



Appendix 4D

For the half year ended 31 December 2023

ABN 44 005 616 044

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

RESULTS FOR ANNOUNCEMENT TO THE MARKET

for the half year ended 31 December 2023

Half year ended: 31 December 2023

Previous corresponding period: 31 December 2022

Result Summary

		%	\$'000
Consolidated Revenue from Operations	Up	7.5 to	115,737
Underlying ¹ Net profit after tax from operations attributable to shareholders	Up	30.4 to	(1,998)
Net profit after tax from operations attributable to shareholders	Down	144.8 to	(1,413)

Revenue from operations was 7.5% higher and underlying net profit after tax was 30.4% higher compared to the previous corresponding period, driven by improved pricing and a better dry fibre result from woodfibre intake.

This improvement in top-line revenue is also supported by the favourable exchange rate between the Australian and United States Dollars, which more than offset the fall in export volumes achieved.

The reduction in export volumes is a result of slower demand for woodfibre as pulp prices remain subdued, and domestic woodfibre supply surplus in China. This has led to some contracted 2023 vessels moving into the 2024 calendar year.

The Group also entered into a new financing arrangement during the half, securing new facility limits that better suit the Group's working capital needs and providing flexibility in management of our operations.

For a further explanation of the results above, refer to the Company's ASX/Media Announcement for the half year ended 31 December 2023.

Dividends / distributions

	Amount per security	Franked amount per security at 30%
2023 interim dividend (no dividend declared)	-	-
2023 final dividend (no dividend declared)	-	-
2023 special dividend	\$0.05	\$0.02

A fully franked special dividend was paid in December 2023.

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	164.0 cents	151.1 cents

Other information required by Listing Rule 4.2A

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in the accompanying 31 December 2023 Half Year Financial Report.

¹ Refer to page 7 for a definition of underlying measures

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Review of Results and Operations

Review of results

For the period ending 31 December

\$'000	Notes	2023	2022	Change
Revenue and other income				
Sales revenue		115,737	107,685	8,052
Other income		3,239	3,840	(601)
		118,976	111,525	7,451
Less: expenses				
Changes in inventories of finished goods and work in progress		5,132	(177)	5,309
Raw Materials, consumables and other procurement expenses		(85,614)	(73,103)	(12,511)
Employee benefits expense		(10,100)	(11,061)	961
Plantation management expenses		(3,217)	(800)	(2,417)
Freight and shipment costs		(12,997)	(16,477)	3,480
Repairs and maintenance costs		(3,220)	(5,314)	2,094
Other operating expenses		(4,944)	(5,727)	783
Share of profit/(loss) of equity accounted investments		(1,384)	1,478	(2,862)
EBITDA – S (underlying)		2,632	344	2,288
Depreciation & Amortisation		(3,632)	(3,264)	(368)
EBIT – S (underlying)		(1,000)	(2,920)	1,920
Net finance expense		(1,081)	(1,457)	376
Net profit/(loss) before tax – S (underlying)		(2,081)	(4,377)	2,296
Income tax benefit/(expense)		138	1,694	(1,556)
Net profit/(loss) after tax – S (underlying)		(1,943)	(2,683)	740

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

	31-Dec-23	31-Dec-22
NPAT (underlying)	(1,943)	(2,683)
Net fair value (decrement)/increment on biological assets	478	107
Non-cash interest expense (AASB 15 strategy impact) ¹	(567)	(2,691)
Insurance costs, net of proceeds received ²	-	(110)
Profit on disposal of plantation estate	-	8,598
Interest received	792	460
Transaction costs incurred	(118)	(342)
Net profit / (loss) after tax – Statutory	(1,358)	3,339

1. Non cash interest expense is incurred on the liability created on 1 July 2018 to repurchase trees under the Strategy arrangement, which was deemed a financing arrangement upon the adoption of AASB 15 Revenue from Contracts with Customers. The Strategy arrangement is a contractual obligation to repurchase hardwood trees the Group sold in February 2016.
2. Costs related to insurance works, and reimbursements received from the Group's insurers, are presented gross under the Consolidated Statement of Comprehensive Income.

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

	31-Dec-23	31-Dec-22
EBITDA - S (underlying)	2,632	344
Net fair value (decrement)/increment on biological assets	683	153
Insurance costs, net of proceeds	-	(157)
Sale of plantation estate	-	12,283
Transaction costs incurred	(169)	(488)
EBITDA – statutory	3,146	12,135

Earnings summary

Consolidated revenue from operations increased by 7.5% to \$115.7M in the period.

