



FY24 Investor and Analyst Presentation

August 2024



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

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Delivering on Strategy

**In two years since our
Strategic Review we
have achieved:**

Improved FY24 results

- Underlying EBITDA of \$14.2M, an increase of \$11.3M, on pcp
- Positive operating cash flow of \$22.8M, a \$35.5M improvement
- Positive NPAT of \$1.0M, allowing resumption of ordinary dividends
- Strong current asset ratio of 3.64.

Sold plantation estates

- Sold and settled Wandong estate for \$17.0M in FY22
- Sold estate to MEAG for \$156.3M and settled \$121.2M, with \$35.1M due to settle in the next month
- Eliminated the onerous “Strategy” liability
- Established a stand-alone plantation and carbon management business.

Improved financial performance of operations

- Improved Geelong performance by exporting a range of products including softwood, filled the gap from native hardwood
- In Tasmania, we have completed the development of infrastructure, securing resource agreements and customer demand
- Secured a long-term lease which supports the future of QCE
- Closed the loss making logistics business.

Secured the Grain Project

- Reconfigured the Geelong woodchip operation and developed the unutilised part of site
- Lease and development works commenced on grain site
- Sale of 5ha for \$15.5M due to settle in Q2 25
- Sale of land proved up portside valuation of Geelong site
- Will contribute revenue for use of shiploader infrastructure.

Declared dividends and Refinanced

- Paid 5.0 cents per share fully franked in Dec 2023
- Declared 14.5 cents per share special dividend
- Declared 1.6 cents per share ordinary dividend
- Refinanced banking facilities with CBA
- Funded stage 1 of Tas capex.

Becoming Partner of Choice for Plantation Carbon

- Built a team which is leading the industry in plantation carbon
- Registered 3,150ha plantation carbon projects with CER
- Managing 10,127 ha for international institutional investor
- Contracted to scope and develop a global resource company’s decarbonisation pilot project
- In market with an ACCU forward sale product.

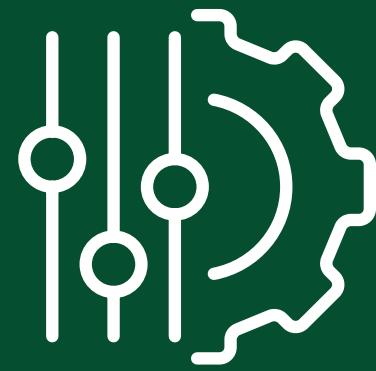
Our Strategy

Midway



Our Value-Creating Strategy

We have a clear focus on delivering our strategy to create value for shareholders



**Lifting the
operating
performance**



**Maximise
value of assets**



**Carbon
growth**

Lifting the operating performance

Midway



Improving financial performance of operations

Strong earnings growth driven by 2H volume recovery

- Underlying EBITDA improved to \$14.2M (increase of \$11.3M)
- Tasmania volume has doubled in FY24 through increased mill production and third party sales
- Geelong margin improved by strong second half volumes and targeted supply acquisition including softwood
- Gross margin improvement to 18% from 16% due an 15% improvement in second half volumes.

Consolidated results \$m	FY24	FY23	Change
Sales revenue	273.5	187.8	↑
Other income	6.1	6.7	↓
Total revenue and other income	279.6	194.5	↑
Expenses	(263.7)	(194.0)	↓
Share of equity accounted profits	(1.7)	2.4	↓
EBITDA - S	14.2	2.9	↑
Significant items	(0.9)	3.4	↓
Profit/Loss on sale of assets	-	12.5	↓
Impairment loss on Non-current Assets	-	(7.8)	↑
Other significant items	(1.0)	(1.3)	↑
Fair value gain on biological assets	(0.9)	0.2	↓
EBITDA – Statutory	12.3	6.5	↑

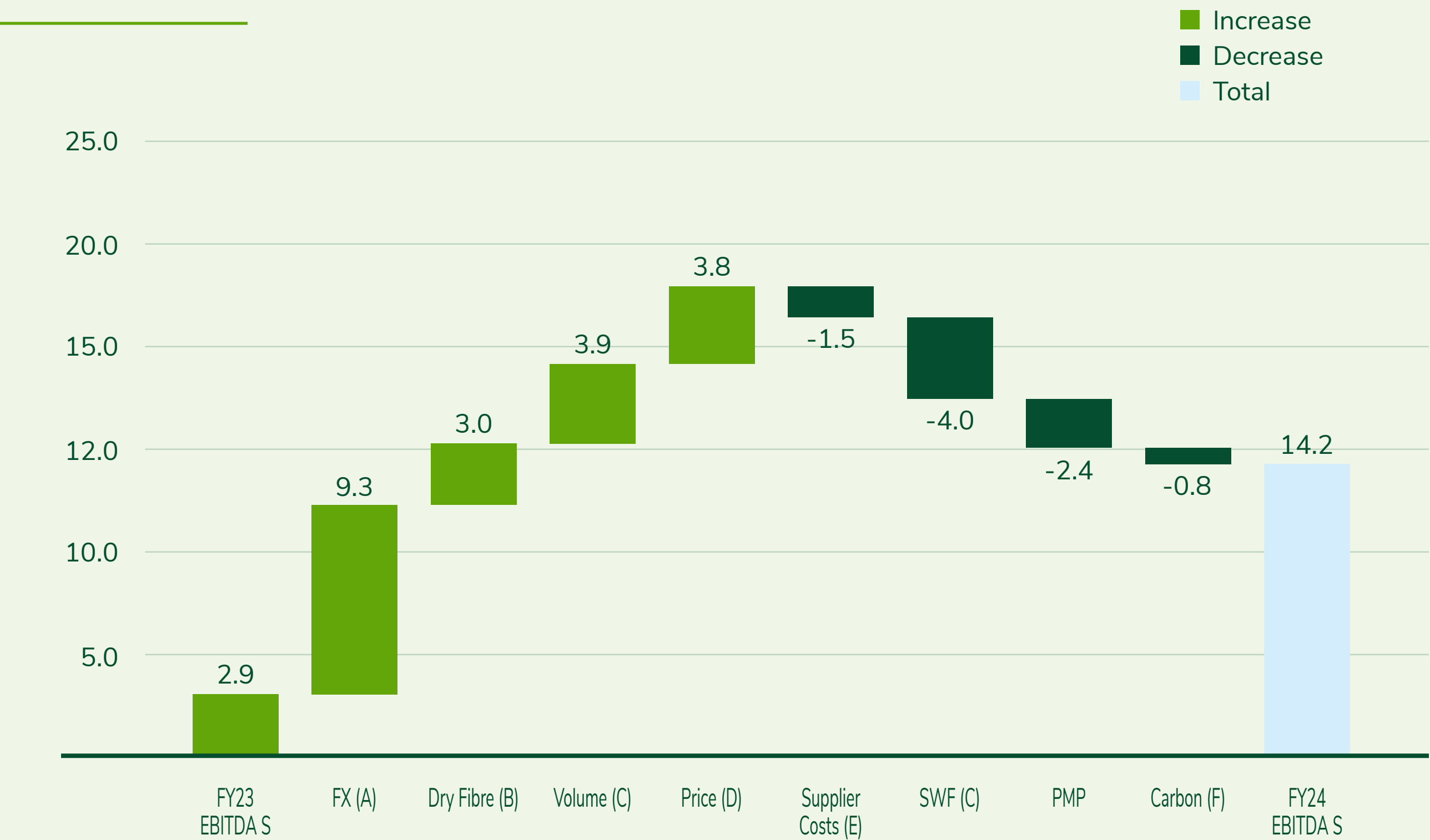
Consolidated GMT '000s	1H FY24	2H FY24	1H FY23	2H FY23
Sales Volume GMT '000s	749	869	807	465
Sales Volume SWF	146	158	393	328
Sales Volume Total	895	1027	1,200	793
Gross Margin	15%	19%	12%	21%

