Annual Report 2022

Positioning for Future Growth

Midway

Contents

We are one of Australia's leading woodfibre processors and exporters. Founded in 1980, Midway is involved in the production and export of high-quality woodfibre. Midway's primary business is the purchasing, processing, marketing and exporting of woodfibre. Our operating environment consists of plantation and land ownership, the procurement of timber resources within Australia, processing, materials handling and exporting of woodfibre to the international woodfibre market.

Chairman's Report

Gordon Davis
Chairman

"My immediate priority as Chairman of Midway has been to focus on what we can control to improve shareholder returns and Board renewal to ensure the Company has the right skills for future growth, especially in the emerging carbon management market."

The last 12 months have seen a significant transformation of Midway leadership, strategy and structure that will positively position the Company for future growth as a plantation manager and woodfibre exporter and improve shareholder returns.

I began my first term as Chairman of Midway on 1 May 2022 following the decision of Greg McCormack to step down as Chair and retire as a Non-Executive Director of the Company when his current term ends at the 2022 Annual General Meeting.

My immediate priority as Chairman of Midway has been to focus on what we can control to improve shareholder returns and Board renewal to ensure the Company has the right skills for future growth, especially in the emerging carbon management market.

I have worked closely with the new Midway Managing Director and Chief Executive, Tony McKenna, on a strategic review of the Company that was announced on 14 March 2022 and that is designed to drive improved performance and create improved value for shareholders.

Most of the poor financial performance in FY22 was due to a range of factors that we had to manage, including the COVID-19 pandemic that adversely affected global supply chains and consumer demand in major markets.

While we could only manage or influence the impact of these market forces on the Company, we are determined to control as much of our own destiny as possible and actively make changes that improve shareholder returns.

A number of major initiatives have already been taken as a result of the strategic review to adjust Company strategy and structure to the new realities of the woodfibre market in the wake of the pandemic.

Midway announced it would wind-down the loss-making operations of Midway Logistics in Western Australia and Tony McKenna started to turn around the performance of the woodfibre operation on the Tiwi Islands.

Midway secured new export contracts for woodfibre exports to China for the pulp paper sector and to Japan for biomass energy production. Tony McKenna is currently examining second rotation options to improve and extend the commercial returns of the Tiwi operation.

Midway has also expanded its operations in Tasmania with a modest investment in a dedicated processing and port facility at Bell Bay that will export woodfibre from regrowth thinnings.

However, the most important announcement was the sale of the Victorian plantation assets to special purpose vehicle (SPV) owned by a client of MEAG for $154 million and a commitment from the SPV to invest another $200 million in greenfield forest

plantation in the Geelong catchment. Midway has secured a plantation and carbon management contract and an off-take agreement with the SPV that will ensure ongoing log supply from these plantations.

Midway is also exploring the opportunity to enter into an agreement with a grain trading company to lease land at North Shore for a grain export terminal that will maximise capacity utilisation of that facility and improve returns to shareholders.

"Midway secured new export contracts for woodfibre exports to China for the pulp paper sector and to Japan for biomass energy production. Tony McKenna is currently examining second rotation options to improve and extend the commercial returns of the Tiwi operation."

I am pleased that the strategic review will directly benefit shareholders; in May 2022 we announced of the sale of Midway's Victorian plantation land and forest assets to MEAG. Consequently in June 2022 Midway announced that it intends to pay a special fully franked dividend to shareholders from the sale proceeds of up to approximately 19.5 cents per share in FY23 (subject to regulatory and other conditions).

I will update shareholders at the Annual General Meeting in late November about Board renewal and the next stages of the strategic review that will focus on future growth initiatives to drive sustainable earnings and dividend growth as they occur.

I can assure shareholders that the Board of Directors and the new management team share your concern about the poor financial performance of Midway over the last couple of years.

I can also assure you that the Board of Directors and the management team are doing everything under our control to improve financial performance and generate sustainable shareholder returns.

The strategic review has unleashed exciting developments and I hope the initiatives we have announced will provide Midway shareholders with confidence about the new leadership of the Company, its new strategy and its new approach to business.

Gordon Davis
Chairman

Managing Director's Report

Anthony McKenna
Managing Director

"The Company has a number of immediate opportunities to leverage its core competencies to establish a significant presence in this space. We are moving quickly to ensure we exploit this window of opportunity to diversify and grow in this fast growing, future facing industry."

My first year as Managing Director and Chief Executive of Midway has convinced me that there is an exciting and achievable challenge before us to improve the Company's financial performance and deliver a range of initiatives that will enhance shareholder returns.

Midway, like other forestry or agriculture businesses, encountered unforeseen market and geopolitical forces that adversely affected our financial returns in FY22. However, we have not stood still and simply accepted our fate. We have taken action to minimise the impact, to improve the business, and to position the business for future growth.

In the past year, Midway exited the loss-making Logistics business in Western Australia, fast-tracked the turnaround of performance by Plantation Management Partners on the Tiwi Islands and expedited the development of a new processing and export business at Bell Bay.

Other initiatives have also been taken to ensure the core woodfibre processing and export business at Geelong, QCE in Brisbane and the joint venture operation at SWF in Portland are well placed to capitalise on export demand as domestic supply-chain disruption eases.

Midway's core business is intertwined with the rapidly growing industry of Carbon Credit generation. The Company has a number of immediate opportunities to leverage its core competencies to establish a significant presence in this space. We are moving quickly to ensure we exploit this window of opportunity to diversify and grow in this fast growing, future facing industry.

We have reached the conclusion that the Company is not the natural owner of large swathes of capital-intensive forestry land that yield low financial returns. As a result, in the last year we have sold surplus land at Wandong north of Melbourne and announced the sale of our Victorian plantation estate. The sale proceeds will be used to repay the costly 'Strategy' financing arrangement, reduce debt and fund growth in the carbon business.

The Board of Directors also announced the intention to use a portion of the first tranche of Victorian Plantation sale proceeds to pay a fully franked special dividend, subject to the necessary approvals, in 1H23.

FY22 Financial Performance

The COVID-19 pandemic and Chinese power supply restrictions adversely affected demand in the first half of the financial year. Demand recovered in the second half, but the COVID-19 pandemic interrupted domestic supply chains and made contractor availability a major limiting factor in securing volume across the industry. The geopolitical situation also increased fuel costs, which, along with limited contractor availability, have increased supply chain costs.

Cost pressures subsequently squeezed Company margins in an environment where sales prices are fixed for the calendar year. Frustratingly, woodfibre prices have been capped in the second half, when global demand for woodchips has outstripped supply, and we have seen the Vietnamese market enjoy a 50 per cent price uplift.

In part due to these operational challenges in the last 12 months, the Company recorded a small loss in FY22 of $1.8 million in underlying earnings before interest, tax and depreciation and amortisation (EBITDA-S).

> "The Board of Directors also announced the intention to use a portion of the first tranche of Victorian Plantation sale proceeds to pay a fully franked special dividend, subject to the necessary approvals, in 1H23."

