

MIDWAY LIMITED (ASX: MWY)

29 April 2024

Market Update: Trading Conditions and Forecast Earnings

Midway Limited (the **Company**), one of Australia's leading woodfibre export and plantation and carbon management companies, today issued a market update on recent developments in woodfibre trading conditions and forecast earnings.

Earnings Guidance

It is likely that Midway's FY 2024 EBITDA-S¹ will be in the range of \$10M to \$15M. This update is in line with the guidance provided at the AGM of a level of sustainable earnings through the cycle of around \$10M to \$15M.

The guidance primarily reflects the previously announced improved sales volumes for January and February 2024 and recently, the decision by key customers to confirm delivery schedules for previously deferred CY23 contracts. Other drivers include the continuation of some favourable carry-over 2023 pricing, better FX and dry fibre content, and a contribution from CIF sales.

Earnings guidance is subject to a range of market variables as outlined at the end of this update. In particular, uncertainty remains in relation to the CY24 headline pricing, the risk of vessel deferrals as well as general market conditions, both of which may impact volumes.

Midway CEO, Tony McKenna said: "I am very pleased that we are starting to see some positive results and a demonstration that our strategy is on track."

Headline Price

The headline FOB price for E. Globulus (EG) from Australia to Japan for calendar year 2024 has not yet been settled. The price, which acts as a benchmark for the majority of woodfibre sales, is currently set between Australia's largest EG exporter (New Forests) and Japan's Nippon Paper. Over the past five years the price has been set at a time between February and July.

It is considered likely that the EG headline price for the current half will be lower than 2023's price of USD198.75.

Midway is currently shipping some 2023 contracted vessels at 2023 prices and some vessels are shipping based on provisional pricing that will be adjusted once the headline price is set. As the headline FOB price for EG has not been settled, new sales at an unknown price are proving difficult to secure, particularly for our joint venture company, South West Fibre.

Outlook

China Bleached Hardwood Kraft Pulp prices have risen to a 2024 high of USD 715/t, up from last year's low of USD450/t.

Some softness continues in the demand for Australian woodfibre as many Chinese customers are seeking to preference the use of domestic logs and Vietnamese fibre. Demand from two major new mills in China, scheduled to commence operations in the second half of calendar year 2024, is expected to substantially tighten the regional supply / demand woodfibre balance.

^[1] EBITDA-S is a non-IFRS measure and represents earnings before interest, tax, depreciation and amortisation, significant items and net fair value gain / (loss) on biological assets.

The Company's FY24 guidance remains subject to a range of variables, including:

- Sales volumes;
- Timing of vessel shipments, some of which remain subject to deferral/slippage; and
- The fact that the headline FOB 2024 price for EG is yet to be determined.

This announcement has been approved by Midway's Board.

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About Midway Limited

Founded in 1980, Midway Limited is one of Australia's largest woodfibre processors and exporters with a strong and growing plantation and carbon management business. Midway's fibre is used in recyclable paper and packaging, plastic replacement products and coal replacing energy generation in the Asian region. The Company is building a plantation carbon management business to generate carbon abatement and emissions offsets solutions utilising its expertise in the process. Midway has woodchip processing and exporting operations at five major port locations in key forestry areas around Australia including: Bell Bay, Tasmania; Portland and Geelong in Victoria; Brisbane, Queensland; and Melville Island in the Northern Territory's Tiwi Islands. For further information, visit www.midwaylimited.com.au.