The Group's underlying EBITDA-S (consolidated) improved by \$2.3M to \$2.6M for the six months ending 31 December 2023 compared to the prior corresponding period (pcp).

A number of factors resulted in improved margins in 1H24 including:

- Stronger export pricing with the headline E. Globulus price at US\$198.75 per bone dry metric tonne
- Favourable exchange rates realised during the period
- Better dry fibre result by 5.8% over the pcp due drier weather and product mix

The Group observed lower volumes through Midway processing and export facilities, partially offset by an increase in lower margin chip trading volumes.

Outlook

Global pulp and paper market conditions remained challenging in the first half of FY24 which impacted the amount of volume shipped during the period through our facilities.

Pulp prices rose for bleached eucalyptus kraft pulp from the lows of US\$450 / tonne to a more sustainable US\$650 / tonne and have remained steady at that level.

The Group is cautiously optimistic for an improvement in conditions in the second half of FY24 as the 2023 deferred sales are delivered, however the 2H24 headline woodfibre price for Eucalyptus Globulus is yet to be settled.

Directors' Report

The Directors present their report together with the consolidated financial statements of the Group comprising of Midway Limited (the Company) and its subsidiaries (the Group) for the period ending 31 December 2023 and the auditor's report thereon.

Directors

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

Name	Position Held	Employment status
Directors		
Gordon Davis	Independent Non-Executive Chair	
Kellie Benda	Independent Non-Executive Director	
Nils Gunnersen	Non-Executive Director	
Tom Gunnersen	Non-Executive Director	
Leanne Heywood	Independent Non-Executive Director	
Anthony McKenna	Managing Director and CEO	

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

Dividends

A fully franked special dividend was paid in December 2023.

Significant Events Subsequent to the end of the Half Year

The Directors are not aware of any other matter or circumstance which has arisen since 31 December 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.

Plantation Management Partners

In the prior 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.

Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the period ended 31 December 2023.

Rounding off

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

Directors' Report

Non-IFRS measures

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

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

Signed in accordance with a resolution of the Directors.



Gordon Davis

Chairman

Melbourne,

29 February 2024



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

To the Directors of Midway Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Midway Limited for the Half-year ended 31 December 2023 there have been:

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

KPMG

KPMG

Simon Dubois

Partner

Melbourne

29 February 2024

Consolidated Statement of Comprehensive Income

For the period ended 31 December

	Notes	2023 \$'000	2022 \$'000
Revenue and other income			
Sales revenue	3	115,737	107,685
Other income	3	3,239	15,966
		118,976	123,651
Less: expenses			
Changes in inventories of finished goods and work in progress		5,132	(177)
Materials, consumables and other procurement expenses		(85,614)	(73,104)
Depreciation and amortisation expense	3	(3,632)	(3,265)
Employee benefits expense		(10,100)	(11,061)
Biological assets net fair value (decrement)/increment	8	683	153
Plantation management expenses		(3,217)	(800)
Freight and shipping expense		(12,997)	(16,477)
Repairs and maintenance expense		(3,220)	(5,314)
Other expenses		(5,113)	(6,214)
		(118,078)	(116,259)
Finance expense	3	(2,034)	(5,026)
Finance income	3	1,275	382
Net finance expense		(759)	(4,644)
Share of net profits from equity accounted investments	5	(1,384)	1,478
Profit / (loss) before income tax expense		(1,245)	4,226
Income tax benefit/(expense)		(113)	(887)
Profit for the period		(1,358)	3,339
<i>Items that will not be reclassified to profit and loss</i>			
Revaluation of land fair value adjustment, net of tax		20,020	-
<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		3,797	5,462
Foreign operations – foreign currency translation differences		-	-
Equity accounted investees - share of OCI		-	168
Other comprehensive income for the period		23,817	5,630
Total comprehensive income for the period		22,459	8,969
Profit / (loss) is attributable to:			
- Owners of Midway Limited		(1,413)	3,152
- Non-controlling interests		55	187
		(1,358)	3,339
Total comprehensive income is attributable to:			
- Owners of Midway Limited		22,404	8,782
- Non-controlling interests		55	187
		22,459	8,969
Earnings per share for profit attributable to equity holders:			
Basic (loss)/earnings per share		-\$0.02	\$0.04
Diluted (loss)/earnings per share		-\$0.02	\$0.04