Midway also recorded a net loss after tax and significant items in FY22 of $12.8 million. An uplift of $4.5 million in the valuation in biological assets due to higher export prices and a profit of $1.4 million on the sale of assets were offset by an increase of $8.0 million in non-cash interest expenses on our 'Strategy' financial liability under AASB15 and $1.6 million in transaction costs arising from the sale of the plantation assets.

In the first few months of FY23, we continue to see strong demand for Australian woodfibre from our major customers in China and Japan and remain confident that volumes will be stronger in the next 12 months. Unfortunately, we expect that domestic supply chain disruption, high fuel costs and fixed woodchip prices will continue to constrain financial performance in the first half.

Strategic Initiatives

A staged strategic review of the company strategy and structure was commenced in March 2022.

The Company has addressed two loss making divisions by closing the WA Logistics business and securing export contracts for woodchips from the Tiwi Islands operation.

The first vessel from the Berth 7 facility in Bell Bay in Tasmania sailed in July. Our Bell Bay mill is scheduled to commence operation in early October, enabling Midway to export woodfibre from native regrowth forest thinnings in its own right, rather than via third parties, at a premium price to reflect this product's sustainability certification. This new business will provide earnings diversification and growth for Midway over the next few years.

Midway has also pursued other growth options including a grain export facility at North Shore in Geelong that will maximise capacity utilisation of the site and better utilise our take or pay contract with Geelong Port.

The Company signed contracts for the sale of our Victorian plantation land and forest assets in the Geelong catchment to a special purpose vehicle (SPV) established by a client of MEAG, a subsidiary of the German-owned financial services company, Munich Re.

As a result of the plantation sale, Midway will receive $154 million in several tranches over three years. Subject to the sale completing and other conditions, the Board has announced an intention to pay a special fully franked dividend of up to 19.5 cents per share.

Managing Director's Report continued

MEAG have committed to invest another $200 million in greenfield forest plantation land in the Geelong catchment. Midway will have an offtake agreement for logs produced from the estate and a contract to manage the plantation and carbon for MEAG.

The sale will remove volatility in future earnings caused by periodic reviews of the biological asset values of the plantation assets that we previously held on our balance sheet.

Midway will utilise proceeds to repay all of our long-term debt. This means that Midway will have a very strong balance sheet and be well positioned to capitalise on future growth opportunities.

The MEAG transaction highlights the interest of global investors in Midway's core plantation management business as a way of sustainably generating carbon credits that can meet net zero commitments by 2050.

Midway's deep expertise and industry presence strongly positions the Company to become a leader in plantation carbon. We are pursuing a number of approaches to the carbon credit market that are immediately adjacent to our existing business and we expect that this will become an important part of the Midway business going forward.

Management Team

On 1 July 2022, I appointed Michael McKenzie as the new Chief Financial Officer of Midway to replace Ashley Merrett, who has retired after 29 years with the Company. Michael has been Financial Controller at Midway since 2016 and brings deep knowledge of the business, strong financial management skills and an excellent work ethic to the role.

Other members of my management team include Stephen Roffey, General Manager of Marketing, Glen Samsa, General Manager of Plantations, Malcolm Hatcher, General Manager of Technical Services, Mitch Morison, General Manager of Business Development and Adin Jull, General Manager of Operations.

I can assure you that this management team, and all our staff and contractors around Australia, are focused on improved operational performance and repositioning the Company for improved shareholder returns.

Employment and Safety

I would like to take this opportunity to thank all the staff, contractors, suppliers and partners of Midway for their cooperation in managing through the COVID-19 pandemic and the supply chain difficulties that have arisen over the last 12 months.

Employee safety is our number one priority at Midway and the commitment of the staff, contractors, suppliers and partners to work constructively through this difficult situation is appreciated.

Outlook

I look forward to providing shareholders with an update on trading conditions and financial performance at the Annual General Meeting in late November and at the interim results in February 2023.

Tony McKenna
Managing Director


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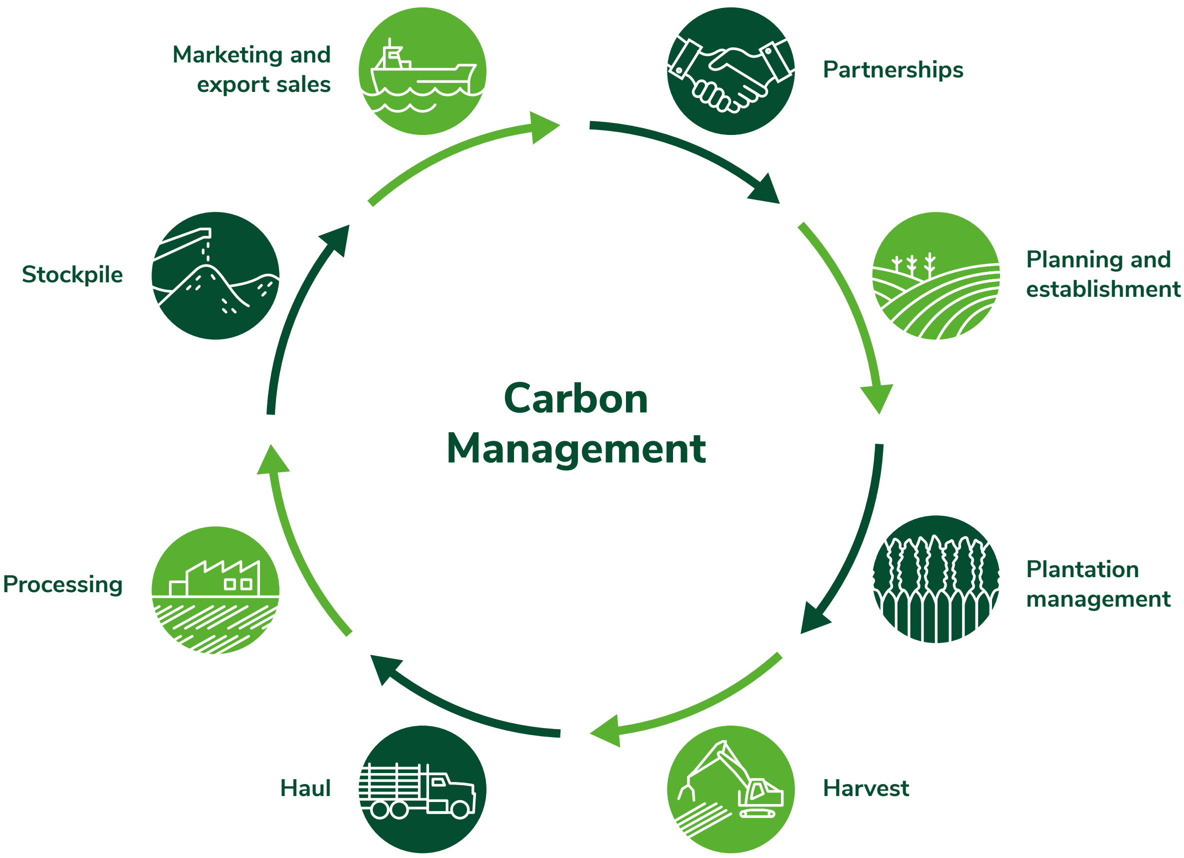
Midway's Competitive Advantage in Carbon Management

Midway is well positioned to leverage its core business model to become a leader in carbon credit generation and management services within the Australian and Southeast Asian markets.

