achieved an underlying consolidated EBITDA from continuing operations of \$2.9M (2022: -\$1.8M).
- The Board has elected to not declare a dividend in light of the current market uncertainty.

### 1.1 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.

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 1.3)	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 and Carbon 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 cost of goods sold transactions relating to chip trading activities performed within the woodfibre segment. 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 Financial Statements

## Section 1: Our Performance

### 1.1 Segment Reporting (continued)

#### (b) Segment information provided to senior management

2023

(\$'000)	Woodfibre	Plantation Management	Ancillary	Eliminations	Continuing operations	Forestry Logistics*	Total
Sales revenue	225,182	6,718	-	(44,407)	187,493	315	187,808
Inter segment sales	-	3,225	-	(3,225)	-	-	-
Other income	5,519	714	-	12,104	18,337	889	19,226
<b>Total revenue and other income</b>	<b>230,701</b>	<b>10,657</b>	<b>-</b>	<b>(35,528)</b>	<b>205,830</b>	<b>1,204</b>	<b>207,034</b>
Share of equity accounted profits	-	-	-	2,386	2,386	-	2,386
<b>EBITDA – S<sup>1</sup></b>	<b>8,237</b>	<b>(1,625)</b>	<b>(60)</b>	<b>(3,694)</b>	<b>2,858</b>	<b>(3)</b>	<b>2,855</b>
Significant items	(8,098)	12,465	(830)	-	3,537	-	3,537
Fair value gain/(loss) on biological assets	-	151	-	-	151	-	151
<b>EBITDA</b>	<b>139</b>	<b>10,991</b>	<b>(890)</b>	<b>(3,694)</b>	<b>6,546</b>	<b>(3)</b>	<b>6,543</b>
Depreciation and amortisation	(6,207)	(1,161)	-	1,327	(6,041)	(277)	(6,318)
<b>EBIT</b>	<b>(6,068)</b>	<b>9,830</b>	<b>(890)</b>	<b>(2,367)</b>	<b>505</b>	<b>(280)</b>	<b>225</b>
Net finance expense	(2,295)	(2,591)	-	132	(4,754)	(12)	(4,766)
<b>Net profit/(loss) before tax</b>	<b>(8,363)</b>	<b>7,239</b>	<b>(890)</b>	<b>(2,235)</b>	<b>(4,249)</b>	<b>(292)</b>	<b>(4,541)</b>
Income tax benefit/(expense)	2,782	(2,172)	18	1,433	2,061	101	2,162
<b>Net profit/(loss) after tax</b>	<b>(5,581)</b>	<b>5,067</b>	<b>(872)</b>	<b>(802)</b>	<b>(2,188)</b>	<b>(191)</b>	<b>(2,379)</b>
<b>Segment assets</b>	<b>132,179</b>	<b>67,768</b>	<b>6,259</b>	<b>(24,495)</b>	<b>181,711</b>	<b>888</b>	<b>182,599</b>
Equity accounted investees	13,405	-	-	-	13,405	-	13,405
Capital expenditure	9,093	215	-	(316)	8,992	177	9,169
<b>Segment liabilities</b>	<b>(35,646)</b>	<b>(27,958)</b>	<b>(3,787)</b>	<b>23,816</b>	<b>(43,575)</b>	<b>(12,047)</b>	<b>(55,622)</b>

2022

(\$'000)	Woodfibre	Plantation Management	Ancillary	Eliminations	Continuing operations	Forestry Logistics*	Total
Sales revenue	186,185	2	-	7,410	193,597	4,883	198,480
Inter segment sales	-	10,632	-	(10,632)	-	-	-
Other income	4,363	2,008	-	(2,242)	4,129	660	4,789
Total revenue and other income	190,548	12,642	-	(5,464)	197,726	5,543	203,269
Share of equity accounted profits	-	-	-	1,036	1,036	-	1,036
<b>EBITDA – S<sup>1</sup></b>	<b>6,080</b>	<b>(2,406)</b>	<b>(52)</b>	<b>(2,533)</b>	<b>1,089</b>	<b>(2,851)</b>	<b>(1,762)</b>
Significant items	(98)	1,943	(2,326)	-	(481)	(714)	(1,195)
Fair value gain/(loss) on biological assets	-	6,490	-	-	6,490	-	6,490
<b>EBITDA</b>	<b>5,982</b>	<b>6,027</b>	<b>(2,378)</b>	<b>(2,533)</b>	<b>7,098</b>	<b>(3,565)</b>	<b>3,533</b>
Depreciation and amortisation	(7,170)	(1,544)	(17)	1,929	(6,802)	(1,742)	(8,544)
<b>EBIT</b>	<b>(1,188)</b>	<b>4,483</b>	<b>(2,395)</b>	<b>(604)</b>	<b>296</b>	<b>(5,307)</b>	<b>(5,011)</b>
Net finance expense	(2,389)	(11,510)	-	160	(13,739)	(115)	(13,854)
<b>Net profit/(loss) before tax</b>	<b>(3,577)</b>	<b>(7,027)</b>	<b>(2,395)</b>	<b>(444)</b>	<b>(13,443)</b>	<b>(5,422)</b>	<b>(18,865)</b>
Income tax benefit/(expense)	1,819	2,091	20	444	4,374	1,613	5,987
<b>Net profit/(loss) after tax</b>	<b>(1,758)</b>	<b>(4,936)</b>	<b>(2,375)</b>	<b>-</b>	<b>(9,069)</b>	<b>(3,809)</b>	<b>(12,878)</b>
<b>Segment assets</b>	<b>171,685</b>	<b>151,069</b>	<b>6,254</b>	<b>(74,697)</b>	<b>254,311</b>	<b>2,864</b>	<b>257,175</b>
Equity accounted investees	11,019	-	-	-	11,019	-	11,019
Capital expenditure	(10,254)	(541)	-	428	(10,367)	(1,870)	(12,237)
<b>Segment liabilities</b>	<b>(76,701)</b>	<b>(84,427)</b>	<b>(3,741)</b>	<b>46,245</b>	<b>(118,624)</b>	<b>(13,753)</b>	<b>(132,377)</b>

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

\* Discontinued; refer note 1.3

# Notes to the Consolidated Financial Statements

## Section 1: Our Performance

### 1.1 Segment Reporting (continued)

#### (c) Revenue by geographic region

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

#### 2023

Revenue by geographic region	Woodfibre	Plantation Management	Ancillary	Eliminations	Continuing operations	Forestry Logistics*	Total
Australia	1,780	9,943	-	(3,225)	8,498	315	8,813
China	132,664	-	-	(15,546)	117,118	-	117,118
Japan	87,281	-	-	(28,861)	58,420	-	58,420
South East Asia	3,457	-	-	-	3,457	-	3,457
	225,182	9,943	-	(47,632)	187,493	315	187,808

#### 2022

Revenue by geographic region	Woodfibre	Plantation Management	Ancillary	Eliminations	Continuing operations	Forestry Logistics	Total
Australia	2,204	10,634	-	(10,632)	2,206	4,883	7,089
China	98,203	-	-	39,988	138,191	-	138,191
Japan	85,778	-	-	(32,578)	53,200	-	53,200
South East Asia	-	-	-	-	-	-	-
	186,185	10,634	-	(3,222)	193,597	4,883	198,480

\* Discontinued; refer note 1.3

For the financial year ending 30 June 2023 there were four (2022: three) customers in China and Japan that individually made up 10% or above total sales for the Group.

#### Policy

##### Revenue

Sales revenue is recognised on settlement of each performance obligation. Export woodfibre sales are generally on CIF or FOB shipping terms, with revenue recognised when last goods are loaded on board at the point when the performance obligation is settled under the shipping terms. All other sales are generally recognised as revenue at the time of delivery of the goods to the customer.

The Group also arranges the insurance and freight for CIF vessels which is deemed a separate performance obligation. The performance obligation is satisfied over time until the shipment arrives at the destination port. Therefore, the component of revenue relating to freight and insurance should also be recognised over time (i.e. as performance obligation settled).

Revenue from the rendering of services is recognised over time as the performance obligations within each contract are settled.

### 1.2 Individually significant items

		2023	2022
Individually significant items before tax	Notes	\$'000	\$'000
Profit on sale of assets (Plantation Land) <sup>1</sup>		12,465	1,943
Impairment loss on non-current assets	1.7	(7,842)	(98)
Impairment loss on current assets	1.7	(350)	-
Midway Logistics wind-down costs		-	(714)
Insurance costs, net of recoveries <sup>2</sup>		93	-
Transactions costs <sup>3</sup>		(829)	(2,326)
<b>Impact of individually significant items</b>		<b>3,537</b>	<b>(1,195)</b>

<sup>1</sup> The Group recognised a gain of \$12.5M in relation to the disposal of the plantation estate. Refer to Note 2.3.(d) for details.

<sup>2</sup> Costs related to insurance works, and reimbursements received from the Group's insurers, are presented gross under the Consolidated Statement of Comprehensive Income.