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

Consolidated Balance Sheet

As at

	Notes	31-Dec-2023 \$'000	30-Jun-2023 \$'000
Current assets			
Cash and cash equivalents		11,636	5,606
Receivables		45,584	27,567
Inventories		40,006	34,996
Biological assets	8	3,654	1,744
Current tax receivable		4,545	-
Other assets		6,306	5,234
Assets held for sale	13	12,360	-
Derivative assets		2,902	-
Total current assets		126,993	75,147
Non-current assets			
Biological assets	8	5,171	6,730
Other Receivables		-	33,459
Investments accounted for using the equity method	5	12,021	13,405
Intangible assets		1,971	1,971
Loan receivables		-	17
Property, plant and equipment		81,163	51,870
Total non-current assets		100,326	107,452
Total assets		227,319	182,599
Current liabilities			
Trade and other payables		12,159	16,707
Current tax payable		-	1,246
Borrowings	9	18,617	3,567
Strategy financial liability		7,560	9,151
Derivative financial liability		-	2,523
Provisions		4,207	4,451
Total current liabilities		42,543	37,645
Non-current liabilities			
Borrowings	9	22,072	7,947
Strategy financial liability		-	7,146
Provisions		87	139
Deferred tax liabilities		17,385	2,745
Total non-current liabilities		39,544	17,977
Total liabilities		82,087	55,622
Net assets		145,232	126,977
Contributed Equity			
Share capital		64,888	64,888
Reserves		111,539	91,926
Accumulated losses		(32,957)	(31,544)
Equity attributable to owners of Midway Limited		143,470	125,270
Equity attributable to non-controlling interests		1,762	1,707
Total equity		145,232	126,977

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 2022	64,888	87,368	(28,741)	1,283	124,798
Profit for the period	-	3,152	-	187	3,339
Revaluation of land, net of tax	-	-	-	-	-
Cash flow hedges - effective portion of changes in fair value, net of tax	-	5,630	-	-	5,630
Total comprehensive income for the year	-	8,782	-	187	8,969
Other Transactions:					
Issuance of ordinary shares, net of transaction costs	-	-	-	-	-
Issuance of performance rights	-	-	-	-	-
Share based payments expense	-	184	-	-	184
Transfers from asset revaluation reserve	-	(52,393)	-	-	(52,393)
Transfers to profits reserve	-	52,393	-	-	52,393
Transactions with owners in their capacity as owners:					
Dividends	-	-	-	-	-
Total other transactions	-	184	-	-	184
Balance as at 31 December 2022	64,888	96,334	(28,741)	1,470	133,951
Balance as at 1 July 2023	64,888	91,926	(31,544)	1,707	126,977
Profit / (loss) for the period	-	-	(1,413)	55	(1,358)
Revaluation of land, net of tax	-	20,020	-	-	20,020
Cash flow hedges - effective portion of changes in fair value, net of tax	-	3,797	-	-	3,797
Total comprehensive income for the year	-	23,817	(1,413)	55	22,459
Other Transactions:					
Issuance of ordinary shares, net of transaction costs	-	-	-	-	-
Issuance of performance rights	-	-	-	-	-
Share based payments expense	-	163	-	-	163
Transfers from asset revaluation reserve	-	-	-	-	-
Transfers to profits reserve	-	-	-	-	-
Transactions with owners in their capacity as owners:					
Dividends	-	(4,367)	-	-	(4,367)
Total other transactions	-	(4,204)	-	-	(4,204)
Balance as at 31 December 2023	64,888	111,539	(32,957)	1,762	145,232

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

Consolidated Statement of Cashflows

For the period ended 31 December

	Notes	2023 \$'000	2022 \$'000
Cash flow from operating activities			
Receipts from customers		111,303	109,073
Payments to suppliers and employees		(126,833)	(114,395)
Interest received		142	728
Interest paid		(577)	(1,318)
Income tax (paid) / received		(1,473)	(495)
Net cash provided by / (used) in operating activities		(17,438)	(6,407)
Cash flow from investing activities			
Payment for property, plant and equipment		(1,436)	(5,071)
Proceeds from sale of property, plant and equipment		23,500	94,112
Payment for non-current biological assets		-	(5,741)
Net cash used in investing activities		22,064	83,300
Cash flow from financing activities			
Transfer from Term Deposit		2,009	-
Repayment of Strategy financial liability		(9,548)	(27,395)
Principal repayment of lease liabilities		(2,013)	(2,524)
Dividends paid		(4,367)	-
Proceeds from bank borrowings		21,206	12,680
Repayment of bank borrowings		(5,943)	(33,942)
Proceeds from loan receivable		60	159
Net cash provided by / (used) in financing activities		1,404	(51,022)
Reconciliation of cash			
Cash at beginning of the financial period		5,606	2,969
Net increase/(decrease) in cash held		6,030	25,871
Cash at end of financial period (net of overdrafts)		11,636	28,840