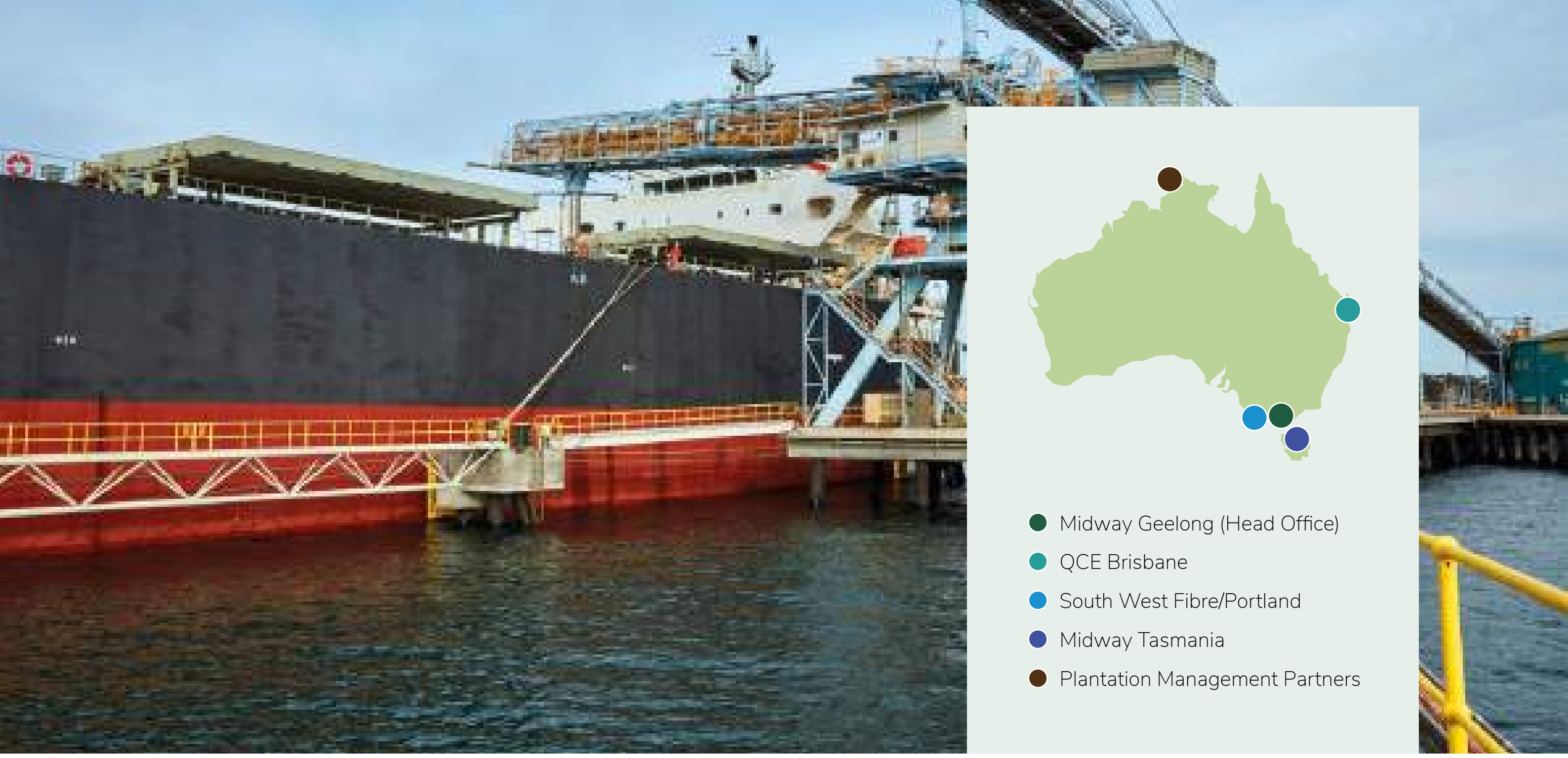
Key differentiators for Midway

1. Currently no independent provider at-scale with a 'seed–to–sale' integrated partnership and service model for plantation and land owners.
2. Strategic partnership with well-resourced investors provides necessary scale and credibility for Midway to position itself as the 'plantation carbon manager of choice'.
3. There is a natural alignment between customers seeking commercial forestry arrangements and carbon management services.
4. Carbon management organically builds upon current value chain to generate additional earnings between plantation management and harvest.
5. New carbon management opportunities present additional upside through secured timber supply for underlying woodfibre business.
6. High barriers to entry (capital, regulatory, capability) to enter carbon market fortifies Midway as a natural aggregator for small to medium sized freehold landowners.

Midway Value Chain



Port and Processing Facilities



Midway Geelong

- 19 hectares of freehold land adjacent to GeelongPort.
- Two woodfibre mills (separate plantation and native processing facilities).
- Three stockpiles including three reclaimers with 200,000 green metric tonnes (GMT) total capacity.
- Capacity to process and export up to 1.8 million GMT per annum of woodfibre.

QCE Brisbane

- Sole woodfibre exporter from Port of Brisbane – provides geographic and marketing diversity.
- Lease on a four hectare site with the Port of Brisbane for producing, storing and loading.
- GrainCorp provides toll ship loading.
- 300,000 GMT per annum softwood export capacity.
- Hardwood exports commenced in 2016. Capacity of 300,000 GMT per annum.
- Stockpile capacity: 100,000 GMT of softwood and/or hardwood.

South West Fibre Portland

South West Fibre is the first plantation hardwood processing and marketing operation in the Green Triangle – provides geographic and future market diversity.

- Myamyn – 1.2 million GMT per annum current site capacity plus in-field chipping and 'upstream' chip and log storage.
- Supply agreement with Australian Bluegum Plantations.
- 51 per cent owned joint venture with Mitsui.
- Portside woodfibre receival, storage and loading facilities contracted with GrainCorp.
- 80,000 GMT woodfibre stockpile capacity.
- Woodfibre receival capacity of 1.8 million GMT per annum.

Plantation Management Partners

Melville Island

- Plantation Management Partners Pty Ltd (PMP) provides exclusive forestry management services to the 35,000 hectare Tiwi Islands' forestry plantation project, and provides woodchip marketing services to the project.
- Acacia mangium woodchip exports commenced in November 2015 out of Port Melville.
- Stockpile capacity 60,000 tonnes.
- 400,000 GMT per annum export capacity.

Midway Tasmania

- Marketing and sales.
- Softwood shipments commenced September 2017 from a chipping, stockpiling and loading facility at Bell Bay.
- >450,000 GMT per annum export capacity.

Midway Logistics (Closed)

The Midway Logistics business was closed in September 2022.

Plantation Fund

In May 2022 Midway announced 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 a client of MEAG, Munich Re's asset manager, for an estimated $154 million.