Financial Performance

FY24 Key Drivers

- A Effective FX rate of 0.67 resulting in a favourable earnings impact in FY24
- B Dry fibre benefit driven by product mix and targeted supply acquisition
- C Group volumes (excl SWF) increased by 346k GMT (+\$3.9M), driven by Geelong and Tasmania. SWF volumes fell by 417k GMT (contributing to the \$4.0M fall)
- D FY24 average prices higher than FY23
- E Increase in supply costs due to passthrough of headline price
- F Start-up carbon business EBITDA negative.

Midway Group EBITDA-S (\$'M)



Financial Performance

Strong balance sheet positions Midway for the future

- Positive operating cashflow of \$22.8M driven by earnings improvement and normalisation of inventory holdings
- Current asset ratio of 3.64 at 30 June 2024
- Group in a net cash position of \$20.5M
- Inventory holdings of \$26.7M and a return to a more normal net working capital position of \$19.5M
- \$45.4M receivables includes \$35.0M for final tranche of plantation estate sale
- “Strategy” financial liability reduced by \$8.1M in FY24 and to be fully repaid in 1H25 as the last tranche of the plantation estate proceeds is received.

Key metrics \$m	FY24	FY23	Change	
Assets				
Cash & cash equivalents	24.9	5.6	19.3	↑
Receivables	45.4	27.6	17.8	↑
Inventories	26.7	35.0	(8.3)	↓
Biological assets	6.2	8.5	(2.3)	↓
Other Receivables	–	33.5	(33.5)	↓
Property, plant and equipment	64.2	44.6	19.6	↑
AASB 16 right of use lease assets	18.5	7.3	11.2	↑

Liabilities				
Borrowings (current)	0.9	3.0	(2.1)	↑
Borrowings (non-current)	3.5	3.6	(0.1)	↑
AASB 16 lease liabilities (current)	1.4	0.5	0.9	↓
AASB 16 lease liabilities (non-current)	18.1	4.3	13.8	↓
“Strategy” financial liability	8.2	16.3	(8.1)	↑
Deferred tax liabilities	17.1	2.7	14.4	↓

Cash flow \$m	FY24	FY23	Change	
Operating cash flow	22.8	(12.7)	35.5	↑
Investing cash flow	13.6	81.6	(68.0)	↓
Financing cash flow	(17.2)	(66.2)	49.0	↑
Net increase / (decrease) in cash held	19.2	2.7	16.5	↑

1: Includes AASB 16 lease liabilities

Maximising value of assets

Midway

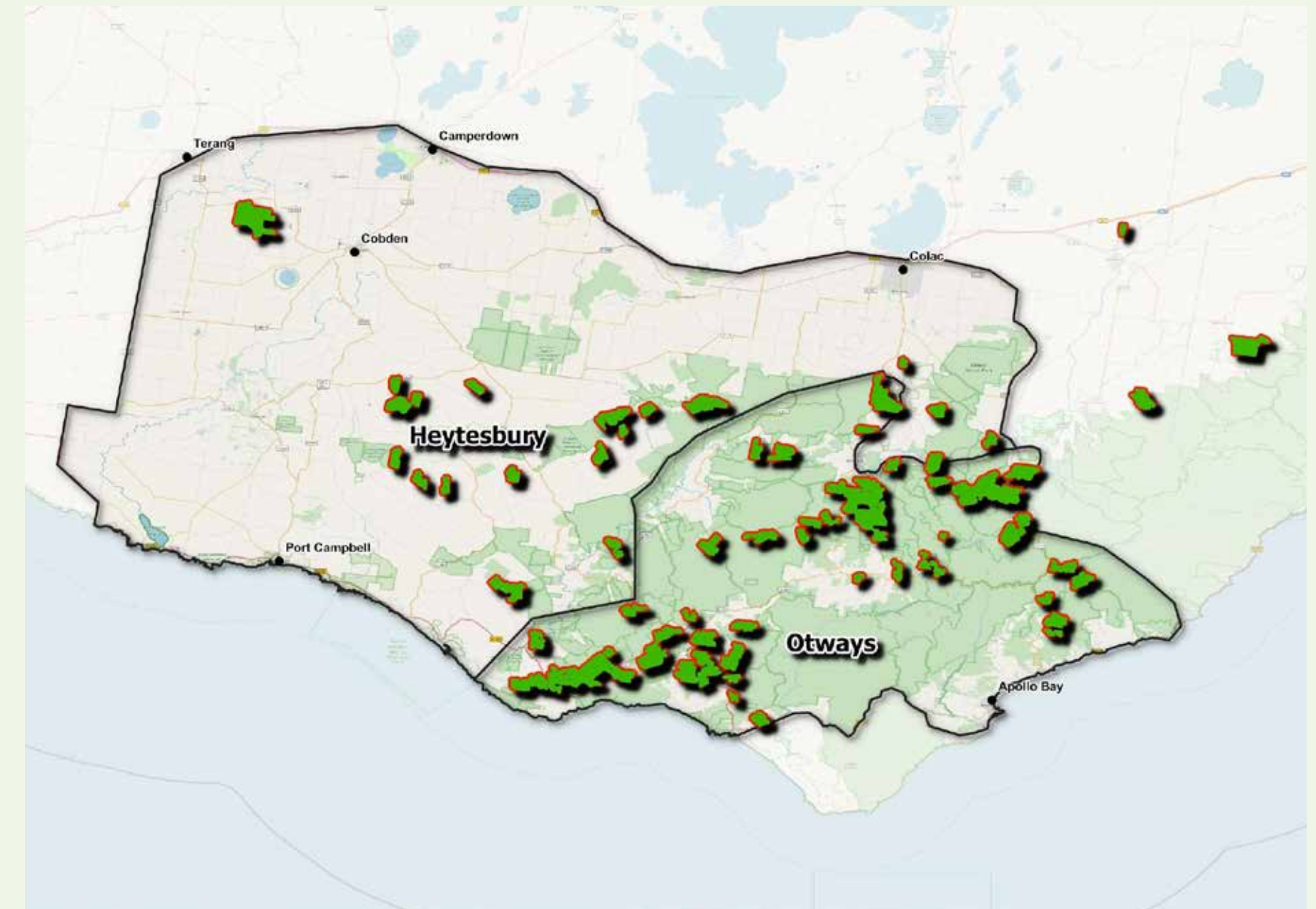


Plantation estate sales

Successful execution of plantation estate divestment strategy contributes to a strong balance sheet and positions Midway to pursue sustainable and accretive opportunities.