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

Notes to the Consolidated Half Year Financial Statements

1. Reporting Entity

Midway Limited (the Company) is a company domiciled in Australia. These consolidated half year financial statements as at and for the period ended 31 December 2023 are of Midway Limited and its subsidiaries (the Group). The Group is primarily involved in the production and export of wood fibre to producers of pulp, paper and associated products, forestry logistics and plantation management.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2023 are available at <http://www.midwaylimited.com.au/>.

2. Basis of Preparation

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

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2023. As the half-year report does not include notes of the type normally included in an annual financial report, it should be read in conjunction with the most recent annual financial report.

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. As a result, the Directors consider these half year financial statements can be prepared on a going concern basis.

These half year financial statements were authorised for issue by the Company's Board of Directors on 29 February 2024.

(a) Accounting policies

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

Use of Estimates and Judgements

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

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2023.

Notes to the Consolidated Half Year Financial Statements

3. Segment Reporting

(a) Description of segments

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

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

Reportable Segments	Products / Services
Woodfibre	Includes primary operations whereby the Group purchases and sells both own and third party wood. SWF is also proportionally consolidated at 51% for segment reporting which reflects how management views and makes decisions of its operations.
Plantation Management	Plantation management is the provision of silviculture services including on group owned trees. The segment also holds any group owned plantation land and trees.
Ancillary	Represents any one off, transactional and other non recurring costs.

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

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

Notes to the Consolidated Half Year Financial Statements

3. Segment Reporting (continued)

(b) Segment information provided to senior management

31-Dec-23

	(\$'000)	Woodfibre	Plantation management	Ancillary	Eliminations	Total
Sales revenue		123,335	4,257	-	(11,855)	115,737
Inter segment sales		-	332	-	(332)	-
Other income		4,503	773	-	(2,037)	3,239
Total revenue and other income		127,838	5,362	-	14,224	118,976
Share of equity accounted profits/(loss)		-	-	-	(1,384)	(1,384)
EBITDA – S⁽¹⁾		5,593	(839)	(32)	(2,090)	2,632
Significant items		-	-	(169)	-	(169)
Fair value (gain) on biological assets		-	683	-	-	683
EBITDA		5,593	(156)	(201)	(2,090)	3,146
Depreciation and amortisation		(4,024)	(186)	-	578	(3,632)
EBIT		1,569	(342)	(201)	(1,512)	(486)
Net finance expense		(1,114)	296	-	59	(759)
Net profit before tax		455	(46)	(201)	(1,453)	(1,245)
Income tax expense		428	14	10	(565)	(113)
Net profit after tax		883	(32)	(191)	(2,018)	(1,358)

Segment assets	181,746	47,346	6,226	(7,999)	227,319
Equity accounted investees	12,021	-	-	-	12,021
Capital expenditure	1,505	174	-	(3)	1,676
Segment liabilities	(27,201)	(17,366)	(3,778)	(33,742)	(82,087)

31-Dec-22

(\$'000)	Woodfibre	Plantation management	Ancillary	Eliminations	Total
Sales revenue	127,880	959	-	(21,154)	107,685
Inter segment sales	-	3,225	-	(3,225)	-
Other income	2,766	12,497	-	703	15,966
Total revenue and other income	130,646	16,681	-	(23,676)	123,651
Share of equity accounted profits/(loss)	-	-	-	1,478	1,478
EBITDA – S⁽¹⁾	2,739	(1,117)	(27)	(1,251)	344
Significant items	(157)	12,283	(488)	-	11,638
Fair value loss on biological assets	-	153	-	-	153
EBITDA	2,582	11,319	(515)	(1,251)	12,135
Depreciation and amortisation	(2,839)	(824)	-	398	(3,265)
EBIT	(257)	10,495	(515)	(853)	8,870
Net finance expense	(1,461)	(3,234)	-	51	(4,644)
Net profit before tax	(1,718)	7,261	(515)	(802)	4,226
Income tax expense	746	(2,178)	8	537	(887)
Net profit after tax	(972)	5,083	(507)	(265)	3,339