<sup>3</sup> Transaction costs of \$2.3m were incurred in 2022 relating to the planned sale of the Victorian plantation estate, the sale being contingent upon approval from the Foreign Investment Review Board (FIRB).

# Notes to the Consolidated Financial Statements

## Section 1: Our Performance

### 1.3 Discontinued operation

#### General

In August 2022, the Forestry Logistics segment ceased operational activities because 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 represented to show the discontinued operation separately from continuing operations.

Results of discontinued operation	2023 \$'000	2022 \$'000
Total revenue and other income	1,333	6,777
Elimination of intra-segment revenue	(129)	(1,234)
<b>Total external revenue and other income</b>	<b>1,204</b>	<b>5,543</b>
Expenses	(1,625)	(12,199)
Elimination of expenses related to inter-segment sales	129	1,234
External expenses	(1,496)	(10,965)
<b>Results from operating activities, before tax</b>	<b>(292)</b>	<b>(5,422)</b>
Income tax	101	1,613
<b>Results from operating activities, net of tax</b>	<b>(191)</b>	<b>(3,809)</b>
Gain on sale of discontinued operations	-	-
<b>Profit/(loss) from discontinued operations, net of tax</b>	<b>(191)</b>	<b>(3,809)</b>

Cash flow from (and used in) discontinued operation	2023 \$'000	2022 \$'000
Cash flow from operating activities	(459)	(3,234)
Cash flow from investing activities	1,951	(522)
Cash flow from financing activities	(1,118)	3,953
	<b>374</b>	<b>197</b>

#### 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 Financial Statements

## Section 1: Our Performance

### 1.4 Income Tax

	2023 \$'000	2022 \$'000
<b>(a) Current tax reconciliation</b>		
Current tax	5,927	(5,238)
Deferred tax	(7,984)	(729)
Over provision in prior years	(4)	(20)
	<b>(2,061)</b>	<b>(5,987)</b>
<b>(b) Prima facie tax payable</b>		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax receivable on profit before income tax at 30.0% (2022: 30.0%)	(1,275)	(5,660)
Add tax effect of:		
- Impairment on non current assets (Bio Growth Partners)	-	30
	<b>(1,275)</b>	<b>(5,630)</b>
Less tax effect of:		
- Over provision for income tax in prior years	-	(20)
- Share of (profits)/losses from joint ventures	(716)	(311)
- Other	(70)	(26)
	<b>(786)</b>	<b>(357)</b>
<b>Income tax expense / (benefit) attributable to profit</b>	<b>(2,061)</b>	<b>(5,987)</b>
<b>(c) Deferred tax</b>		
<b>Deferred tax assets</b>		
Payables	918	664
Biological assets	-	1,432
Blackhole expenditure	222	788
Provision for doubtful debts	2,353	-
Hedge Reserve	757	2,682
Tax losses carried forward	7,847	5,934
Other	105	-
	<b>12,202</b>	<b>11,500</b>
<b>Deferred tax liabilities</b>		
Biological assets	1,323	-
Property, plant and equipment	13,624	22,217
	<b>14,947</b>	<b>22,217</b>
<b>Net deferred tax liabilities</b>	<b>2,745</b>	<b>10,717</b>
<b>(e) Deferred income tax (revenue)/expense included in income tax expense comprises</b>		
Decrease / (increase) in deferred tax assets	(714)	(465)
(Decrease) / increase in deferred tax liabilities	(7,270)	(264)
	<b>(7,984)</b>	<b>(729)</b>
<b>(f) Deferred income tax related to items charged or credited directly to equity</b>		
Increase in deferred tax liabilities	1,925	(3,514)

# Notes to the Consolidated Financial Statements

## Section 1: Our Performance

### 1.4 Income Tax (continued)

#### Policy

Current income tax expense or benefit is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

#### *Tax Consolidation*

The parent entity Midway Limited and its subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 1 July 2002. The parent entity and subsidiaries in the tax consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only.

#### Key estimates and judgements

From time to time the Group takes tax positions that require consideration, including an assessment of the recoverability of Deferred Tax Assets (DTA). The Group only recognises DTA to the extent it is probable they will be realised in the foreseeable future.

# Notes to the Consolidated Financial Statements

## Section 1: Our Performance

### 1.5 Earnings Per Share

#### (a) Earnings per share

	2023	2022
<b>From continuing operations attributable to ordinary shareholders of Midway Limited</b>		
Earnings per share	(\$0.03)	(\$0.15)
Diluted earnings per share*	(\$0.03)	(\$0.15)
<b>Total attributable to ordinary shareholders of Midway Limited</b>		
Earnings per share	(\$0.03)	(\$0.10)
Diluted earnings per share*	(\$0.03)	(\$0.10)
	2023	2022
	Number	number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	87,336,222	87,336,222
<i>Adjustments for calculation of diluted earnings per share:</i>		
Performance rights <sup>1</sup>	-	-
	87,336,222	87,336,222

\*Diluted earnings per share is basic earnings per share adjusted for the effects of all dilutive potential ordinary shares.

- As at 30 June 2023 1,089,171 performance rights and 721,436 options (2022: 1,180,911 performance rights and 721,436 options) were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive.

Basic earnings per share is calculated on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

### 1.6 Dividends

	2023	2022
	\$'000	\$'000
<b>Fully franked at 30% (2022: 30%)</b>	-	-

The balance of the franking account at 30 June 2023 is \$13,083,758 (2022: \$5,125,895).

# Notes to the Consolidated Financial Statements

## Section 1: Our Performance

### 1.7 Impairment of non financial assets

Impairment tests for all assets are performed when there is an indicator of impairment, although goodwill is tested at each reporting date. 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 Group's cash generating units (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 FY2028, unless the timing of tree crop rotation profiles justifies a longer period. As part of the prepared forecasts, management have considered ongoing global supply chain challenges on global markets, being an area of uncertainty, along with future potential impacts from climate change.

##### *Long-term average growth rate*

A terminal growth rate of 2.2% has been used and only applied to CGUs whereby it is likely they will exceed 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 11.5% and 13.3% for all CGUs (2022: 12.8% - 14.4%).

##### *Sensitivity analysis*

The South West Fibre CGU is sensitive to variances in the post-tax discount rate used (8.43%) as part of the impairment modelling, which is an area of judgment. A reasonably possible increase in the discount rate used of 1.3% would result in a break-even result.

Apart from the above items the Group believes any reasonable possible change in the key assumptions would not cause the carrying value of the CGUs to materially exceed their recoverable amount.

#### **Impairment of Plantation Management Partners assets**

The Group has recognised an impairment expense of \$7.8M relating to a provision raised on a long-term trade receivable. The impairment takes into account the current and prospective conditions in the woodfibre market.

In addition an impairment expense of \$0.4M was recognised in relation to a provision against slow-moving spare parts inventory.



# Notes to the Consolidated Financial Statements

## Section 2: Our asset base

This section provides an insight into the asset base the Group requires to operate a forestry business.

- The Group sources wood supply primarily from third party plantation land, which is used to grow hardwood trees;
- The Group did not record a change in fair value of its plantation land in FY23 (FY22: \$10.3M before tax) due to the majority of the portfolio being disposed in the year (refer to Note 2.3(d) for details);
- The Group holds \$8.5M of biological assets for harvest of which \$0.2M relates to seedlings, \$4.6M is plantation hardwood and \$3.7M of pine; and
- Plantation Land (\$0.8M) and Biological Assets (\$8.5M) are held on the balance sheet at fair value.

### 2.1 Property, plant and equipment

Each class of property, plant and equipment is set out below:

	Plantation land \$'000	Freehold Land \$'000	Leased Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Roading \$'000	Total \$'000
Depreciation policy				2.5-27%	3-33%	5-15%	
<b>Year ended 30 June 2022</b>							
Opening net book amount	95,670	12,670	3,782	3,053	19,342	6,550	141,067
Additions	-	-	1,950	4,961	7,405	236	14,552
Disposals	(14,362)	-	(84)	-	(1,522)	-	(15,968)
Depreciation	-	-	(1,502)	(496)	(5,682)	(864)	(8,544)
Reclassification to asset held for sale	-	-	-	-	(314)	-	(314)
Revaluation	10,316	3,730	-	-	-	-	14,046
<b>Closing carrying amount</b>	<b>91,624</b>	<b>16,400</b>	<b>4,146</b>	<b>7,518</b>	<b>19,229</b>	<b>5,922</b>	<b>144,839</b>
<b>Year ended 30 June 2023</b>							
Opening net book amount	91,624	16,400	4,146	7,518	19,229	5,922	144,839
Additions	-	-	3,465	1,386	7,573	325	12,749
Disposals	(90,804)	-	(2,020)	-	(1,957)	(4,896)	(99,677)
Depreciation	-	-	(998)	(432)	(4,063)	(548)	(6,041)
Reclassification to asset held for sale	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
<b>Closing carrying amount</b>	<b>820</b>	<b>16,400</b>	<b>4,593</b>	<b>8,472</b>	<b>20,782</b>	<b>803</b>	<b>51,870</b>

Right of use assets are included within each category of property, plant and equipment above. Refer to note 2.5 for a full breakdown of right of use assets.