Plantation Estates

- Strategy to divest assets has resulted in a strong balance sheet
- Sold estate to MEAG for \$156.3M; \$121.2M settled to-date with \$35.1M due to settle in the next month
- The Group recognised a \$12.5M gain on sale of the plantation estate in FY23
- Sold and settled the Wandong estate for \$17.0M in 2022
- Eliminating the onerous “Strategy” liability
- Established a stand-alone plantation and carbon management business.





Geelong grain project

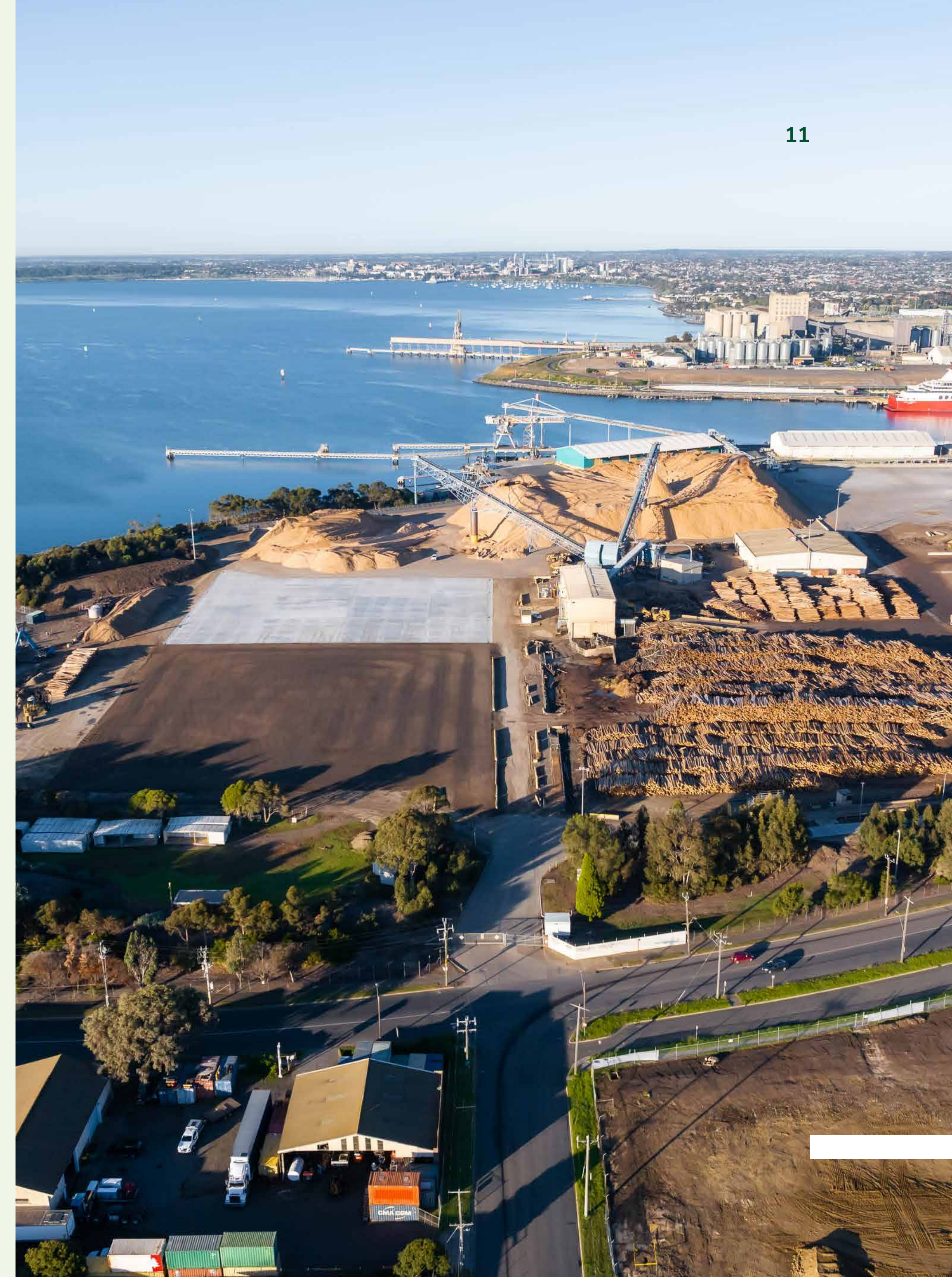
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- Midway and CHS Broadbent signed an unconditional land sale contract for 5.15ha of Geelong site for \$15.5M with 10% deposit received
- CHS Broadbent will build and operate an 80,000 metric tonne grain storage and export terminal
- CHS Broadbent 50% owned by CHS Inc, a Fortune 100 global agribusiness and 50% by the Broadbent family
- CHS Broadbent are leasing the site under a development lease and construction of their grain infrastructure is underway
- Grain export volumes are expected to commence in 2H25 and will contribute revenue for use of the shiploader
- Land sale and the development of the remaining site has enhanced the value of the property.

Geelong grain project

Geelong site redevelopment works

- With the sale of 5.15ha to CHS Broadbent, the Geelong site is being reconfigured to maximise utilisation of the retained area
- Stage one of site optimisation development works is 80% complete including:
 - New sealed independent log truck site entry in place
 - New concrete chip pad and new log storage area constructed
 - Sealed pavements within woodfibre operations and through site exit
 - Configuration of primary site loop assisting with optimisation of consolidated footprint
 - New weighbridge to accommodate the larger 40 metre log trucks
 - Operations office under construction, targeting late August occupancy.