Transaction Rationale (Why)	• Phase one of the strategic review concluded that selling the existing plantation estate is the best way to immediately realise value from forestry assets on the Midway balance sheet for the benefit of shareholders. • The sale generates a strong return on investment for shareholders – net sale proceeds are an estimated $10.9 million[1] above book value before tax compared with the balance sheet as at 30 June 2022. • The new hardwood plantations in south-west Victoria will materially increase woodfibre volume in the Geelong catchment to sustain the Midway processing and export facility at Geelong. • Change in ownership and control of the plantation estate will simplify the Midway balance sheet and remove annual valuation changes in biological assets. • Broadly EBITDA-S[2] neutral impact from the transaction on the earnings of Midway Geelong.
Mechanics (What and How)	• Midway will buy back the Strategy trees and resell them to MEAG's SPV. • The buyback of the trees will occur at the earliest point contractually available to Midway, and is required to release title, which is why the settlement occurs over the next two years. • The Strategy fixed volume and price offtake agreement will be replaced by a MEAG variable offtake agreement indexed to the export market price on logs received over the weigh-bridge. • The offtake agreement with MEAG includes a minimum annual quantity of 140,000 GMT over the first 10 years. • Midway avoids volatile annual forestry yield impacts while MEAG receives the benefit of any 'fair value' uplift. • Midway will also earn forestry and carbon management fees from the plantation estate and save on establishment costs for plantations, direct land management expenses, rates, etc.
Timing (When)	• Settlement of the first stage of the transaction is expected to occur mid-FY23 following necessary regulatory approvals, including the Foreign Investment Review Board (FIRB). • Midway will have a contracted forestry management right with a six-year term. • The offtake agreement will be in place for two rotations – 35 years.

1. Final net profit after tax will be determined at settlement of each tranche, which occurs over four years.
2. Final proceeds to be determined after final harvest reconciliation prior to completion and the amount of stamp duty payable being confirmed.

Sustainability

Midway is an industry leader in the sustainable growth of forest products. Midway works closely with the communities in which it operates to provide employment, income and growth opportunities.

The nature of Midway's activities provides significant opportunities for advancement of sustainability objectives.

Certifications

Underpinning Midway's sustainability credentials, it holds and maintains certification for:

- Sustainable Forest Management: AS 4708-2013.
- Chain of custody for forest products AS 4707:2014.
- Occupational health and safety management systems AS/NZS ISO 45001:2018.
- Quality management systems – requirements AS/NZS AS/NZS ISO 9001:2016.
- Chain of Custody Certification FSC-STD-40-004 V3-0.
- Requirements for Sourcing FSC® Controlled Wood FSC-STD-40-005 V3-1.

External audits for each certification held are conducted on an annual basis.

	Safety (ISO45001)	Quality (ISO9001)	Forestry (AS4708)	AFS CoC (AS4707) (PEFC)	FSC® CW, CoC
Midway	✓	✓	✓	✓	✓
SWF	✓	✓		✓	✓
QCE	✓	✓		✓	✓
PMP		✓	✓	✓	Tiwi Is.
Midway Logistics	✓				
Midway Tasmania	✓			✓	

Employment and Safety

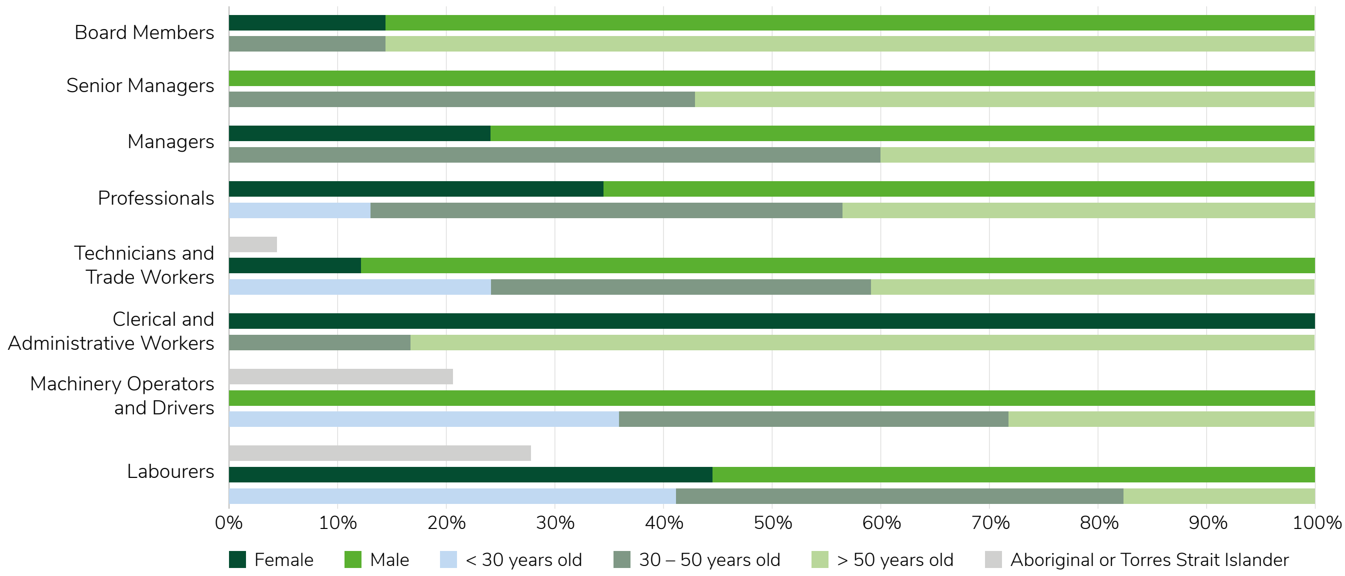
Midway continued hybrid work arrangements for the first half of FY22 due to the COVID-19 pandemic and associated snap lockdown requirements. Midway's COVID Steering Committee introduced a program of COVID vaccinations, positive case reporting, regular workplace monitoring (RATs) and contact tracing in accordance with government and business directives. No deaths or cases of hospitalisation from COVID-19 were reported.

Over the reporting period, a total of 29 new full-time, one part-time and 33 casual employees were recruited, representing 40 per cent of the total workforce, including Board members. Female representation within the Midway Group marginally increased from 18 per cent to 20 per cent of total workforce with 18 per cent of females in managerial roles. Staff turnover increased by 11 per cent compared to the previous year. A total of 157 staff and Board members were directly employed by the Group by the end of FY22.

Midway reports annually to the Workplace Gender Equality Agency (WEGA) and Midway's Modern Slavery Statement for FY22 was submitted at the end of December 2021. Copies of the WEGA report and Modern Slavery Statement can be found on Midway's website.

Midway's COVID Steering Committee introduced a program of COVID vaccinations, positive case reporting, regular workplace monitoring (RATs) and contact tracing in accordance with government and business directives.

Midway Governance Bodies and Employee Diversity Summary



Midway recorded a total of nine Lost Time Injuries (LTIs) during the reporting period, an increase from two the previous year. Due to a reduction in the number of hours worked and increase in LTIs, the Lost Time Injury Frequency Rate (LTIFR) increased from 2.6 in the previous year to 13.5 in the current reporting period. While the LTIFR increased, the Lost Time Injury Severity Rate (LTISR) was the second lowest over past five years.