# Notes to the Consolidated Financial Statements

## Section 2: Our asset base

### 2.1 Property, plant and equipment (continued)

#### (a) Key estimates and judgements – fair value

	2023 Fair Value \$'000	Valuation Technique	Description of valuation technique
Freehold land	16,400	Market approach <sup>1</sup>	The Company's freehold land is stated at fair value. The fair value measurements of the Company's land as at 30 June 2023 were performed internally by the Group and considered a range of observable and non-observable factors, and also consideration of the prior period independent valuer report obtained (as at 30 June 2022).
Plantation land	820	Market Approach / Net present value approach <sup>1</sup>	The Company's plantation land is stated at revalued amounts, being the fair value for its highest and best use at the date of revaluation. The highest and best use is subjective and judgemental given potential alternate uses. It requires careful analysis and detailed knowledge of the local market conditions and recent sales trends. Following the divestment of the plantation estate, plantation land is not material to the Group's financial statements, and as such an independent valuation was not performed as at 30 June 2023.

<sup>1</sup>: Internal valuations were performed as at 30 June 2023. The stated techniques were used as at 30 June 2022.

Freehold and forest plantation land have been classified as level three on the fair value hierarchy. Level three represents inputs that are not based on observable market data. No transfers in and out of level three occurred during the period.

The potential future impact of current global supply chain challenges remain uncertain and could impact the key estimates and judgments noted above.

#### 2023 plantation land measurement

The unencumbered value of the plantation land is \$0.8M (2022: \$91.6M). There are no encumbrances on the remaining plantation land held by the Group.

#### (b) Sensitivity analysis

As at the balance date, the impact of a change of certain assumptions on the plantation land of the Group (all other things being equal) would have resulted in the following impacts on Other Comprehensive Income (OCI):

	2023		2022	
	Increase \$'000	Decrease \$'000	Increase \$'000	Decrease \$'000
<b>Plantation land at fair value</b>				
Discount rate +/- 1%	-	-	(2,554)	2,693
Growth rate +/- 1%	-	-	2,757	(2,662)
Reversionary costs +/- 10%	-	-	(176)	176

The sole remaining plantation land block held by the Group is not subject to any encumbrances, and as such the valuation is not affected by changes to the above assumptions. A change in the value per hectare used in the valuation of +/- 10% would change the valuation by \$0.8M depending upon the direction of the movement. For the prior period disclosure, a change in assumptions for the following variables may have a significant impact on the value of the portfolio dependant on the assumptions utilised, as there is significant judgement involved:

- Highest and best use classification of each block within the portfolio
- Clearfall period of when trees harvested
- Rate per hectare applied to each individual block based on individual characteristics of that block

# Notes to the Consolidated Financial Statements

## Section 2: Our asset base

### 2.1 Property, plant and equipment (continued)

#### Freehold land

A 1% change in assumptions to the dollar rate per ha applied will increase the value by \$0.2M (2022: \$0.2M), or decrease by \$0.2M (2022: \$0.2M). Based on current and prior valuations of the land a 1% rate change is considered reasonable.

#### (c) Policy

##### *Freehold and plantation land*

Freehold and plantation land is measured at fair value. At each balance date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date.

Increases in the carrying amounts arising on revaluation of land is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve. To the extent that the increase reverses a decrease of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. Decreases that offset previous increases of the same asset are recognised in other comprehensive income with a corresponding decrease to the asset revaluation reserve; all other decreases are charged to the statement of profit or loss.

#### Other items of property, plant and equipment

Other items of property, plant and equipment are measured on a cost basis and are a separate asset class to land assets.

Where roading is capitalised on third party or leased blocks, it is classified as an other asset if it is expected to be utilised within 12 months or an item of property, plant and equipment if it will be used for a period greater than 12 months.

#### *Depreciation*

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

Roadings which has been built on land owned by Midway is amortised on a straight-line basis over the period of one harvest. Roadings which is built on third party properties is amortised using the unit production method at the earliest of the lease agreement with the supplier or the wood supply running out for a particular operation to which the roadings relates.

### 2.2 Asset Held-for-sale

	2023 \$'000	2022 \$'000
Opening balance	314	2,997
Plantation Land at Fair Value	-	(2,997)
Fixed assets	(314)	314
Closing balance	-	314

#### Policy

Assets held-for-sale are measured at the lower of carrying amount and fair value less costs to sell.

# Notes to the Consolidated Financial Statements

## Section 2: Our asset base

### 2.3 Biological assets

	2023 \$'000	2022 \$'000
<b>Current</b>		
Plantation hardwood at fair value	-	2,551
Plantation softwood at fair value	1,744	146
<b>Non Current</b>		
Plantation hardwood at fair value	4,566	38,573
Plantation softwood at fair value	1,951	-
Plantation hardwood at fair value (new plantings)	213	6,665
	8,474	47,935

#### (a) Reconciliation of carrying amount

	Biological assets \$'000
<b>at 1 July 2022</b>	47,935
Harvested timber	(3,146)
New plantings	1,129
Purchase of standing timber (softwood)	5,100
Sale of plantation estate	(42,173)
Change in fair value less estimated point of sale costs - due to:	
Change in discount rate	-
Change in volumes, prices and markets	(371)
Balance at 30 June 2023	8,474

#### Policy

Biological assets are held at fair value, with exception of new plantings (see below).

Biological assets are classified as current if it is anticipated they will be harvested within twelve months from balance date.

The fair value net increase or decrease to the carrying value of the standing timber revaluation is recognised in the statement of profit or loss and other comprehensive income.

Biological assets are classified as level three on the fair value hierarchy. There were no transfers between level 1, 2 or 3 on the fair value hierarchy.

During the year the Group purchased standing pine plantation for \$5.1M. Given the proximity of the transaction to the balance date, the pine plantation has not been subject to a fair valuation exercise, with the proportional cost base of the remaining standing trees considered to represent fair value.

#### New plantings

Fair value is unable to be reliably measured until year three, however cost is considered to approximate fair value up until this point. Once the trees are three years old they are measured at fair value and remeasured each year after via an independent valuation if the carrying amount is significant.

Site preparation costs are capitalised into the cost of the asset. Where there are no plantings, these costs are expensed.



# Notes to the Consolidated Financial Statements

## Section 2: Our asset base

### 2.3 Biological assets (continued)

#### (b) Key estimates and judgements – fair value (level three)

Valuation Technique	Description of valuation technique	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
Net present value approach	<p>An internally generated valuation is performed based on a net present value calculation (NPV) calculation. An external expert is used to provide independent inputs to the calculation, including price, foreign exchange and inflation expectations. NPV is calculated as the net of the future cash inflows and outflows associated with forest production activities discounted back to current values at the appropriate discount rate. Key assumptions underpinning the NPV calculation include:</p> <ul style="list-style-type: none"> <li>Forest valuations are based on the expected volumes of merchantable timber that will be realised from existing stands, given current management strategies and forecast timber recovery rates;</li> <li>Only the current crop (standing timber) is valued. The cash flow analysis is based on the optimised timing of the harvest of existing stands, which has been developed in the context of sustained yield management;</li> <li>Volume increments/decrements are determined both by periodic re-measurement of forest samples and by modelling growth from the date of the most recent measurement to date of harvest; and</li> <li>Ancillary income earned from activities such as the leasing of land for grazing and other occupancy rights is added to the net harvest revenues.</li> </ul>	<ul style="list-style-type: none"> <li>Estimated future timber market prices per tonne (weighed average USD / BDMT \$216.8 [2022: \$212.9])</li> <li>Estimated yields per hectare (weighed average gmt/ha 196 [2022: 216 gmt/ha])</li> <li>Estimated harvest and transportation costs (weighted average \$52.2/gmt [2022: \$52.1/gmt])</li> <li>Risk-adjusted discount rate 7.0% (2022: 7.0%)</li> </ul>	<p>The estimated fair value would increase/(decrease) if the:</p> <ul style="list-style-type: none"> <li>estimated timber prices per tonne were higher /(lower).</li> <li>estimated yield per hectare or estimated timber projections were higher/(lower).</li> <li>estimated average direct and indirect costs were lower/(higher).</li> <li>discount rate was lower/(higher).</li> </ul>

#### (c) Sensitivity analysis

As at the balance date, the impact of key assumptions on the biological assets of the Group (all other things being equal) would have resulted in the following impacts in income statement:

	2023		2022	
	Increase \$'000	Decrease \$'000	Increase \$'000	Decrease \$'000
<b>Biological assets</b>				
Discount rate +/- 1%	(190)	203	(2,017)	2,172
Expected future sales prices +/- 10%	(1,357)	1,603	12,905	(12,905)
Expected future harvest and transportation costs +/- 10%	907	(413)	(7,827)	7,827
Expected future changes in volume +/- 10%	(646)	645	5,567	(5,567)

# Notes to the Consolidated Financial Statements

## Section 2: Our asset base

### 2.3 Biological assets (continued)

#### (d) Sale of plantation estate

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 \$12.5M being recognised in the period (inclusive of a \$0.2M true-up payment in the second half).