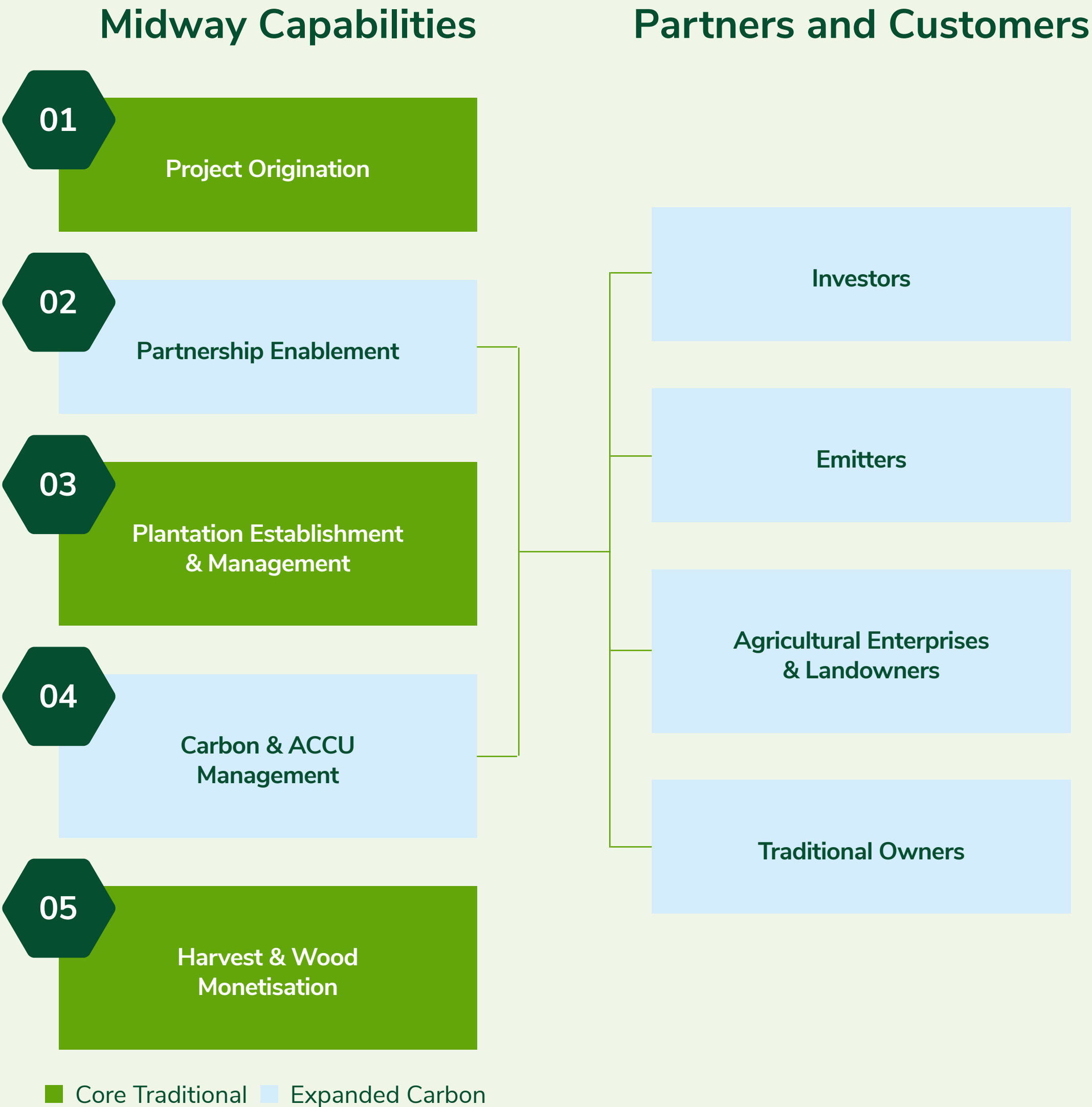
Carbon growth strategy – Enabling partners to scale carbon

Midway



Carbon Enablement Strategy

Turnkey capability positions Midway as the ‘Partner of Choice’ for enabling carbon abatement and offset projects.



Midway Business Model

Commercials for Midway

- Partner-funded, managed by Midway
- Multi-year, expandable agreements
- Upfront development fees
- Base management fees
- Share of ACCUs.

Asset Manager

- Investment mandates with major institutional funds for greenfield plantation.

Developer – Operator

- Planting and managing large scale projects for emitters and major corporate landowners.

Aggregator – Operator

- Aggregating, planting and managing multiple projects on third party land
- Providing ACCU forward sale prepayment funding solutions.

Carbon Execution in Practice

Multiple significant growth
pillars consistent with core
capability and strategy.



Midway sources, establishes and manages all aspects of plantation and carbon operations.
Our expertise allows us to work closely with all key stakeholders through the value chain to deliver the project.



**\$350M institutional
investment mandate**

Acquiring, developing
and managing plantation
carbon assets

100% funded by investor
including land acquisition

\$189.2M of the \$350M
deployed and 10,127 ha
under management.



**Global resources
company - establishing a
decarbonisation project**

Contracted to scope and
develop a global resources
company's decarbonisation
pilot project.



Enterprise

Working with large
landholders, large emitters
and government to
establish carbon projects
across Australia.

Aggregation of Landowners

Aggregating, financing,
establishing and managing
plantation carbon projects

Working with a large
financier to provide ACCU
prepayment structures.



**Traditional Owners
of Tiwi Islands**

Plantation and carbon
management including
Traditional Owner
ownership, engagement
and employment

Over 5.0 million ACCUs

Running process to secure
equity investment.

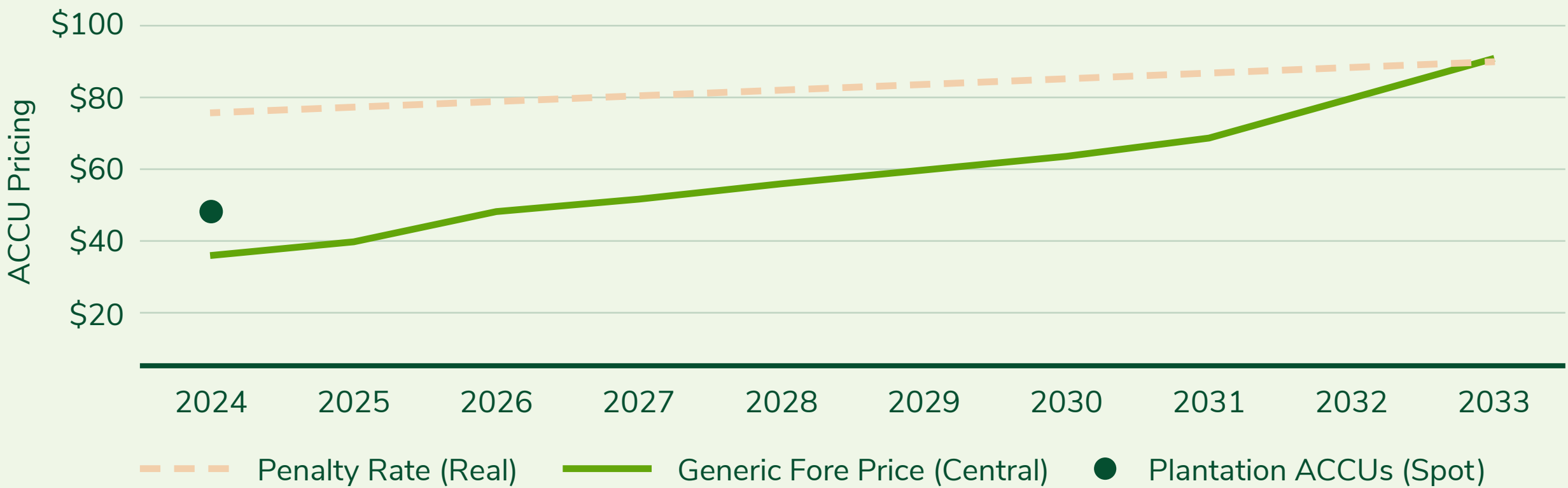
Carbon Market Opportunity for Midway

Midway positioned to deliver ACCUs to a growing market with a looming shortage of new supply.