Segment assets	155,204	83,130	6,236	(34,808)	209,762
Equity accounted investees	12,665	-	-	-	12,665
Capital expenditure	5,521	124	-	(81)	5,564
Segment liabilities	(54,178)	(11,382)	(3,742)	(6,509)	(75,811)

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

Notes to the Consolidated Half Year Financial Statements

3. Segment Reporting (continued)

(c) Revenue by geographic region

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

31-Dec-23

Revenue by geographic region	Woodfibre processing	Plantation management	Ancillary	Eliminations	Total
Australia	1,080	4,589	-	(332)	5,337
China	85,618	-	-	(2,558)	83,060
Japan	36,637	-	-	(9,297)	27,340
South East Asia					
	123,335	4,589	-	(12,187)	115,737

31-Dec-22

Revenue by geographic region	Woodfibre processing	Plantation management	Ancillary	Eliminations	Total
Australia	1,015	4,184	-	(2,922)	2,277
China	84,271	-	-	(9,952)	74,319
Japan	42,594	-	-	(11,505)	31,089
South East Asia	-	-	-	-	-
	127,880	4,184	-	(24,379)	107,685

In the six months ending 31 December 2023 there were three (31 December 2022: five) customers in China and Japan that individually made up 10% or above total sales for the Group.

4. Individually significant items

For period ended 31 December		2023	2022
Individually significant items before tax	Notes	\$'000	\$'000
Profit on sale of plantation estate ⁽¹⁾		-	12,283
Insurance costs, net of recoveries ⁽²⁾		-	(157)
Transaction costs ⁽³⁾		(169)	(488)
Impact of individually significant items		(169)	11,638

(1) The Group recognised a gain of \$12.3M in relation to the disposal of the plantation estate.

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

(3) Transaction costs refers to costs incurred relating to key business development opportunities.

Notes to the Consolidated Half Year Financial Statements

5. Interests in equity accounted investees

	Nature of relationship	Ownership interest		Carrying amount	
		31-Dec-23	30-Jun-23	31-Dec-23	30-Jun-23
		%	%	\$'000	\$'000
South West Fibre Pty Ltd ⁽¹⁾	Ordinary shares	51	51	12,021	13,405
				12,021	13,405

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

6. Seasonality of Operations

General

The Group traditionally has higher sales in the second half of the financial year than the first half. Winter conditions in South West Victoria constrain the ability to source woodfibre in some locations that contain difficult terrain having a flow on effect on the amount of processed woodfibre available for shipment. The Group also observed lower levels of demand in the first half of FY24.

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

7. Dividends

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

	2023	2022
	\$'000	\$'000
Fully franked at 30% (2022: 30%)	4,367	-

A fully franked special dividend was paid in December 2023.

Notes to the Consolidated Half Year Financial Statements

8. Biological assets

As at	31-Dec-23 \$'000	30-Jun-23 \$'000
Current		
Plantation hardwood at fair value	328	-
Plantation softwood at fair value	3,326	1,744
Non-Current		
Plantation hardwood at fair value	2,919	4,566
Plantation softwood at fair value	2,040	1,951
Plantation hardwood at fair value (new plantings)	212	213
	8,825	8,474

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

	Biological assets \$'000
at 30 June 2023	8,474
Harvested timber	(343)
New plantings	11
Purchase of standing timber	-
Change in fair value less estimated point of sale costs - due to:	-
Change in discount rate	-
Change in volumes, prices and markets	683
Balance at 31 December 2023	8,825

As noted in section 2.3 of the Group's most recent Consolidated Financial Statements (as at 30 June 2023), a portion of the Group's treecrop was legally owned by Strategy Timber Pty Ltd, an investment trust managed by a third-party Timber Management Investment Organisation.