At 30 June 2023, three of the five tranches have settled, with the two subsequent tranches expected to settle in September 2023 and 2024 respectively. The Group have 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 is shown below.

	Impact \$'000
<b>Assets</b>	
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	64,488
Receivables - current	55,824
Receivables - non-current	32,480
Net impact - assets	14,919
<b>Liabilities</b>	
GST payable	848
Provisions	1,606
Net impact - liabilities	2,454
Net gain on disposal recognised	12,465

Of the cash & cash equivalents balance above, a total of \$21.7M was used to repay borrowings.

In addition, 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 Financial Statements

## Section 2: Our asset base

### 2.4 Commitments

	2023 \$'000	2022 \$'000
- not later than one year	23,861	27,993
- later than one year and not later than five years	64,682	64,383
- later than five years	60,103	54,463
	148,646	146,839

Commitments relate to the minimum charges under the Port of Geelong bulk loader agreement and various supply agreements for the supply of timber to be used in production for which the Group is required to purchase minimum quantities. In addition, the Group has also secured a significant proportion of its long term supply of woodfibre through a number of executory contracts which allow for the Group to purchase woodfibre at market prices. Commitments are entered into by Midway Limited, parent entity.

### 2.5 Leases

#### (a) Right of use Assets

Right of use assets by category	Leased Land \$'000	Leased Building \$'000	Leased Property, plant and equipment \$'000	Total \$'000
Balance at 1 July 2021	3,782	499	7,056	11,337
Additions	1,950	1	2,601	4,552
Disposal	(84)	-	(1,068)	(1,152)
Depreciation	(1,502)	(284)	(2,893)	(4,679)
<b>Closing carrying amount</b>	<b>4,146</b>	<b>216</b>	<b>5,696</b>	<b>10,058</b>
Balance at 1 July 2022	4,146	216	5,696	10,058
Additions	3,465	-	169	3,634
Disposal	(2,020)	-	(935)	(2,955)
Depreciation	(998)	(193)	(2,230)	(3,421)
<b>Closing carrying amount</b>	<b>4,593</b>	<b>23</b>	<b>2,700</b>	<b>7,316</b>

#### (b) Amounts recognised in Profit or loss

	2023 \$'000	2022 \$'000
Interest on lease liabilities	201	168
Expenses relating to short-term leases	-	74

#### (c) Amounts recognised in the Statement of Cashflows

	2023 \$'000	2022 \$'000
Total cash outflows for leases <sup>1</sup>	4,068	4,660

<sup>1</sup> Continuing operations

#### Extension Options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

# Notes to the Consolidated Financial Statements

## Section 2: Our asset base

### Policy

The Group recognises a right to use asset for a lease whereby there is right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date, a right to use asset is measured at cost and a corresponding lease liability is created to reflect the present value of the lease payments that are not paid at that date, discounted using the incremental borrowing rate specific to that lease.

Subsequently, the right to use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the asset's lease term. Lease liability is measured at amortised cost using the effective interest method.

The Group will not recognise a right to use asset for any short term or insignificant leases.

## 2.6 Working Capital

		2023 \$'000	2022 \$'000
<b>Working capital</b>	Section		
Cash and cash equivalents		5,606	2,969
Inventories	a	34,996	20,772
Trade and other receivables	b	27,567	10,774
Trade and other payables	c	(16,707)	(20,653)
Provisions		(4,590)	(3,853)
		46,872	10,009

### (a) Inventories

	2023 \$'000	2022 \$'000
<b>At cost</b>		
Finished goods	34,205	20,772
Work in progress	791	-
	34,996	20,772

### Policy

Inventories are measured at the lower of cost and net realisable value. The cost of woodfibre includes direct material, direct labour and a proportion of manufacturing overheads based on normal operating capacity.

At each balance date, the Group measures inventory to ensure it is held at the lower of cost and net realisable value. No write-downs occurred as a result of this test.

### Key estimates and judgements

Woodfibre is purchased in Green Metric Tonnes (GMTs), (fibre inclusive of moisture) and is sold in Bone Dry Metric Tonnes (BDMTs), being fibre exclusive of moisture. Cost is determined on an actual cost basis. Moisture content and production losses are applied to the GMT values. Factors vary depending on the timber species and variations in moisture content.

Volumetric chip stack surveys are used in determining inventory volumes at year end. Conversion from M<sup>3</sup> to GMT ranges from 2.20 to 2.60 – the range depends upon factors such as timber species type and seasonal factors.

# Notes to the Consolidated Financial Statements

## Section 2: Our asset base

### 2.6 Working capital (continued)

#### (b) Trade and other receivables

	2023 \$'000	2022 \$'000
Trade debtors	1,028	1,118
Accrued income	1,111	7,676
Deferred settlement receivable <sup>1</sup>	23,758	-
GST receivable	1,670	1,980
	<b>27,567</b>	<b>10,774</b>

<sup>1</sup> Deferred settlement receivable relates to pending settlement of a tranche of the plantation estate.

#### Policy

Trade and other receivables are measured at fair value and subsequently measured at amortised cost using the effective interest method.

#### (c) Trade and other payables

	2023 \$'000	2022 \$'000
<b>Unsecured liabilities</b>		
Trade creditors	8,692	9,788
Sundry creditors and accruals	8,015	10,865
	<b>16,707</b>	<b>20,653</b>

#### Policy

Financial liabilities include trade payables, other creditors and loans from third parties.

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

### 2.7 Intangible assets

The reconciliation of the carrying amount is set out below:

	Goodwill \$'000	Total \$'000
<b>Year ended 30 June 2022</b>		
Opening net book amount	1,971	1,971
Amortisation	-	-
<b>Closing carrying amount</b>	<b>1,971</b>	<b>1,971</b>
<b>Year ended 30 June 2023</b>		
Opening net book amount	1,971	1,971
Amortisation	-	-
<b>Closing carrying amount</b>	<b>1,971</b>	<b>1,971</b>

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.



# Notes to the Consolidated Financial Statements

## Section 3: Funding structures

The Group has a disciplined approach applying key principles in capital management and maximising shareholder returns. This includes:

- Forward cover taken out against the USD currency fluctuations on USD denominated sales in accordance with the Group's hedging policy to safeguard against volatility and maximise profits (see section 3.2).
- Maintaining a gearing ratio which allows flexibility in the balance sheet (<0.3)

### 3.1 Net Debt

	2023 \$'000	2022 \$'000
Bank loans - current	1,000	16,950
Bank loans - non current	-	20,675
Hire purchase liabilities - current	2,027	2,354
Hire purchase liabilities - non current	3,599	1,922
Other finance arrangements	-	-
AASB 16 Lease liabilities	4,888	4,990
Cash and cash equivalents	(5,606)	(2,969)
Term deposit	(2,009)	(2,000)
	3,899	41,922

#### i. Assets pledged as security

The Midway facilities are secured by the following:

- A fixed and floating charge granted by Midway Limited and 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; and
  - One plantation block in South West Victoria.

#### ii. Refinancing

The following amounts represent the Group's outstanding liabilities with external financiers:

Type	Utilised \$'000	Total \$'000	Maturity
Working capital	1,000	24,000	30-Jun-24
Asset finance	5,212	8,000	31-Oct-23 <sup>1</sup>
Asset finance	414	6,000	30-Sep-23

<sup>1</sup> The asset finance facility is repayable on the earlier of settlement of the next tranche of the plantation land sale) expected to complete by 30 September 2023) or 31 October 2023.

#### Policy

Borrowings are initially recognised at fair value, net of transactions costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months following the reporting period.

# Notes to the Consolidated Financial Statements

## Section 3: Funding structures

### 3.1 Net Debt (continued)

#### (a) Cash and cash equivalents

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated balance sheet as follows:

	2023 \$'000	2022 \$'000
Cash on hand	1	1
Cash at bank	5,605	2,968

#### Reconciliation of cash flow from operations with profit after income tax

Profit from ordinary activities after income tax	(2,379)	(12,878)
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#### Adjustments and non-cash items

Depreciation & amortisation	6,318	8,544
Net (gain) on disposal of property, plant and equipment	(13,199)	(2,413)
Sundry movements	68	326
Share of equity accounted investees profit	(2,386)	(1,036)
Fair value (increment)/decrement on revaluation of biological assets	(151)	(6,490)
Impairment recognised	8,192	98
Non-cash interest expense	3,047	11,580
Impact of discontinued operations	456	3,236

#### Changes in operating assets and liabilities

(Increase) / decrease in receivables	11,044	7,259
(Increase) in other assets	(511)	(1,341)
(Increase) / decrease in inventories	(14,224)	(5,127)
Increase in biological assets (net of revaluation increment/decrement)	-	4,566
Increase / (decrease) in payables	(5,997)	(3,288)
(Decrease) in deferred taxes	(2,050)	(8,844)
Increase / (decrease) in tax provision	(353)	2,999
(Decrease) in provisions	(132)	(418)