Safety initiatives undertaken include, but are not limited to:

- Active consultation with workers to identify, report and rectify site safety hazards.
- Specialist system and field audits of 100 per cent of harvest and site establishment contractors and the top 50 per cent of haulage contractors. Hazard focus on chain shot awareness, seat belt use, machine guarding, lock-out tag-out, site-specific risk assessments, safety helmet and high visibility workwear condition.
- First-aid training and kit replenishment (e.g. snake bite).
- Process changes to reduce manual handling in site cleaning and chip sampling activities.
- New safety incident monitoring tools to prompt and monitor effective incident completion and closure of incidents.
- SDS management via Chemwatch.
- Increased use of CCTV and use of location technology to assist machine operators working on steep areas.
- Safety calendar introduced for FY23 – focus on a safety topic each month across the entire organisation and at Board level.
- New safety lead indicators focused on hazard identification and rectification, and increased near-miss reporting to drive safety performance improvement and increase safety culture.

Global-mark conducted third party certification surveillance audits of Midway's ISO45001 Occupational Health and Safety management system in FY22. The audit results were positive and certification to this standard was maintained at participating Midway sites.

Sustainability continued

Midway Work Health and Safety Performance Summary

Measure	Midway Employees FY21	Midway Employees FY22	Midway Contractors FY21	Midway Contractors FY22	Midway All FY21	Midway All FY22
Total number recordable work-related injuries	3	**5**	2	**9**	3	**14**
Total number high consequence work-related injuries	-	**1**	-	**1**	-	**2**
Total number Lost Time Injuries	2	**1**	-	**8**	2	**9**
Total number of fatalities	-	**-**	-	**-**	-	**-**
Total recordable injury frequency rate	9.8	**22.4**	4.2	**20.3**	3.9	**21.0**
High consequence injury frequency rate	-	**4.5**	-	**2.3**	-	**3.0**
Lost Time Injury Frequency Rate (LTIFR)	6.5	**4.5**	-	**18.1**	2.6	**13.5**
Fatal accident frequency rate	-	**-**	-	**-**	-	**-**

Note: All frequency rates shown above are based on rate per 1,000,000 hours worked.

Environmental Performance

Managing our environmental compliance obligations and community expectations remains a high priority across the Group. Midway observed improvement across the Group in relation to compliance with environmental laws and regulation and successfully obtained regulatory approval from the Environmental Protection Authority Tasmania for the development of a new mill located in Bell Bay, Tasmania.

Midway continue to conduct annual stakeholder consultations for both interested and affected parties in accordance with requirements of the Responsible Wood Standard AS4708, and the FSC® Controlled Wood Standard (FSC-STD-40-005). Midway actively engaged face-to-face and virtual meetings with several stakeholders and environmental non-governmental organisations during the reporting period and will continue to build relationships with these and other stakeholders in the future.

Midway Environmental Performance Summary

	FY19	FY20	FY21	FY22
Non-compliance with environmental laws and regulations	1	2	2	-

Energy and Climate

Group energy consumption and greenhouse gas emissions have been calculated for FY22 for operations where Midway has financial control. Total energy consumption increased across the group by 21 per cent compared to the previous year, with a 45 per cent increase in electricity use and a 52 per cent increase in fuel consumption observed. Increased fuel consumption was driven by the recommencement of harvest and port operations at PMP, with the Geelong mill responsible for the increase in electricity consumption.

Energy intensity for PMP accounted for harvest and haul, and port and camp operations, compared to Midway and QCE, which was determined based on mill operations only. While QCE recorded an improvement in energy and greenhouse gas reductions, energy consumption activities associated with log unloading and chipping have been excluded due to management by contractor. The increase in energy consumption at the Geelong mill resulted in a 66 per cent increase in energy intensity.

Greenhouse gas emissions totalled 12,270 tonnes of CO_2 equivalent (Scope 1 and 2 emissions) during FY22 and represented a 22 per cent increase on the previous financial year. Midway accounted for 50 per cent of total emission, with Midway Logistics and PMP accounting for 45 per cent.

The current carbon storage of plantation trees within Midway's defined forest area is estimated to be 6.20 million tonnes of CO_2 equivalent. This includes 1.21 million tonnes managed by Midway Plantations, 3.75 million tonnes managed by PMP and 1.24 million tonnes of CO_2 equivalents managed by Midway Tasmania.

Midway Tasmania are partnering with private landowners across Tasmania to deliver forestry carbon projects, providing landowners with the opportunity to generate sources of income through enhancing agricultural production, replanting failed or harvested plantations which would otherwise be converted to non-forest use and the creation of Australian Carbon Credit Units (ACCUs). Through these partnerships a total of 584 hectares of land will be planted and managed by Midway Tasmania as part of the 2021-2022 aggregated carbon project. The project consists of 512 hectares of land converted from short rotation hardwood plantation to long rotation (approx. 25 years) softwood plantation and 72 hectares of greenfield plantation. The 2021-2022 aggregated project is forecast to generate approximately 84,000 ACCUs each representing one tonne of carbon dioxide equivalent (tCO_2-e) stored. An additional 448 hectares of land will also commence planting in 2022 as part of a 4-year harvest-replant program as a registered standalone project forecast to generate approximately 94,200 ACCUs.

Midway Energy and Greenhouse Gas Emissions Summary

			Midway	MWT	MWL	QCE	PMP	TOTAL
ENERGY								
Total energy consumption within the organisation	GJ/year	FY21	26,922	800	39,038	7,314	29,151	103,225
		FY22	**32,662**	**1,434**	**37,706**	**6,054**	**39,790**	**117,646**
Total electricity purchased from the grid	kWh/year	FY21	3,602,140	-	75,406	251,700	-	3,929,246
		FY22	**5,322,305**	**-**	**101,834**	**293,511**	**-**	**5,717,650**
Total fuel consumption within the organisation	GJ/year	FY21	13,954	800	38,767	6,408	29,151	89,080
		FY22	**13,457**	**1,434**	**37,340**	**4,997**	**39,790**	**97,018**
Energy intensity	MJ/GMT	FY21	31.3	-	-	26.9	-	
		FY22	**52.1**			**22.9***	**541.5****	
GREENHOUSE GAS (GHG) EMISSIONS								
Direct (Scope 1) GHG emissions	tCO_2-e/year	FY21	979	56	2,727	450	2,046	6,258
		FY22	**944**	**101**	**2,628**	**351**	**2,795**	**6,819**
Indirect (Scope 2) GHG emissions	tCO_2-e/year	FY21	3,530	-	51	204	-	3,785
		FY22	**5,115**	**-**	**70**	**235**	**-**	**5,420**
GHG intensity	$kgCO_2$-e/GMT	FY21	5.6	-	-	2.4	-	
		FY22	**9.7**			**2.2***	**38.0**	

* Includes scope 3 emissions from contracted onsite chipping.