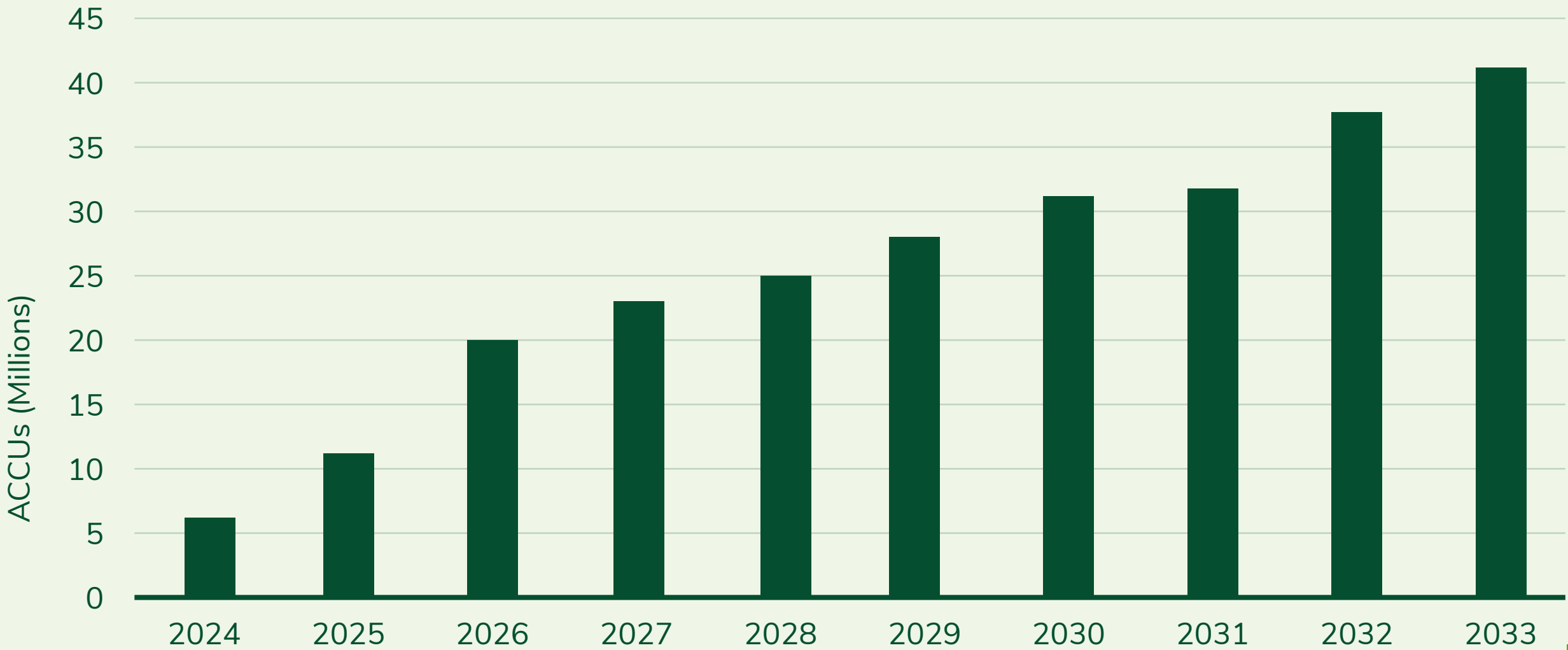
Carbon Market Dynamics

- Forecasting strong growth in ACCU demand and price:
 - Accelerating compliance demand from Safeguard Mechanism
 - Much higher price required to incentivise new supply
- Supply growth is challenged by:
 - Grandfathering of legacy methods (~75% of supply)
 - Higher cost, hard to scale and long lead for new methods
- Midway expects the ACCU shortfall may start as early as 2026
- \$10-20 premium for nature-based, ACCUs including methods under plantation, Environmental Plantings and indigenous co-benefits
- Benefits of Plantation method (Midway’s focus):
 - Highly scalable
 - Lower cost due to benefit of wood revenue
 - Premium price paid by ACCU buyers
 - Predictable ACCU entitlement (modelled with FullCAM¹).

Forward Price Curves – Reputex²



Modelled Abatement Demand³

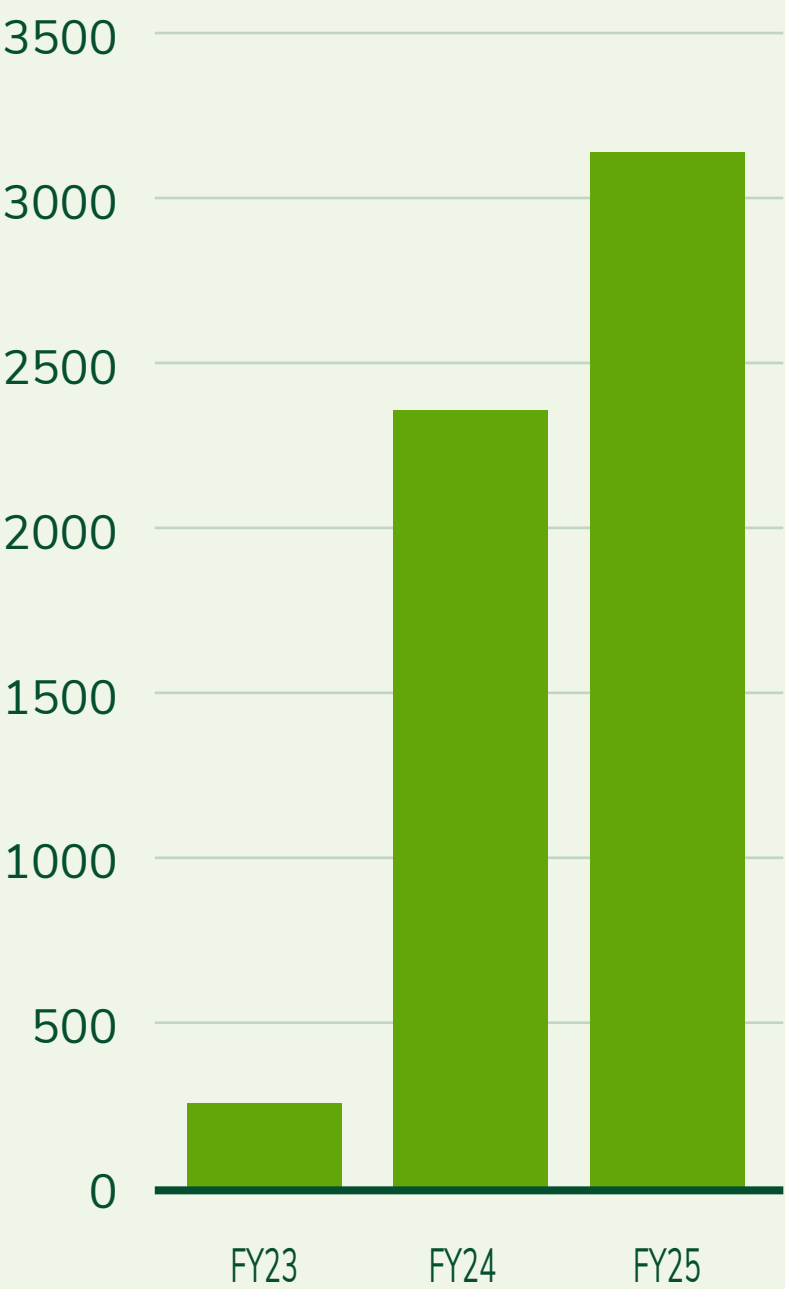


1 – FullCAM is the ACCU modelling tool prescribe by the Government for Plantation Forestry Projects.
2 – Based on the “Central Case” ACCU pricing curve published by Reputex.
3 – Based on the “Central Case” decarbonisation scenario published by Reputex.

Carbon Strategy Progress Tracking

Midway to consolidate
leadership in plantation
carbon as partner
pipeline is converted.