<b>Cash flows provided from operating activities from continuing operations</b>	<b>(12,257)</b>	<b>(3,227)</b>
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#### Policy

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

#### (b) Finance Expense<sup>1</sup>

	2023 \$'000	2022 \$'000
Interest expenses	1,744	1,762
Strategy finance expenses	4,068	11,406
Bank charges	197	298
Interest expense on lease liabilities	461	265
	6,470	13,731

<sup>1</sup> from continuing operations

# Notes to the Consolidated Financial Statements

## Section 3: Funding structures

### 3.1 Net Debt (continued)

#### (c) Reconciliation of liabilities arising from financing activities

	Borrowings - current \$'000	Borrowings - non current \$'000	Strategy financial liability current \$'000	Strategy financial liability - non current \$'000
<b>Balance at 1 July 2022</b>	21,029	25,862	6,908	32,717
<b>Cash changes</b>				
Proceeds from borrowings	2,415	-	-	-
Repayment of borrowings	(25,095)	(20,925)	(6,908)	(20,488)
<b>Total cash flows</b>	<b>(22,680)</b>	<b>(20,925)</b>	<b>(6,908)</b>	<b>(20,488)</b>
<b>Non cash changes</b>				
Lease Additions	1,158	6,869	-	-
Interest	201	-	-	4,068
Transfer	3,859	(3,859)	9,151	(9,151)
<b>Balance at 30 June 2023</b>	<b>3,567</b>	<b>7,947</b>	<b>9,151</b>	<b>7,146</b>

# Notes to the Consolidated Financial Statements

## Section 3: Funding structures

### 3.2 Financial Risk Management

#### Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital, so that it can provide returns to the shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

#### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Audit & Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors have overall responsibility for identifying and managing operational and financial risks.

The Group is exposed to a variety of financial risks comprising:

- (a) Market risk
- (b) Credit risk
- (c) Liquidity risk

The Group holds the following financial instruments:

	2023 \$'000	2022 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	5,606	2,969
Receivables	1,028	7,988
Other receivables	26,539	2,786
Term deposit	2,009	2,000
Non-current receivables	33,459	-
	<b>68,641</b>	<b>15,743</b>
<b>Financial liabilities</b>		
Bank and other loans	1,000	37,625
Creditors	8,692	9,788
AASB 16 lease liabilities	4,888	4,990
Finance lease liability	5,626	4,276
Other payables	8,015	10,865
Derivatives	2,523	8,940
	<b>30,744</b>	<b>76,484</b>

# Notes to the Consolidated Financial Statements

## Section 3: Funding structures

### 3.2 Financial Risk Management (continued)

#### (a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, bills, leases and derivatives. The objective of market risk management is to maintain and control market risk exposures within acceptable parameters, while optimising the return.

#### i. Currency risk

The Group has an Australian Dollar (AUD) presentation currency, which is also the functional currency of its Australian entities. The Group is exposed to currency risk as below:

What is the risk?	How does Midway manage the risk?	Impact at 30 June 2023
If transactions are denominated in currencies other than AUD. There is a risk of an unfavourable financial impact if there is an adverse movement in foreign currency.	The Group mitigates currency risk by entering into forward exchange/swap contracts and FX options to sell specified amounts of USD usually within 12 months at stipulated exchange rates in accordance with the Group's hedging policy. The objective in entering the contracts is to protect the Group against unfavourable exchange rate movements for contracted and anticipated future sales undertaken in USD.	At balance date the notional amount of outstanding forward exchange contracts was \$62.5M (2022: \$122.2M), and USD options was \$0.0M (2022: \$0.0M).
Export sales are denominated in U.S Dollars (USD), with one of the Group's bank accounts being in USD.		Sensitivity analysis has been performed below.

Derivative assets/(liabilities) held on the balance sheet representing the fair value of cash flow hedges at balance date are as follows:

	2023 \$'000	2022 \$'000
Derivative assets	-	-
Derivative financial liability	(2,523)	(8,940)

During the period there was no (2022: \$0) hedge ineffectiveness resulting in a transfer to the income statement (no transactions were over-hedged in the year).

#### Policy

Certain derivatives are designated as hedging instruments and are further classified as either fair value hedges or cash flow hedges.

At the inception of each hedging transaction, the Group documents the relationship between the hedging instruments and hedged items, its risk management objective and its strategy for undertaking the hedge transaction. The Group 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 fair value or cash flows of hedged items. The Group determines the existence of an economic relationship between the hedging instrument and hedge items based on the currency, amount of timing of their respective cashflows.

The Group designates the spot element of forward exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1.

The effective portion of changes in the fair value of the derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the cash flow hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. The Group does not speculate in the trading of derivative instruments.

In these hedge relationships the main sources of ineffectiveness are:

- The effect of the counterparties and the Groups own credit risk on the fair value of the forward exchange contracts, which is not reflected in the change in the fair value of the hedged cashflows attributable to the change in exchange rates; and
- Changes in timing of the hedged transactions.



# Notes to the Consolidated Financial Statements

## Section 3: Funding structures

### 3.2 Financial Risk Management (continued)

#### i. Currency risk (continued)

All exchange differences arising on settlement or revaluation are recognised as income or expenses for the financial year.

	2023 USD \$'000	2022 USD \$'000
Cash	131	392
Trade receivables	54	52

The forward exchange and swap contracts in place are to hedge cash flows associated with the above mentioned trade receivables and highly probable future sales.

#### Sensitivity

If foreign exchange rates were to change by 10% from USD rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, including effective hedging, then the impact on profit for the year and equity is as follows:

	2023		2022	
	Increase \$'000	Decrease \$'000	Increase \$'000	Decrease \$'000
USD movement impact [+/- 10%]				
Impact on profit after tax	(12)	13	(28)	31
Impact on equity	4,199	(8,318)	2,089	(15,433)

A 10% change is deemed reasonable given recent historical trends in the AUD/USD.

#### i. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

What is the risk?	How does Midway manage the risk?	Impact at 30 June 2023
The Group has variable interest rate debt, and therefore if interest rates increase, the amount of interest the Group is required to pay will also increase.	Monitoring of announcements from the central banking authority and other sources which may impact movements in the variable rate.  Effective interest rate monitored by Audit and Risk Committee.  No swaps are currently taken out.	If interest rates were to increase/decrease by 100 basis points from rates applicable at the reporting date, assuming all other variables that might impact on fair value remain constant, the impact on profit for the year and equity is not significant.

The Group's exposure to interest rate risk in relation to future cashflows and the effective weighted average interest rates on classes of financial assets and financial liabilities is as follows:

# Notes to the Consolidated Financial Statements

## Section 3: Funding structures

### 3.2 Financial Risk Management (continued)

#### ii. Interest rate risk (continued)

	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate	
	\$'000	\$'000	\$'000		
<b>2022</b>					
<i>Financial assets</i>					
Cash	2,968	1	2,969	0.00%	Floating
Trade receivables	-	7,988	1,118		
Other receivables	-	2,786	9,656		
Term deposit	2,000	-	2,000	0.1%	Fixed
Derivatives	-	-	-		
	4,968	10,775	15,743		
<i>Financial liabilities</i>					
Bank and other loans	37,625	-	37,625	2.64%	Floating
Creditors	-	9,788	9,788		
AASB 16 lease liability	4,990	-	4,990	3.81%	Fixed
Finance lease liability	4,276	-	4,276	3.83%	Fixed
Sundry creditors and accruals	-	10,865	10,865		
Derivatives	-	8,940	8,940		
	46,891	29,593	76,484		
<b>2023</b>					
<i>Financial assets</i>					
Cash	5,605	1	5,606	0.00%	Floating
Trade receivables	-	1,028	1,028		
Other receivables	-	59,998	59,998		
Term deposit	2,009	-	2,009	0.10%	Fixed
Derivatives	-	-	-		
	7,614	61,027	68,641		
<i>Financial liabilities</i>					
Bank and other loans	1,000	-	1,000	5.70%	Floating
Creditors	-	8,692	8,692		
AASB 16 lease liability	4,888	-	4,888	3.50%	
Finance lease liability	5,626	-	5,626	5.71%	Fixed
Sundry creditors and accruals	-	8,015	8,015		
Derivatives	-	2,523	2,523		
	11,514	19,230	30,744		

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

# Notes to the Consolidated Financial Statements

## Section 3: Funding structures

### 3.2 Financial Risk Management (continued)

#### (b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in the Consolidated Balance Sheet and notes to financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure of forward exchange and swap contracts is the net fair value of these contracts.