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

Notes to the Consolidated Half Year Financial Statements

9. Net Debt

As at	31-Dec-23 \$'000	30-Jun-23 \$'000
Bank loans – current	16,600	1,000
Bank loans - non current	-	-
Hire purchase liabilities - current	889	2,027
Hire purchase liabilities - non current	3,894	3,599
Cash and cash equivalents	(11,636)	(5,606)
Term Deposit	-	(2,009)
Net bank debt	9,747	(989)
AASB 16 lease liabilities ¹ - current	1,128	540
AASB 16 lease liabilities ¹ - non current	18,178	4,348
Net debt	29,053	3,899

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

1 During the period the Group entered into a lease securing access to port facilities in its Queensland operations.

i. Assets pledged as security

During the half year the Group refinanced its borrowing facilities to CBA. The Midway facilities are secured by the following:

- A fixed and floating charge granted by Midway Limited, Midway Plantations Pty Ltd, Midway Tasmania Pty Ltd, Queensland Commodity Exports Pty Limited, Plantation Management Partners Pty Ltd, Midway Properties Pty Ltd and Resource Management Partners 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

ii. Facilities

Type	Utilised \$'000	Total \$'000	Maturity
Working capital (CBA) ⁽¹⁾	16,600	35,000	30-Jun-24
Asset finance (CBA) ⁽²⁾	4,730	10,000	30-Jun-24
Asset finance (ANZ) ⁽²⁾	33	3,000	30-Sep-24

(1) Variable limit based on inventory and eligible debtor levels, subject to a \$35M maximum facility limit. The facility is subject to an annual review cycle.

(2) The Group has the ability to enter into purchase arrangements under the asset finance facility until it expires on 30-Jun-2024 (CBA) and 30-Sep-2023 (ANZ). Each outstanding finance arrangement will then be repaid within a five-year period.

Notes to the Consolidated Half Year Financial Statements

10. Impairment of non financial assets

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

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

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

Key assumptions and estimates

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

Projected cash flows

The recoverable amount of a CGU is based on value in use calculations that are based on detailed management prepared forecasts for five years through to FY 2027, unless the timing of tree crop rotation profiles justifies a longer period.

Long-term average growth rate

A terminal growth rate of 2.4% (2022: 2.2%) has been used and only applied to CGUs whereby it is likely they will extend into perpetuity and there is a reasonable chance of sourcing woodfibre in each catchment whereby a CGU resides.

Discount rate

The Group used a pre-tax discount rate of between 10.9% and 15.4% (2023: 12.2% and 15.1%) for all CGUs.

Sensitivity analysis

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

Notes to the Consolidated Half Year Financial Statements

11. Subsidiaries

As at 31 December	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	100	-	-
Plantation Management Partners Pty Ltd	100	100	-	-
Resource Management Partners Pty Ltd	100	100	-	-
Plantation Management Partners Pte Ltd ⁽¹⁾	100	100	-	-
Midway Logistics Pty Ltd ⁽²⁾	100	100	-	-
Midway Logistics Unit Trust ⁽²⁾	100	100	-	-
BioGrowth Partners Pty Ltd ⁽²⁾	100	100	-	-

1. In liquidation
2. Discontinued

12. Contingent Liabilities

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

13. Asset Held-for-sale

	31-Dec-23	30-Jun-23
	\$'000	\$'000
Opening balance	-	314
Fixed assets	12,360	(314)
Closing balance	12,360	-

During the period the Group entered into a binding Memorandum of Understanding to sell part of the Geelong site to a third party.

14. Commitments

The Group has entered into \$4.6M of commitments relating to capital expenditure as part of the Grain Project during the six-month period ending 31 December 2023.

15. Subsequent Events

There have been no matters or circumstances, which have arisen since 31 December 2023 that has significantly affected or may significantly affect:

- (a) The operations, in financial periods subsequent to 31 December 2023, of the Group, or
- (b) The results of those operations, or
- (c) The state of affairs, in financial periods subsequent to 31 December 2023 of the Group.

Directors Declaration

The Directors declare that the consolidated interim financial statements and notes set out on pages 13 to 21 in accordance with the Corporations Act 2001:

- a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- b) Give a true and fair view of the financial position of the Group as at 31 December 2023 and of its performance for the half year ended on that date.

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

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



Chairman: _____

G Davis

29 February 2024



Independent Auditor's Review Report

To the shareholders of Midway Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Midway Limited.

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

- giving a true and fair view of the **Group's** financial position as at 31 December 2023 and of its performance for the **Half-year Period** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2023
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year Period ended on that date
- Notes 1 to 15 comprising material accounting policies and other explanatory information
- The Directors' Declaration.

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

Basis for Conclusion

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

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

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

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the Half-year Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Simon Dubois

Partner

Melbourne

29 February 2024