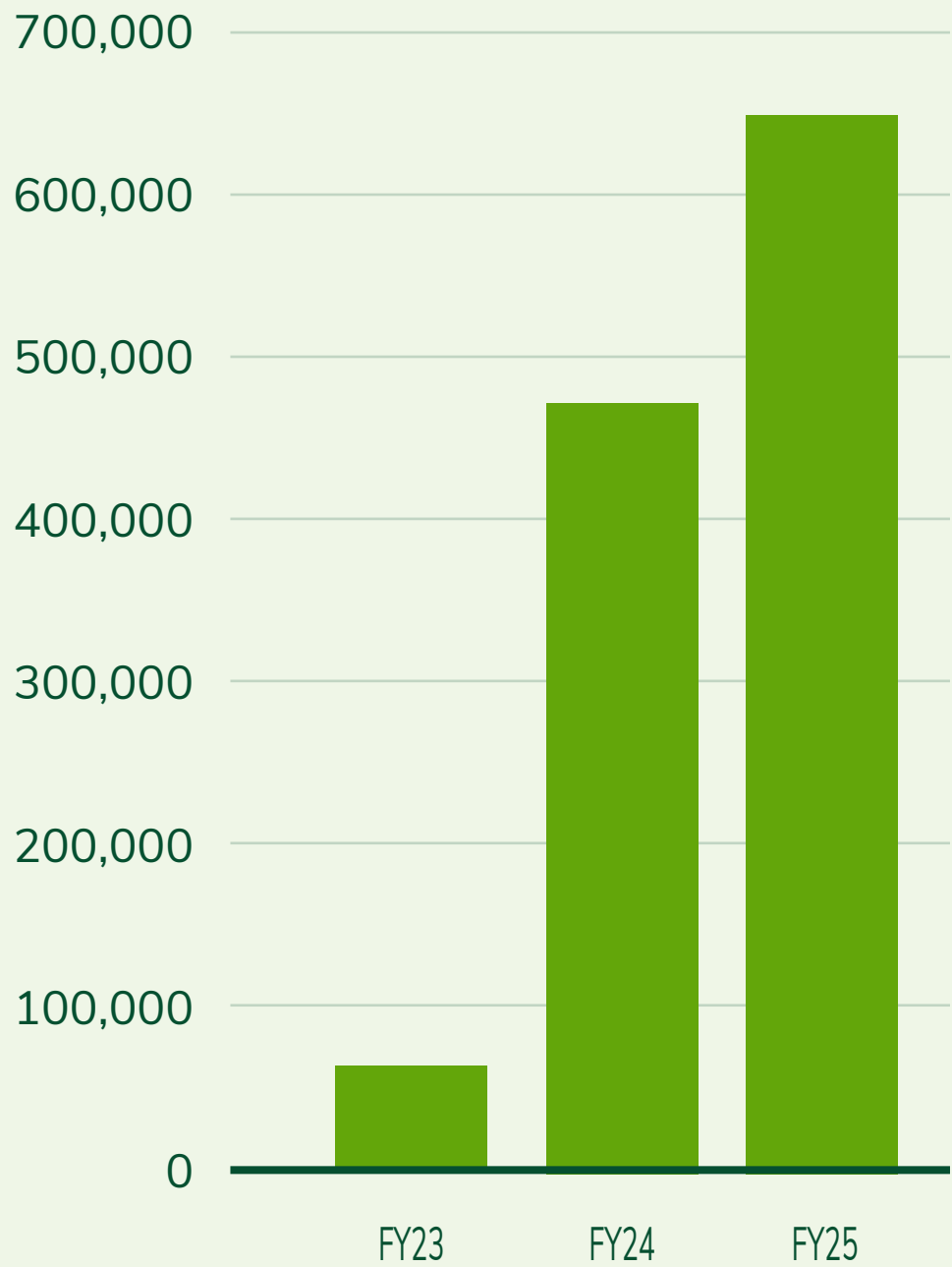
Carbon – Contracted &
Registered Land (Ha)¹



Partner Capital (\$M)



Committed Abatement
over Life (m ACCUs)¹



1 – Graphs show cumulative figures. FY25 is year-to-date.