** Includes energy and emissions from harvest and haulage.

Biodiversity

Midway manages more than 59,000 hectares of land covering a broad geographical range including Victoria, Tasmania and the Tiwi Islands, and includes both plantation and native forests and vegetation. These areas provide habitat for a wide range of terrestrial and aquatic organisms, including species listed as rare, threatened or endemic. Midway is committed to maintenance of biodiversity values within owned or managed estate in line with third party certification schemes and standards.

Midway engaged Biosis in May 2022 to conduct terrestrial and aquatic sampling of key locations within the Otways and Upper Goulburn estate to assess the impact of operations since the previous biodiversity monitoring , which was conducted in 2017. Midway is awaiting results of the report and will use the information gathered to guide future management decisions in relation to biodiversity values.

Midway continued water quality monitoring in key waterways in the Otways near planned, active or completed activities in line with its biodiversity monitoring program. PMP also continued to monitor and record sightings of key threatened species, such as the Red Goshawk, Tiwi Island Masked Owl and Partridge Pigeon, in line with EPBC approval requirements.

Community Initiatives

Midway engages with key stakeholders in the communities in which we operate to manage our activities and mitigate adverse impacts on those communities. We also invite stakeholders to communicate concerns regarding high conservation values and other environmental and community values associated with Midway's wood supply area.

The Midway Group is a significant employer in regional communities, through direct employees and indirect contractor employees. Our policy is to support communities in the areas where we conduct our business and where our employees and contractors live. In addition to our direct economic support for employment and the local economy, we provide sponsorship to a range of community organisations in these areas. During the reporting period Midway provided in kind contributions to multiple community groups and organisations including the North Shore Football and Netball Club, Otway District Football and Netball Club, 1st Modewarre Scout Group and Variety Club of Victoria.

This material references Disclosure 405-1 from GRI 405: Diversity and Equal Opportunity 2016, Disclosures 403-1 and 403-9 from GRI 403: Occupational Health and Safety 2018, Disclosures 302-1 and 302-3 from GRI 302: Energy 2016 Emissions, and Disclosures 305-1, 305-2 and 305-4 from GRI 305: Emissions 2016.

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 for the financial year ended 30 June 2022 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
Directors		
Gordon Davis	Independent Non-Executive Chairman	
Gregory McCormack	Non-Executive Director	
Nils Gunnersen	Non-Executive Director	
Tom Gunnersen	Non-Executive Director	
Leanne Heywood	Independent Non-Executive Director	
Thomas Keene	Independent Non-Executive Director	
Anthony McKenna	Managing Director and CEO	Commenced 24 January 2022
Anthony Price	Managing Director and CEO	Retired 24 January 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.

Gregory McCormack B.Bus

Non-Executive Director

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 Remuneration and Nomination Committee. Greg stood down as Chair of the Board on 1 May 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 Work Health Safety and Sustainability Committee, and was appointed a Director in October 2012.

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 Remuneration and Nomination 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 Management Committee and the Remuneration and Nomination Committee and a member of the Work Health Safety and Sustainability Committee. She was appointed a Director in March 2019.

Thomas Keene B.Ec, FAICD

Independent Non-Executive Director

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 Remuneration and Nomination Committees, and was appointed a Director in August 2008.

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.

Anthony Price B.Sc (Forestry), Grad. Dip. Bus Mgt, GAICD

Managing Director and Chief Executive Officer *(retired 24 January 2022)*

Tony has spent most of his career in the forestry sector, but spent some years working in the mining industry. He has held several senior management positions in the hardwood plantation sector and has also run his own consultancy business. He has attended the International Executive Programme at INSEAD in France. He is currently Chairman of Forestworks Ltd, an organisation which provides training packages to the forest industry. Tony was appointed Managing Director and Chief Executive Officer in November 2015 and retired on 24 January 2022.

Company Secretary

Robert Bennett B.Com, CA, FGIA

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

Committee Membership

As at the date of this report, the Company has an Audit and Risk Management Committee (ARMC), a Remuneration and Nomination Committee (RNC) and a Work Health Safety and Sustainability Committees (WHSSC) of the Board of Directors.

Name	ARMC	WHSSC	RNC	Comments
Directors				
Gordon Davis				
Gregory McCormack			✔	
Nils Gunnersen		✔		Chair WHSSC
Tom Gunnersen	✔	✔		
Leanne Heywood	✔	✔	✔	Chair ARMC | Chair RNC
Thomas Keene	✔		✔	
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:

	Board		ARMC		RNC		WHSSC		Other Committees	
Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Gordon Davis	20	19	5	5	3	3	3	3	–	–
Nils Gunnersen	20	20	–	–	–	–	3	3	–	–
Tom Gunnersen	20	20	1	1	3	3	–	–	–	–
Leanne Heywood	20	19	6	6	1	1	3	3	2	2
Thomas Keene	20	18	6	6	4	3	–	–	–	–
Gregory McCormack	20	19	–	–	1	1	–	–	2	2
Anthony McKenna	10	10	–	–	–	–	–	–	1	1
Anthony Price	10	10	–	–	–	–	–	–	–	–

Principal Activities

The principal activities of the Group during the 2022 financial year are based on the reportable segments of the Group as below:

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 per cent for segment reporting, which reflects how management views and makes decisions of its operations.
Forestry Logistics	Forestry logistics provides support services to third parties engaged in growing woodfibre including harvest and haul.
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	Other aggregated costs that are not individually significant.

Operating and Finance Review

Financial Results

Full Year Results Impacted by Market Forces and More Recently COVID-19 Supply Chain Disruption

- The Group achieved underlying earnings before interest, tax, depreciation and amortisation (EBITDA) before significant items of -$1.8 million (2021: +$14.6 million).
- Underlying net profit/(loss) before tax was ($12.7 million) and underlying net profit/(loss) after tax was ($8.6 million).
- No dividend will be paid in respect of full year FY22 results.

Segment Performance

- The Woodfibre segment faced a margin challenge during the year, as a result of adverse global market conditions including power cuts in China in the first half of the financial year, and disruption due to the COVID-19 pandemic causing unavailability of harvest and haul crews in the second half of the financial year.
- Supply chain impacts due to availability of harvest and haul crews also impacted volumes in 2H22.
- These impacts were partially offset by an improved sales price of US$180/BDMT being secured for calendar year 2022.
- The Group was largely hedged at 0.75 cents AUD/USD, which contributed to the underlying loss position.
- The Group's share of profit from SWF is $1.0 million in FY22 (FY21: loss of $1.5 million), with sales volume increasing by 245,000 GMT.
- Two shipments of woodfibre sales have been made from the Tiwi Islands in FY22, with a further seven forecast for FY23.
- An announcement was made to exit the loss-making Logistics segment.