What is the risk?	How does Midway manage the risk?	Impact at 30 June 2023
The Group has significant exposure to export customers as they represent a significant portion of the Group's annual sales.	Letters of credit with reputable financial institutions are used to mitigate credit risk with some customers where the Group determines there is sufficient rationale to do so, which comprise the majority of the Group's annual woodfibre sales.	As at 30 June 2023 there were no vessel-related receivables outstanding.
	The balance of woodfibre sales are made to long standing customers with the short trading terms applicable to these customers, being payment within 7 business days of invoicing.	Based on Management's assessment of its exposure, the Group has low credit risk.
The Group is exposed to credit risk on plantation management activities in addition to the sale of woodfibre to customers in China.	The Group produces and markets woodfibre on the Tiwi Islands on behalf of the wood owners. Receiving outstanding receivables is contingent on sufficient volumes of wood fibre being sold into the market.	The Group recognised a provision of \$7.8M against aged receivables from the Tiwi Islands project.
		Whilst the Group believes that the Second Rotation in the Tiwi Islands will provide sufficient cash flows to facilitate recovery of the outstanding amount, due to current market uncertainty for the First Rotation and the fact that the Second Rotation has not yet been contracted, the outstanding balance of the aged debtor has been fully provided for.

As at 30 June 2023, the ageing of trade and other receivables that were not impaired was as follows:

	2023 \$'000	2022 \$'000
Neither past due nor impaired	60,554	9,767
Past due 1–30 days	384	543
Past due 31–60 days	-	5
Past due 61–90 days	58	126
Over 90 days	30	7,728
	<b>61,026</b>	<b>18,169</b>

# Notes to the Consolidated Financial Statements

## Section 3: Funding structures

### 3.2 Financial Risk Management (continued)

#### (c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

#### Maturity analysis

The table below represents the undiscounted contractual settlement terms for financial assets and liabilities and management's expectation for settlement of undiscounted maturities.

	< 6 months	6-12 months	1-5 years	>5 years	Total contractual cash flows	Carrying amount
2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	5,606	-	-	-	5,606	5,606
Loan receivables	47	47	20	-	114	108
Receivables	27,567	-	33,459	-	61,026	61,026
Derivatives	-	-	-	-	-	-
Payables	(16,707)	-	-	-	(16,707)	(16,707)
Strategy financial liability <sup>1</sup>	(9,546)	-	(8,826)	-	(18,372)	(16,297)
Finance Lease	(1,756)	(1,248)	(6,602)	(2,419)	(12,025)	(10,514)
Borrowings	(161)	(1,160)	-	-	(1,321)	(1,000)
Net maturities	5,050	(2,361)	18,051	(2,419)	18,321	22,222

2022						
Cash and cash equivalents	2,969	-	-	-	2,969	2,969
Loan receivables	145	145	761	-	1,051	874
Receivables	10,774	-	7,395	-	18,169	18,169
Derivatives	-	-	-	-	-	-
Payables	(20,653)	-	-	-	(20,653)	(20,653)
Strategy financial liability <sup>1</sup>	(3,758)	(3,758)	(44,975)	(17,050)	(69,541)	(39,625)
Finance Lease	(3,569)	(2,277)	(6,970)	(2,109)	(14,925)	(9,267)
Borrowings	(1,071)	(15,685)	(20,753)	-	(37,509)	(37,625)
Net maturities	(15,163)	(21,575)	(64,542)	(19,159)	(120,439)	(85,158)

<sup>1</sup>: The face value of the Strategy financial liability will be paid out at the earliest possible point under the contract which at this stage is expected to be completed by Sep-24.

# Notes to the Consolidated Financial Statements

## Section 3: Funding structures

### 3.3 Contributed Equity

#### (a) Ordinary share capital

	Number of shares		Company	
	2023	2022	2023	2022
Share Capital			\$'000	\$'000
<i>Ordinary Shares</i>				
Opening balance – 1 July	87,336,222	87,336,222	64,888	64,888
Performance rights vested	-	-	-	-
Issued during the year	-	-	-	-
Capital raising costs incurred net of recognised tax benefit	-	-	-	-
Closing balance 30 June	87,336,222	87,336,222	64,888	64,888

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.



# Notes to the Consolidated Financial Statements

## Section 3: Funding structures

### 3.3 Contributed Equity (continued)

#### (b) Reserves

	2023 \$'000	2022 \$'000
<b>Reserves</b>		
<i>Movements:</i>		
<i>Cash flow hedge reserve<sup>(1)</sup></i>		
Opening balance	(6,259)	(1,599)
Cash flow hedges - effective portion	6,417	(6,657)
Deferred tax	(1,925)	1,997
<b>Balance 30 June</b>	<b>(1,767)</b>	<b>(6,259)</b>
<i>Share based payments reserve<sup>(2)</sup></i>		
Opening balance	374	117
Share rights granted	66	257
Share rights issued / vested	-	-
<b>Balance 30 June</b>	<b>440</b>	<b>374</b>
<i>Asset revaluation reserve<sup>(3)</sup></i>		
Opening balance	47,220	48,626
Revaluation of land	-	14,046
Asset disposals	(37,337)	(11,238)
Deferred tax	-	(4,214)
<b>Balance 30 June</b>	<b>9,883</b>	<b>47,220</b>
<i>Profit reserve<sup>(4)</sup></i>		
Opening balance	46,113	34,875
Transfers of current year profits	37,337	11,238
Dividends Paid	-	-
<b>Balance 30 June</b>	<b>83,450</b>	<b>46,113</b>
<i>Foreign currency translation reserve</i>		
Opening balance	(80)	(80)
Foreign currency translation differences	-	-
<b>Balance 30 June</b>	<b>(80)</b>	<b>(80)</b>

**1. Cash flow hedge reserve**

The hedging reserve is used to record the effective portion of gains and losses on cash flow hedges that are recognised in other comprehensive income as described in section 3.2. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

**2. Share based payment reserve**

The shared based payment reserve is used to recognise the expense over the vesting period.

**3. Asset revaluation reserve**

The asset revaluation reserve is used to record increments and decrements on the revaluation of land and reclassified to retained earnings on disposal. Movements in the year relate to revaluation of plantation land.

**4. Profit reserve**

The profits reserve is used to record transfers of profits that would otherwise be offset against accumulated losses. The balance of the profits reserve is available for distribution as a dividend in future periods. Movements in the current year relate to transfers to retained earnings for dividend payments and transfers in of current year profits.

# Notes to the Consolidated Financial Statements

## Section 4: Other disclosures

This section includes additional financial information that is required by the accounting standards and the Corporations Act 2001.

### 4.1 Subsidiaries

	Ownership interest held by the Company		Ownership interest held by NCI	
	2023 %	2022 %	2023 %	2022 %
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 <sup>(1)</sup>	100	100	-	-
Midway Logistics Pty Ltd	100	100	-	-
Midway Logistics Unit Trust	100	100	-	-
Bio Growth Partners (BGP)	100	100	-	-

1. 50% held in Trust by an independent party, however all risks and benefits of ownership of the share are held by the Group. Continued the process of liquidation during the period.

#### Policy

The consolidated financial statements are those of the Company, comprising the financial statements of the parent entity and all of the entities the parent controls. The Company controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

### 4.2 Interest in Joint Ventures

#### (a) Carrying amount

	Nature of relationship	Ownership interest		Carrying amount	
		2023 %	2021 %	2023 \$'000	2022 \$'000
South West Fibre Pty Ltd	Ordinary shares	51	51	13,405	11,019
				13,405	11,019

#### Policy

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about the relevant activities are required. Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties to the arrangement.

The Company's interest in joint ventures are bought to account using the equity method after initially being recognised at cost. Under the equity method, the profits or losses of the joint venture are recognised in the Company's profit or loss and the Company's share of the joint venture's other comprehensive income is recognised in the Company's other comprehensive income.

# Notes to the Consolidated Financial Statements

## Section 4: Other disclosures

### 4.2 Interest in Joint Ventures (continued)

#### Key estimates and judgements

##### 1. South West Fibre Pty Ltd

South West Fibre Pty Ltd (SWF) is a joint venture in which the Company has a 51% ownership interest. Voting rights are proportionately in line with share ownership. The Company has joint but not ultimate control over the venture as the shareholder agreement requires a special resolution when making key decisions.

SWF is structured as a separate vehicle and the Company has a residual interest in the net assets of SWF. Accordingly, the Company has classified the interest in SWF as a joint venture as the Company does not have control over the entity.