Trading Conditions

Midway



Woodfibre market and outlook

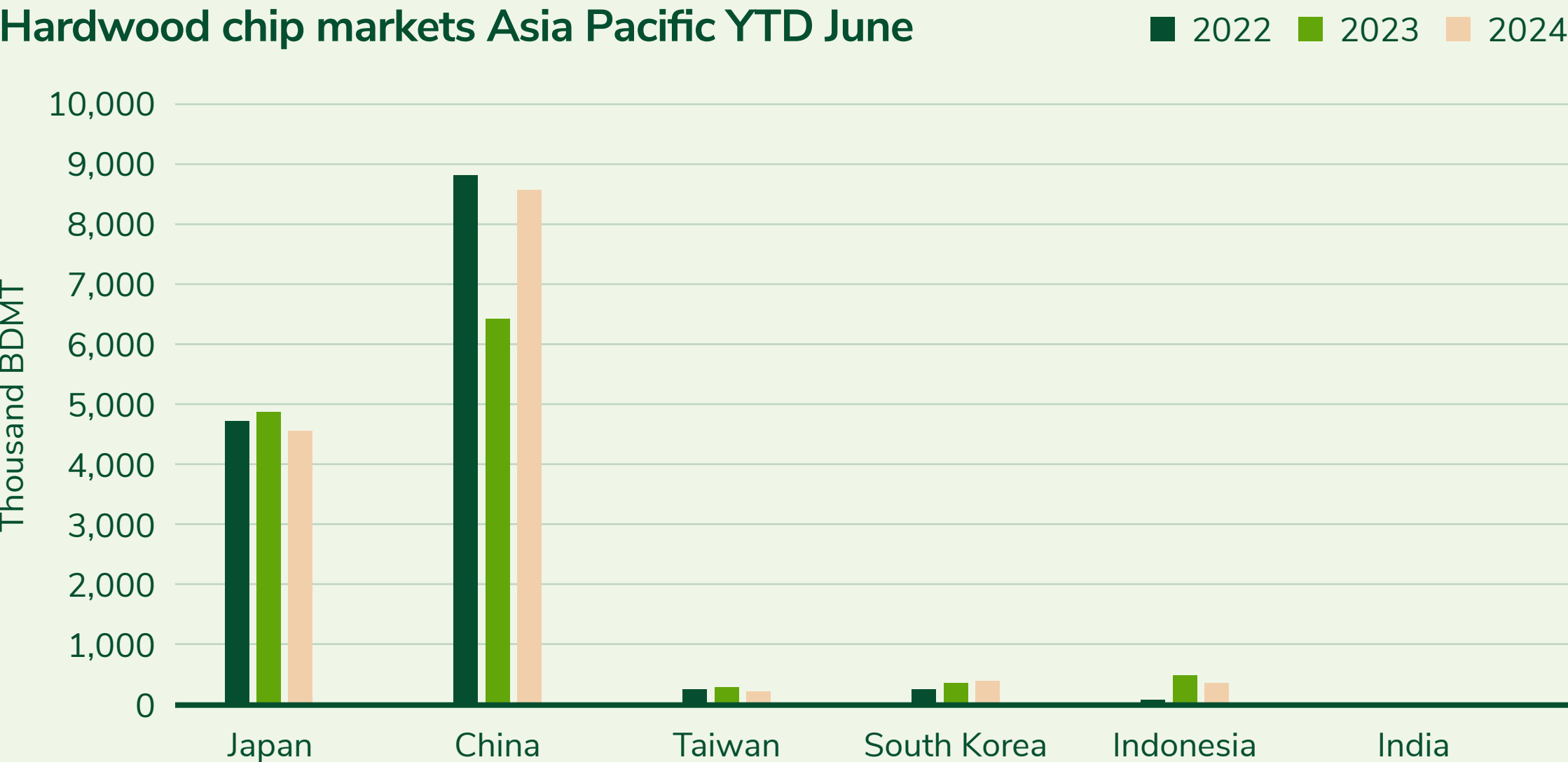
Woodfibre Demand

- Total hardwood fibre demand is up 13.4% for the calendar year to date due to increased Chinese demand from new pulp and paper mill capacity
- The majority of woodfibre to fill the demand has come from Vietnam with all other supply sources level or down on the prior corresponding period
- Australian market position is underpinned by pulp mills' need for a significant proportion of higher strength hardwood fibre that is currently only available from southern hemisphere species including E. globulus and E. Nitens.

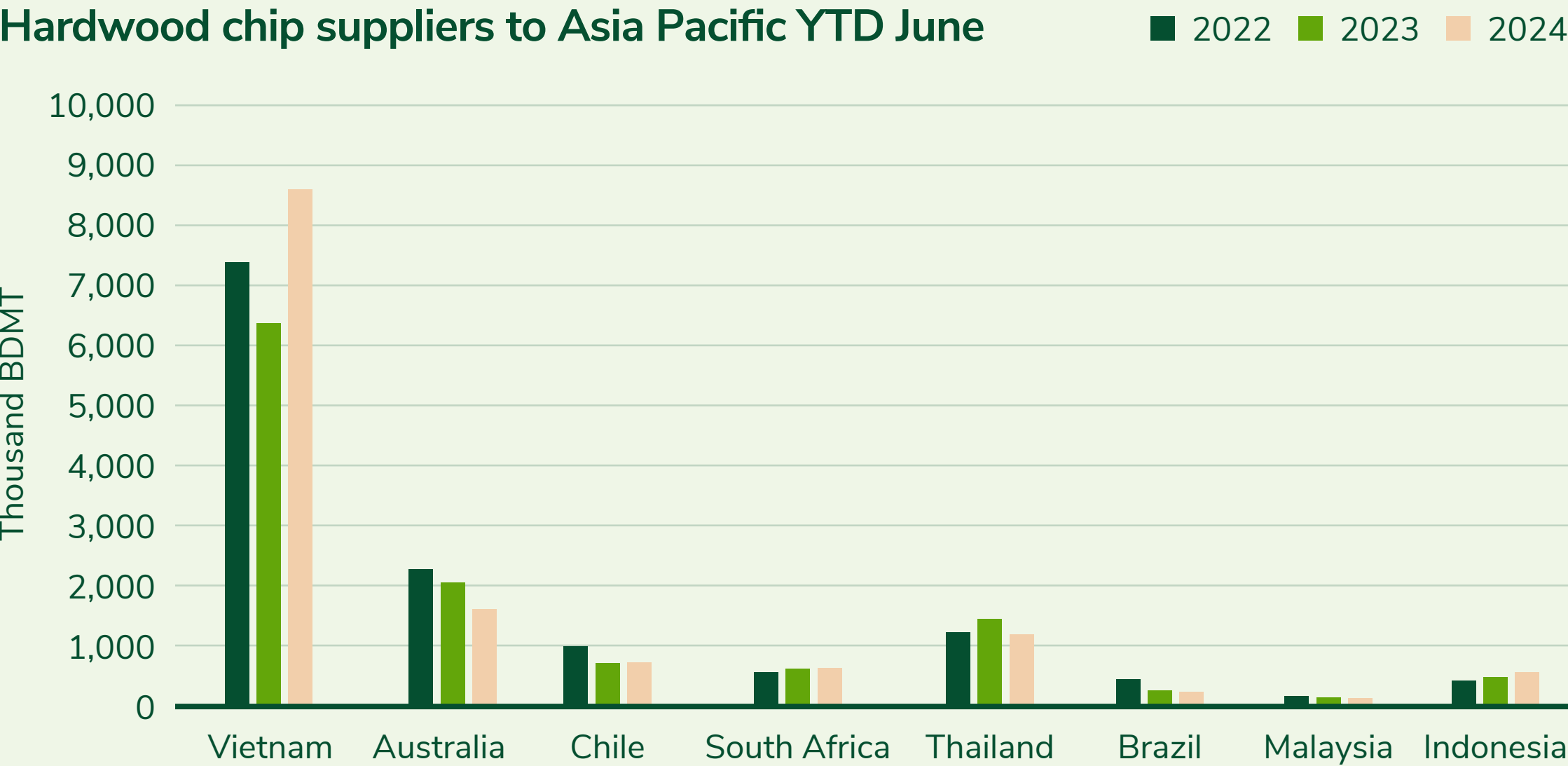
Prices

- After the 10.4% increase in the E. globulus benchmark price in 2023, the 2024 benchmark price has eased 5.0% for 2024 to US \$188.75
- Pulp prices rose throughout 2024 H1 but have recently fallen back to levels similar to the start of the year. Pulp inventories in China remain below the 5 year average.