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

	Notes	2022 $'000	2021 $'000	Change
Revenue and other income				
Sales revenue	1.1	**198,480**	280,197	(81,717)
Other income	4.8	**2,845**	2,155	690
		201,325	282,352	(81,027)
Less: expenses				
Changes in inventories of finished goods and work in progress		**5,353**	(12,654)	18,007
Materials, consumables and other procurement expenses		**(133,563)**	(179,675)	46,112
Employee benefits expense		**(19,158)**	(19,369)	211
Plantation management expenses		**(80)**	(199)	119
Freight and shipping expense		**(40,945)**	(40,161)	(784)
Repairs and maintenance expense		**(7,680)**	(6,438)	(1,242)
Other expenses		**(8,050)**	(7,749)	(301)
Share of net profits from equity accounted investments		**1,036**	(1,475)	2,511
EBITDA – S		**(1,762)**	14,632	(16,394)
Depreciation and amortisation		**(8,544)**	(11,271)	2,727
EBIT – S		**(10,306)**	3,361	(13,667)
Net finance expense		**(2,430)**	(2,188)	(242)
Net profit before tax – S		**(12,736)**	1,173	(13,909)
Income tax expense	1.3	**4,177**	(1,834)	6,011
Net profit after tax – S		**(8,559)**	(661)	(7,898)

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 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

Operating and Finance Review continued

Reconciliation of Underlying Net Profit/(Loss) After Tax to Statutory Net Profit After Tax (NPAT)

	2022 $'000	2021 $'000	Change
Net profit/(loss) after tax – S	**(8,559)**	(661)	(7,898)
Net fair value increment on biological assets	**4,543**	(1,583)	6,126
Non-cash interest expense (AASB 15 *Strategy impact*)[1]	**(7,997)**	(1,767)	(6,230)
JobKeeper	**–**	1,410	(1,410)
Midway Logistics wind-down costs	**(500)**	–	(500)
Impairment loss on non-current assets (BGP Investment)	**(98)**	(1,749)	1,651
Restructuring costs	**–**	(105)	105
Profit on sale of non-current assets	**1,361**	–	1,361
Transaction costs incurred	**(1,628)**	(723)	(905)
NPAT statutory	**(12,878)**	(5,178)	(7,700)

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.

Reconciliation of Underlying Earnings, Before Interest, Tax, Depreciation and Amortisation to Statutory Earnings, Before Interest, Tax, Depreciation and Amortisation (EBITDA)

	2022 $'000	2021 $'000	Change
EBITDA – S	**(1,762)**	14,632	(16,394)
Net fair value increment/(decrement) on biological assets	**6,490**	(2,261)	8,751
JobKeeper	**–**	2,014	(2,014)
Profit/loss on sale of assets – Midway Plantations	**1,943**	–	1,943
Impairment loss on non-current assets (Bio Growth Partners Pty Ltd)	**(98)**	(2,269)	2,171
Midway Logistics wind-down costs	**(714)**	–	(714)
Restructuring cost	**–**	(149)	149
Transaction costs incurred	**(2,326)**	(1,034)	(1,292)
EBITDA	**3,533**	10,933	(7,400)

Performance Against Prior Corresponding Period

Woodfibre

	2022 Actual $'000	2021 Actual $'000	▼
Revenue	**186,185**	198,258	-6%
EBITDA – S	**6,080**	21,488	-72%
EBITDA	**5,982**	22,851	-74%

The reduced EBITDA–S is attributable to reduced volume throughout the period due to adverse market conditions in 1H22 and harvest and haul disruptions due to COVID-19 in 2H22. Key points include:

- Volume was down across Geelong and Midway Tasmania including third party woodfibre due to ongoing COVID-19 supply chain disruptions and wet weather.
- Pricing has been set for calendar year 2022 in March 2022. The rapid increase in fuel and labour costs incurred in the Group's subcontractor base in the second half of the year has therefore not been able to be passed on to customers.
- Performance at our joint venture operations (South West Fibre) offset this somewhat; the Group's share of profit increased by $2.5 million to $1.0 million (FY21: $1.5 million loss). Production volumes increased by 27,000 GMT.
- Additionally, Plantation Management Partners shipped only two Acacia vessels for the year, leading to a $0.9 million negative EBITDA contribution. Seven vessels have been contracted for FY23, which is expected to help drive improved performance.
- Other key movements include:
  - a 2 per cent decrease in dry fibre percentage due to adverse weather conditions throughout the eastern states; and
  - the AUD:USD exchange rate has fallen to 0.6889 at 30 June 2022, with the Group hedging position at 0.75, therefore exacerbating margin pressure during the year. Margins are expected to improve as the hedged position resets during the second half of FY23.

Forestry Logistics

	2022 Actual $'000	2021 Actual $'000	▲
Revenue	**4,883**	4,823	1%
EBITDA – S	**(2,851)**	(2,705)	-5%
EBITDA	**(3,564)**	(4,473)	20%

Midway Logistics is in the process of winding down and the segment is expected to cease operations in the first half of FY23.

Plantation Management

	2022 Actual $'000	2021 Actual $'000	▼
Revenue	**10,634**	12,053	-12%
EBITDA – S	**(2,406)**	(2,226)	-8%
EBITDA	**6,027**	(4,487)	234%

Improved EBITDA within the segment is driven mainly by the $6.5 million fair value increase on the treecrop. This was offset by lower volumes being produced from the estate and sold to the Woodfibre segment (intra segment sales).

Financial Position

	2022 $'000	2021 $'000
Current assets	**46,109**	59,290
Non-current assets	**211,066**	203,605
Total assets	**257,175**	262,895
Current liabilities	**62,930**	46,367
Non-current liabilities	**69,447**	84,287
Total liabilities	**132,377**	130,654
Net assets	**124,798**	132,241

Operating and Finance Review continued

Highlights

- The challenging trading environment was reflected in reduced operating cash flows of negative $6.5 million (FY21: positive $22.3 million). The operating cash flow loss includes the impact of Midway Logistics in wind-down mode and $2.3 million in transaction costs primarily relating to the sale of the plantation estate.
- $139.6 million of plantation land and trees on the balance sheet, valued at fair value.
- No dividend declared in order to preserve cash ahead of the planned sale of the plantation estate in FY23.

Net Debt

	2022 $'000	2021 $'000
Borrowings – current	**21,029**	9,552
Borrowings – non-current	**25,862**	34,882
	46,891	44,434
Less		
Cash and cash equivalents	**(2,969)**	(12,956)
Term deposit	**(2,000)**	–
Net debt	**41,922**	31,478

Highlights

- As at 30 June 2022, the Group was within its covenant limits.
- Net debt increased as a result of operating losses and maintaining capital initiatives such as investment in Bell Bay, and repurchase of the Strategy treecrop.

Outlook

The Directors firmly believe that the long-term outlook for woodfibre exports into Asia, especially China and Japan, remains positive. Demand remains strong with all available volume for the remainder of calendar year 2022 contracted. Additionally, FOB pricing set on quarterly or half-yearly terms has seen significant increases, combined with new mill pulp capacity expected to come on-stream in the next 12 months, further increasing global demand at a time when competing supply from South America and Vietnam is expected to reduce.

The COVID-19 pandemic continues to disrupt harvest and haul production and demand for paper used in offices, which was further exacerbated by power cuts in China during the first half of FY22. This, along with challenging geopolitical conditions, has contributed to increased costs of fuel, shipping and local labour. As a result, margins will continue to be constrained in 1H23, as the higher supply costs cannot be passed onto customers until the sales prices are renegotiated in 2H23.