#### (b) South West Fibre Pty Ltd Financial Information

	2023 \$'000	2022 \$'000
Cash and cash equivalents	14,260	7,025
Other current assets	13,129	11,718
Total current assets	27,389	18,743
Property, plant and equipment	15,197	17,378
Total non-current assets	15,188	17,393
Total current liabilities	(11,761)	(8,401)
Total non-current liabilities	(4,532)	(6,130)
<b>Net assets</b>	<b>26,284</b>	<b>21,605</b>
Revenue	113,703	75,807
Interest Income	-	-
Depreciation & Amortisation	2,601	3,778
Income tax benefit/(expense)	2,015	871
<b>Total Comprehensive Income</b>	<b>4,679</b>	<b>2,216</b>

#### Reconciliation to carrying amount of interest in Joint Venture:

Opening net assets	21,605	19,389
Add: Current year profit/(loss)	4,679	2,031
Less: Dividends paid	-	-
Hedge revaluation reserve	-	185
Closing net assets	26,284	21,605
Company's 51% share of net assets	13,405	11,019
<b>Carrying amount of investment</b>	<b>13,405</b>	<b>11,019</b>

# Notes to the Consolidated Financial Statements

## Section 4: Other disclosures

### 4.3 Midway Limited – Parent Entity

	2023	2022
	\$'000	\$'000
<b>Summarised balance sheet</b>		
<b>Assets</b>		
Current assets	73,888	74,638
Non-current assets	80,118	76,702
<b>Total assets</b>	<b>154,006</b>	<b>151,340</b>
<b>Liabilities</b>		
Current liabilities	50,431	40,526
Non-current liabilities	(723)	11,033
<b>Total liabilities</b>	<b>49,708</b>	<b>51,559</b>
<b>Net assets</b>	<b>104,298</b>	<b>99,781</b>
<b>Equity</b>		
Share capital	64,888	64,888
Retained earnings	1,614	1,614
Reserves	37,796	33,279
<b>Total equity</b>	<b>104,298</b>	<b>99,781</b>
<b>Summarised statement of profit or loss and other comprehensive income</b>		
Profit for the year after income tax	(475)	(17,085)
<b>Total comprehensive income</b>	<b>4,017</b>	<b>(19,898)</b>

# Notes to the Consolidated Financial Statements

## Section 4: Other disclosures

### 4.4 Share Based Payments

The Board has established a Long-Term Incentive Plan (LTIP) under which Executive Directors and employees of Midway may be invited by the Board to participate. The awards which may be issued under the LTIP include:

- Shares;
- Options; and
- Performance rights.

Currently the following share based payment arrangements are in effect under the LTIP:

#### (a) Long Term Incentive Rights (equity settled)

In FY2023, the Board granted the Chief Executive Officer and members of the Senior Executive Team 953,519 performance rights, subject to vesting conditions (see below). Following satisfaction of the vesting conditions the rights will automatically vest and the underlying shares will be issued. The performance period is until 30 June 2025.

##### 2023 Plan

Assumption	Performance rights issued 9 December 2022	Performance rights issued 13 April 2023	Vesting conditions
No. of shares	929,706	23,813	<ul style="list-style-type: none"> <li>• Participant must maintain continuous employment over the performance period, which ends 30 June 2025.</li> <li>• The percentage of performance rights that will vest at the end of the performance period will depend on Midway's total shareholder return (TSR) over the performance period, relative to a comparator group of companies in the S&amp;P/ASX 300 Index.</li> </ul>
Fair value at grant date <sup>1</sup>	\$0.65	\$0.54	
Share price	\$0.98	\$0.90	
Risk free rate	3.03%	2.96%	
Dividend yield	2.0%	2.0%	
Volatility	57.0%	55.0%	
Initial TSR	4.8%	-3.7%	

##### 2022 plan

Assumption		Vesting conditions
No. of shares	751,366	<ul style="list-style-type: none"> <li>• Participant must maintain continuous employment over the performance period, which ends 30 June 2024.</li> <li>• The percentage of performance rights that will vest at the end of the performance period will depend on Midway's total shareholder return (TSR) over the performance period, relative to a comparator group of companies in the S&amp;P/ASX 300 Index.</li> </ul>
Fair value at grant date <sup>1</sup>	\$0.89	
Share price	\$1.22	
Risk free rate	0.77%	
Dividend yield	3.0%	
Volatility	50.0%	
Initial TSR	34.3%	

<sup>1</sup> The fair value at grant date was derived using the Monte Carlo Simulation model which incorporates the total shareholder return (TSR) performance conditions.

Additionally in FY2022, the Board granted the Chief Executive Officer 89,227 performance rights and 721,436 options, subject to vesting conditions (see below). Following satisfaction of the vesting conditions the rights will automatically vest and the underlying shares will be issued, with a performance period to 30 June 2024. The options will be exercisable for 24 months after the relevant vesting date.



## Notes to the Consolidated Financial Statements

### Section 4: Other disclosures

#### 4.4 Share Based Payments (continued)

##### 2022 Plan – CEO

Assumption	Options Vesting 30 June 2023	Options Vesting 30 June 2024	Performance rights	Vesting conditions
No. of shares	360,718	360,718	89,227	<ul style="list-style-type: none"> <li>Participant must maintain continuous employment over the performance period, which ends 30 June 2023 (for the initial options granted) and 30 June 2024 (for performance rights and remaining options).</li> <li>The percentage of performance rights that will vest at the end of the performance period will depend on Midway's total shareholder return (TSR) over the performance period, relative to a comparator group of companies in the S&amp;P/ASX 300 Index.</li> </ul>
Fair value at grant date <sup>1,2</sup>	\$0.36	\$0.39	\$0.74	
Share price	\$1.06	\$1.06	\$1.06	
Exercise price	\$0.94	\$0.94	N/A	
Risk free rate	0.99%	0.99%	0.99%	
Dividend yield	3.0%	3.0%	3.0%	
Volatility	50.0%	50.0%	50.0%	
Initial TSR	16.6%	16.6%	16.6%	

<sup>1</sup> The fair value at grant date was derived using the Monte Carlo Simulation model which incorporates the total shareholder return (TSR) performance conditions.

<sup>2</sup> The options have no market-based performance hurdle and therefore they have been valued using the Binomial method.

The Group recorded a share based payments expense of \$0.1M in 2023 (2022: \$0.2M).

#### 4.5 Related parties

KMP of the Group represent the Directors, CEO and CFO in line with their ability to influence strategy and decision making.

##### (a) Remuneration of Key Management Personnel

	2023 \$'000	2022 \$'000
Short term employee benefits	1,429	1,652
Post-employment benefits	103	125
Share based payments	243	162
Other long term incentives	22	25
Total KMP remuneration expense	1,797	1,964

Transactions between related parties are on normal commercial terms no more favourable than those available to other parties unless otherwise stated. An accrual for Directors fees was recorded for three days to year end to 30 June 2023.

The aggregate shareholdings of KMP at 30 June 2023 are 104,829 (2022: 9,938,806).

##### (b) Transactions with South West Fibre Pty Ltd

Nature	2023 \$'000	2022 \$'000
Operator fee income	1,657	1,145
Reimbursement of costs	681	1,042
Dividends received	-	-
Sale of wood products (at cost)	9,818	9,737
	12,155	11,924

The outstanding receivable balance from South West Fibre Pty Ltd at 30 June 2023 is \$0.2M (2022: \$0.4M receivable).

# Notes to the Consolidated Financial Statements

## Section 4: Other disclosures

### 4.6 Contingent Liabilities

#### (a) Outstanding matters

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 Company's financial position or results from operations.

As part of the wind-down of Midway Logistics and BioGrowth Partners, the Group is currently in negotiations with various parties to reassign or exit existing contracts. At this stage, it is not possible to provide a reasonable or accurate assessment of the Group's potential exposure as a result of this process, if any.

#### (b) Bank guarantees

	2023 \$'000	2022 \$'000
<b>Consolidated group</b>		
Limit	5,250	6,200
Amount Utilised	4,125	2,286
<b>Parent entity</b>		
Limit	4,250	5,250
Amount Utilised	3,345	2,061

### 4.7 Remuneration of Auditors

	2023 \$	2022 \$
<b>KPMG Australia</b>		
Audit and assurance services		
- Statutory audit fees	224,675	228,000
Other services		
- Non- assurance services – other advisory services	21,228	88,717

### 4.8 Other income

	2023 \$'000	2022 \$'000
Plantation management fees	685	127
SWF operating fee	1,657	1,145
Profit on sale of assets (plantation land)	12,465	-
Other	3,530	3,517
	18,337	4,789

#### Policy

##### Dividend income

Dividend income is recognised when the right to receive a dividend has been established. Dividends received from joint venture entities are accounted for in accordance with the equity method of accounting.

# Notes to the Consolidated Financial Statements

## Section 4: Other disclosures

### 4.8 Other income (continued)

#### Policy (continued)

##### Other income

Rental income is recognised on a straight-line basis over the rental term.

If the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commissions made by the Group.

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreement when it is probable that the royalty will be received, which is normally when the event has occurred.

All income is measured net of the amount of goods and services tax (GST).

### 4.9 Deed of Cross Guarantee

The parent entity, Midway Limited, and certain subsidiaries (Midway Plantations Pty Ltd, Resource Management Partners Pty Ltd, Plantation Management Partners Pty Ltd, Midway Tasmania Pty Ltd and Midway Properties Pty Ltd) are subject to a Deed of Cross Guarantee (Deed) under which each company guarantees the debts of the others.