Hardwood chip markets Asia Pacific YTD June



Hardwood chip suppliers to Asia Pacific YTD June



Capital Management

Midway



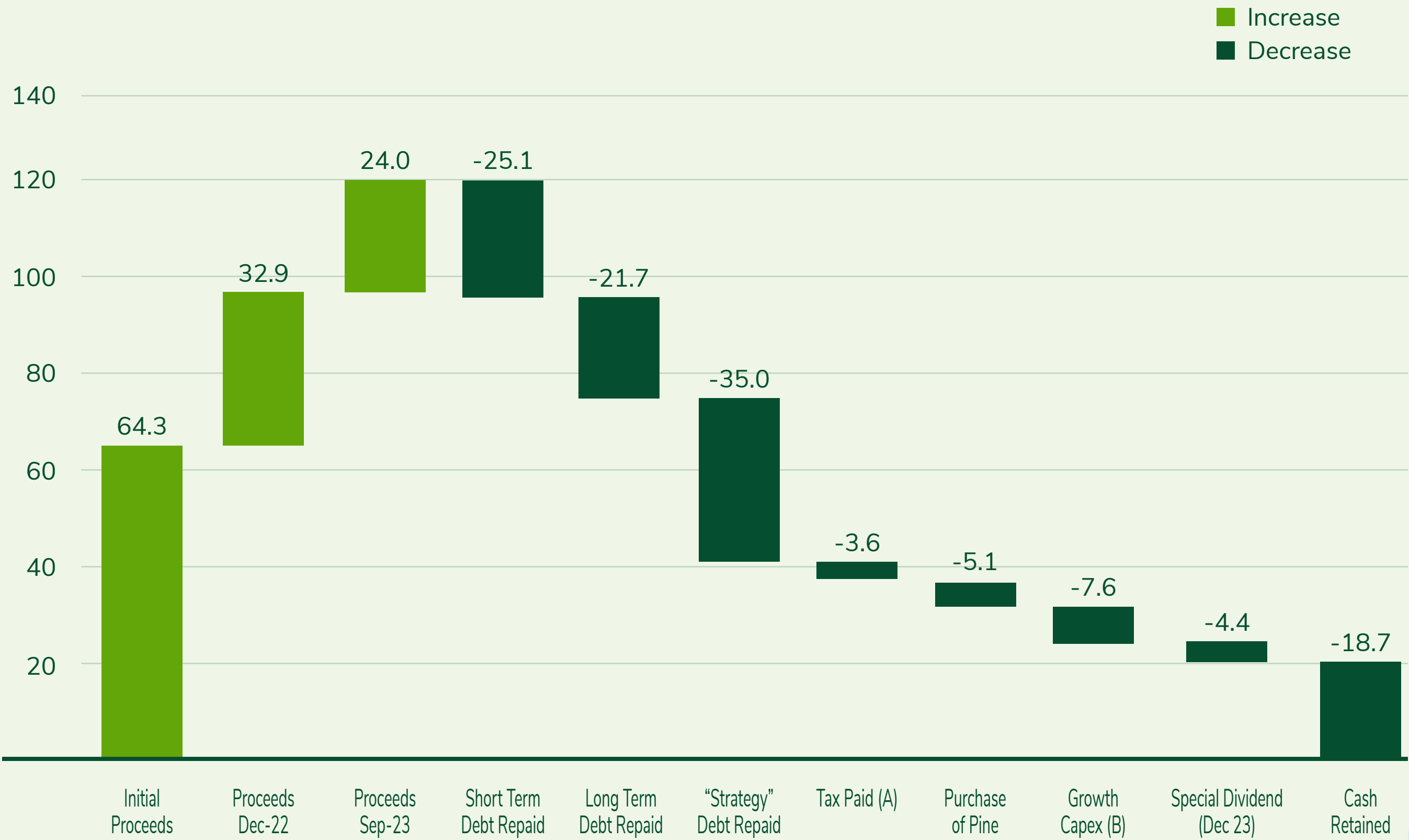
Capital Management

The Board has declared a special fully franked dividend of 14.5 cents per share

- FY24 ordinary dividend of 1.6 cents per share declared
- The final tranche of the MEAG deal is due to settle in September 2024. Following receipt of the final tranche, the special and ordinary dividends will be paid
- All long and short-term debt repaid at June 2024, with only asset financing drawdown
- The Company will preserve a strong balance sheet as it reviews growth and capital management options.

MEAG future proceeds (\$M)	FY25
Proceeds Received	35.1
Purchase of “Strategy” Timber	(8.8)
Expected Tax Payments	(6.3)
Net Cash Retained	20.0

Sale of Plantation Estate – Use of Proceeds (\$M)



(A) Includes a \$4.4M tax refund received in January 2024
(B) Includes \$2.7M of capital spend related to Grain project development

People, safety and sustainability

Contributing to a sustainable environment, supporting sustainable businesses and ensuring those working across our supply chain are respected, safe and productive.

Sustainability Goals include:

- Midway’s products are sourced and manufactured from well managed forests in which high conservation values are protected and wood supply chains are controlled
- Looking after our team members and providing a safe and fulfilling work environment.

Building Specialist Capabilities

- Improving how all of our employees, contractors and partners deliver sustainable outcomes across our business
- Added specialists in the areas of:
- Forest Management
 - Carbon Sequestration
 - Health, Safety and Environmental Management
 - Including a Group Sustainability Manager to our Executive team.

Proactive Safety Measures

- Introduction of voice recognition hazard reporting technology has significantly increased employee engagement in delivering safety outcomes
- 50% reduction in reportable injuries in the past 12 months.

Certified Supply Chains

- Management systems that ensure that all woodfibre sourced across the Midway Group’s supply chains, originates from identified sources where conservation and other values are identified and appropriately managed
- Midway maintains Forest Management and Chain of Custody certification providing credible externally verified assurance that Midway is delivering its sustainability objectives.

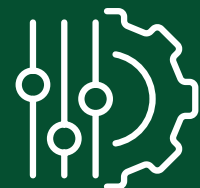
Key Take-Outs

Midway



Key take-outs

Delivering on the Strategy



Lifting the operating performance

- 01 Improved EBITDA-S at \$14.2M (+\$11.3M), driven by improved margins at Geelong due to strong prices and targeted supply acquisition
- 02 Strong second half volume, particularly out of Geelong and Tasmania
- 03 Softwood shipments commenced out of Midway Geelong
- 04 Completed the development of infrastructure in Tasmania and now focussed on increasing volume
- 05 Secured a long-term lease for port access in QCE.



Maximise value of assets

- 01 Grain project development works are well progressed with land lease commenced
- 02 Reconfigured the Geelong woodchip operation and developed the unutilized part of the site
- 03 Sale of 5 ha of the Geelong site for \$15.5M due to settle in 2Q25
- 04 Grain project will contribute revenue for use of ship loader infrastructure
- 05 Sale of plantation land will complete in Sep-24.



Carbon growth strategy

- 01 Built a team which is leading the industry in plantation carbon
- 02 Registered 3,150ha plantation carbon projects with CER
- 03 Managing 10,127 ha for institutional investors
- 04 Second Rotation on the Tiwi Islands with a potential ~5.0M ACCUs will be Australia's largest plantation carbon project
- 05 Contracted to scope and develop a global resources company's decarbonisation project
- 06 In the market with a forward sale prepayment product.

Attachments

Midway



Export Volumes

Volumes	FY24 (a)	FY23 (a)	
(000's GMT)	12 months	12 months	Comments
Geelong	704	597	Plantation hardwood, softwood and third party
Portland	304	721	E Globulus only
Brisbane	226	237	Hardwood and softwood mix
Melville Island	109	143	Acacia for pulp and biomass
Tasmania ¹	579	295	Includes third party and Midway wood
TOTAL	1,922	1,993	

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

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

\$'000	FY24	FY23
EBITDA - S (underlying)	14,166	2,855
Net fair value (decrement)/increment on biological assets	(937)	151
Insurance costs, net of proceeds	-	93
Profit/(loss) on sale of assets – Midway Plantations	-	12,465
Impairment loss on non-current assets	-	(7,842)
Impairment loss on current assets	(127)	(350)
Transaction costs incurred	(805)	(829)
EBITDA – statutory	12,297	6,543

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

\$'000	FY24	FY23
Net profit/(loss) after tax - S ¹	2,009	(3,117)
Net fair value increment on biological assets	(656)	105
Non-cash interest expense (AASB 15 “Strategy” impact)	(1,037)	(3,218)
Insurance (Fire)	-	65
Profit on sale of asset of non-current assets	-	8,726
Impairment loss on non-current assets	-	(5,489)
Impairment loss on current assets	(89)	(245)
Interest received	1,315	1,374
Transaction costs incurred	(564)	(580)
Net profit/(loss) after tax - statutory	978	(2,379)

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

Thank you

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