By entering into the Deed, the wholly owned subsidiaries have been relieved from the requirement to prepare a financial report and Directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

A summarised consolidated statement of comprehensive income, retained earnings reconciliation and a consolidated balance sheet, comprising the Company and those controlled entities which are a party to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed, at 30 June 2023 are set out below:

	2023	2022
Summarised consolidated statement of comprehensive income		
	\$'000	\$'000
Sales revenue	153,190	162,662
Other income	18,377	4,178
	171,567	166,840
Expenses	(183,836)	(195,811)
Share of net profits from equity accounted investments	2,386	1,036
<b>Profit before income tax expense</b>	<b>(9,883)</b>	<b>(27,935)</b>
Income tax expense	3,876	4,787
<b>Profit for the period</b>	<b>(6,007)</b>	<b>(23,148)</b>
Other comprehensive income for the period	4,492	5,172
<b>Total comprehensive income for the period</b>	<b>(1,515)</b>	<b>(17,976)</b>
<b>Retained earnings at the beginning of the financial year</b>	<b>(28,381)</b>	<b>(5,233)</b>
Profit/(Loss) for the year	(6,007)	(23,148)
Transfers to /(from) reserves	-	-
<b>Retained profits at the end of the financial year</b>	<b>(34,388)</b>	<b>(28,381)</b>

# Notes to the Consolidated Financial Statements

## Section 4: Other disclosures

### 4.9 Deed of Cross Guarantee (continued)

Consolidated balance sheet	2023	2022
	\$'000	\$'000
<b>Current assets</b>		
Cash and cash equivalents	2,659	1,991
Receivables	27,357	9,953
Inventories	25,015	15,467
Biological assets	1,744	2,697
Other assets	5,085	8,222
Asset held for sale	-	314
<b>Total current assets</b>	<b>61,860</b>	<b>38,644</b>
<b>Non-current assets</b>		
Biological assets	6,730	45,238
Other Receivables	33,459	7,395
Investments	19,638	17,251
Property, plant and equipment	50,130	140,810
Loan receivables – NC	17	604
<b>Total non-current assets</b>	<b>109,974</b>	<b>211,298</b>
<b>Total assets</b>	<b>171,834</b>	<b>249,942</b>
<b>Current liabilities</b>		
Trade and other payables	13,865	17,805
Borrowings	4,205	20,576
Provisions	4,387	3,547
Strategy financial liability	9,151	6,908
Current tax liability	-	1,867
Derivative financial liability	2,523	8,940
<b>Total current liabilities</b>	<b>34,131</b>	<b>59,643</b>
<b>Non-current liabilities</b>		
Borrowings	7,947	25,478
Provisions	120	131
Deferred tax liabilities	1,639	9,820
Other financial liabilities	7,146	32,717
<b>Total non-current liabilities</b>	<b>16,852</b>	<b>68,146</b>
<b>Total liabilities</b>	<b>50,983</b>	<b>127,789</b>
<b>Net assets</b>	<b>120,851</b>	<b>122,153</b>
<b>Contributed Equity</b>		
Share capital	64,888	64,888
Reserves	90,379	51,209
Retained earnings	(34,416)	6,056
<b>Total equity</b>	<b>120,851</b>	<b>122,153</b>

# Notes to the Consolidated Financial Statements

## Section 4: Other disclosures

### 4.10 Subsequent Events

There have been no other matters or circumstances, which have arisen since 30 June 2023 that have significantly affected or may significantly affect:

- (a) The operations, in financial years subsequent to 30 June 2023, of the Group, or
- (b) The results of those operations, or
- (c) The state of affairs, in financial years subsequent to 30 June 2023 of the Group.

### 4.11 Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report was approved by the Board of Directors as at the date of the Directors' Report.

The financial report is for Midway Limited and its consolidated entities. Midway Limited is a company limited by shares, incorporated and domiciled in Australia. Midway Limited is a for-profit entity for the purpose of preparing financial statements.

Unless explicitly highlighted in the financial report, cost approximates fair value for the carrying amounts of assets and liabilities held on the balance sheet.

The 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.

Over the course of the year, the Group has paid down all long-term debt and has current assets exceeding current liabilities of \$37,502,000 as at 30 June 2023.

The Group has experienced an increased degree of market volatility during FY23 which has been impacted by developments in the wider global pulp market during the year. This presents the risk that demand for the Group's products may be impacted and has resulted in some customers deferring planned vessels. The Group has taken a number of actions in the year to address the cash flow impact of this risk, including but not limited to paying down all long-term debt and managing production and expense levels.

The Directors have considered forecast cash flow scenarios (including downside scenarios if there are unexpected deferrals of committed vessels) for at least the 12 month period from the date of approval of these financial statements. As a result, having regard to the current level of current assets, low debt balance, forecast cash flow sensitivities as well as other capital management strategies available to the Group if required, the Directors consider that the Group is able to pay its debts as and when they are due and these financial statements can be prepared on a going concern basis. Further details of the Group's capital risk management strategy has been outlined in note 3.2.

#### *Compliance with IFRS*

The consolidated financial statements of the Company also comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

#### *Historical Cost Convention*

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

#### *Significant accounting estimates and judgements*

The preparation of the financial report requires the use of certain estimates and judgements in applying the Company's accounting policies. Those estimates and judgements significant to the financial report are disclosed throughout the financial report.

#### *Comparatives*

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

Accounting policies for subsidiaries are consistently applied. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the Company and are de-recognised from the date that control ceases.



# Notes to the Consolidated Financial Statements

## Section 4: Other disclosures

### 4.11 Basis of Preparation (continued)

Equity interests in a subsidiary not attributable, directly or indirectly, to the Company are presented as non-controlling interests. Non-controlling interests in the result of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position respectively.

#### *Functional and presentation currency*

The financial statements of each entity within the Group are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian Dollars (AUD) which is the parent entity's functional and presentation currency.

#### **Transactions and Balances**

Transactions in foreign currencies of entities within the Group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

A monetary item arising under a foreign currency contract outstanding at the reporting date where the exchange rate for the monetary item is fixed in the contract is translated at the exchange rate fixed in the contract.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or restatement are recognised as revenues and expenses for the financial year.

#### **Impairment of non-financial assets**

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

#### **New standards not yet effective**

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## Directors' Declaration

The directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 28 to 70 are in accordance with the Corporations Act 2001 including;
  - (a) comply with Accounting Standards in Australia and the Corporations Regulations 2001; and
  - (b) as stated in Section 4.11, the consolidated financial statements also comply with International Financial Reporting Standards; and

give a true and fair view of the financial position of the Company and the Group as at 30 June 2023 and its performance for the year ended on that date.
2. There are reasonable grounds to believe that the Company and the group entities identified in Note 4.9 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by S 295A of the Corporations Act 2001.

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



Chairman: \_\_\_\_\_

G Davis

24 August 2023



# Independent Auditor's Report

To the shareholders of Midway Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of Midway Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated Balance Sheet as at 30 June 2023.
- Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cashflows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Group 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 fulfilled our other ethical responsibilities in accordance with these requirements.



## 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.

Valuation of non-current assets (\$107.5m)	
Refer to Note 1.7 to the Financial Report.	
The key audit matter	How the matter was addressed in our audit
<p>A key audit matter was the Group's annual testing of the recoverability of non-current assets given the size of the balance (being 59% of total assets) and estimation uncertainty associated with current economic and market conditions.</p> <p>The Group assesses valuation of its Cash Generating Units (CGUs) via detailed value in use (VIU) discounted cash flow modelling, which contains a number of assumptions.</p> <p>The Group's VIU models are internally developed and use a range of internal and external data as inputs. Forward looking estimates may be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, over key assumptions including forecast cash flows, forecast growth rates over the forecast period and discount rates.</p> <p>In addition to the above, the Group recorded an impairment charge of \$7.8 million pre-tax relating to non-current trade receivables relating to the Tiwi Islands project considering the current and prospective conditions in the woodfibre market.</p> <p>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>assessing the Group's VIU models and key assumptions by: <ul style="list-style-type: none"> <li>evaluating the appropriateness of the VIU method applied by the Group against accounting standard requirements;</li> <li>assessing the integrity of the models used, including the accuracy of the underlying calculation formulas;</li> <li>comparing significant inputs into the relevant cash flow forecasts to the Group's Board approved budgets;</li> <li>assessing the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models;</li> <li>using our knowledge of the Group, its past performance, published studies on industry trends and our industry knowledge to challenge and assess key assumptions including forecast cash flows, forecast growth rates over the forecast period and discount rates; and</li> <li>working with our valuation specialists, we independently developed a discount rate range using publicly available market data for comparable entities, adjusted by risk factors specific to the Group.</li> </ul> </li> <li>considering the sensitivity of the models by varying key assumptions, such as forecast</li> </ul>

	<p>growth rates and discount rates, within a reasonably possible range, to identify those assumptions at higher risk of bias or inconsistency in application. We also assessed the related impairment breakeven points for these assumptions in order to identify those assets at higher risk of impairment and to focus our further procedures; and</p> <ul style="list-style-type: none"> <li>• assessing the disclosures in the financial report using our understanding of the recoverability assessment obtained from our testing and against the requirements of the accounting standards.</li> </ul>
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## Other Information

Other Information is financial and non-financial information in Midway Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report including the Operating and Financial Review and the Remuneration Report. The Letter from the Chairman, Managing Director's Review, Midway Operational Review, Sustainability Report, Shareholder Information and Corporate Directory are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have





no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the 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 at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Midway Limited for the year ended 30 June 2023, complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' 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 responsibilities

We have audited the Remuneration Report included in pages 17 to 26 of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Simon Dubois

Partner

Melbourne

24 August 2023