The global trading issues may take some time to play out, so your Directors are prudently looking at additional performance improvement initiatives and diversification strategies that may generate future revenue and earnings streams. We remain confident that there are many 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 growing customer demand.
- COVID-19 – there is a risk the pandemic that is currently disrupting production and supply chains continues for an extended period.
- 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 while 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.
- Sale of freehold plantation land – In the event freehold plantation land is sold after harvest of the current rotation of trees, there is a risk Midway may not be able to achieve sales for some or all of the estate within its optimal timeframe at or in excess of book value.
- 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.
- Port of Brisbane tenure – There is a risk that QCE will be unable to renew the lease, which is currently under negotiation, and therefore would need to seek access to an alternative export facility.
- 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 in remote regions such as the Tiwi Islands.
- 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.

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 2022 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 highest 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 is expected to be complete by September 2022.

Directors' Report continued

Significant Changes in the State of Affairs continued

Sale of Plantation Estate

- Midway has 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 an estimated $154.1 million.
- The sale will include the Group obtaining offtake rights from the plantation estate for a number of years, and also with the Group being appointed plantation manager for a minimum period of 5 years from settlement.
- Settlement of the last tranche is due to occur in September 2024, with the largest tranche upfront representing the unencumbered land.
- Settlement of the first stage of the transaction is expected to occur in October following necessary regulatory approvals, including the Foreign Investment Review Board (FIRB)
- 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
- The sale of the plantation estate will not be recognised as a sale until all the necessary regulatory approvals are received.

Significant Events Subsequent to the End of the Financial Year

Other than noted in this report, the Directors are not aware of any matter or circumstance that has arisen since 30 June 2022 that has significantly affected or may significantly affect the operations of the Group in subsequent financial years, the results of those operations, or the state of affairs of the Group in future financial years.

Likely Developments

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 at processing and export facilities utilised by Midway;
- continuing to evaluate the potential acquisition of existing Australian woodfibre production and exporting businesses; and
- exploring complementary business opportunities that 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.

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 840,593 performance rights and 721,436 options to senior executives in the current financial year. The rights and options vest over a performance period ending 30 June 2024, subject to satisfaction of vesting conditions such as comparator measure of total shareholder return benchmarked against the top ASX 300 companies.
- Refer to the Remuneration Report for details on the rights issued to 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 and Risk Management 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 Management 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.

KPMG Australia	**2022 $**	**2021 $**
Audit and assurance services		
Statutory audit fees	**228,000**	210,000
Other services		
– Non-assurance services – other advisory services	**88,717**	20,420

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 26 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,
29 August 2022

Auditor's Independence Declaration

KPMG

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 2022 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.

KPMG

KPMG

Simon Dubois

Partner

Melbourne

29 August 2022

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Remuneration Report (Audited)

Introduction

The Directors are pleased to present the FY22 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 key management personnel (**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 KMP and other members of senior management. This report discloses remuneration as it relates to Executive KMP; 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
Directors		
Gordon Davis	Non-Executive Chairman	
Gregory McCormack	Non-Executive Director	
Nils Gunnersen	Non-Executive Director	
Tom Gunnersen	Non-Executive Director	
Leanne Heywood	Non-Executive Director	
Thomas Keene	Non-Executive Director	
Executives		
Anthony McKenna	Managing Director and CEO	Appointed 24 January 2022
Anthony Price	Managing Director and CEO	Retired 24 January 2022
Michael McKenzie[1]	Acting Chief Financial Officer	Appointed 11 April 2022
Ashley Merrett[2]	Chief Financial Officer	Personal leave from 11 April 2022

1 Michael McKenzie was appointed as Chief Financial Officer on 1 July 2022.

2 Ashley Merrett was on personal leave from 11 April 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 are designed to attract, motivate and retain highly skilled Directors and executives.

Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination 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 Remuneration and Nomination 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 Remuneration and Nomination Committee is comprised of Non-Executive Directors, the majority of whom are independent in accordance with the Remuneration and Nomination 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 Remuneration and Nomination Committee Charter, which sets out the functions and responsibilities of that committee, are available at 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 Remuneration and Nomination 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.

The Remuneration and Nomination Committee engaged KPMG to provided a benchmarking report for Non-Executive Director remuneration at a cost of $10,350. The outcomes of this review are described in the next section. The benchmarking analysis did not constitute remuneration advice or recommendations.

Non-Executive Director Remuneration

Objective

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

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, while incurring a cost that 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 $1.2 million 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 Remuneration and Nomination Committee.

The remuneration may be by way of salary or commission or participation in profits or by all or any of these modes, but may not be by commission on, or a percentage of, operating revenue.

Non-Executive Directors' fees and payments are reviewed periodically by the Remuneration and Nomination Committee. During the year the Remuneration and Nomination Committee engaged KPMG to provide a benchmarking report of Non-Executive Directors' fees against a comparator group of companies. As a result of this review, the Remuneration and Nomination Committee resolved to reduce fees paid to Non-Executive Directors as highlighted in table 1.1.

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.

Table 1.1 Non-Executive Director Fee Structure

	Board Base Fee (Previous)[1]	Additional Fee (Previous)[1]	Board Base Fee (Current)[1]	Additional Fee (Current)[1]
Non-Executive Director	120,000	–	90,000	–
Chair	220,000	–	180,000	–
Chair – Audit and Risk Management Committee	–	15,000	–	15,000
Chair – Remuneration and Nomination Committee	–	11,000	–	15,000
Chair – Work, Health, Safety and Sustainability Committee	–	-	–	15,000
Committee member	–	-	–	7,500

1 Revised Non-Executive Director fees applied from 1 June 2022.

The aggregate remuneration of Non-Executive Directors for the year ended 30 June 2022 was $835,882.

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, is reviewed annually by the Remuneration and Nomination 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 that 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 that 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) continued

Executive Remuneration continued

Variable 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 that 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.

2022 Executive Remuneration

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[1] $	Maximum STI $	Eligibility LTIP	Termination Notice	Restraint of Trade Provisions
Chief Executive Officer[3]	550,000	165,000	✓	3 months	✓
Chief Financial Officer[3]	290,000	95,700[2]	✓ [4]	3 months	✓

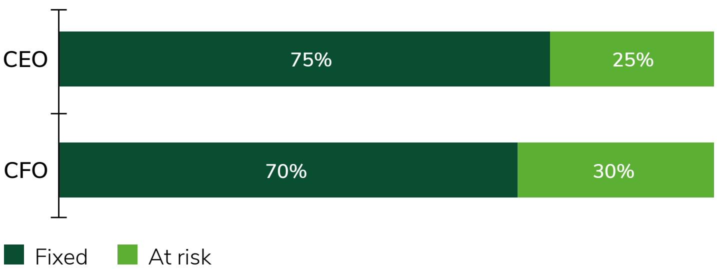
1 Includes superannuation and car allowances

2 Maximum STI applicable under normal contractual arrangements beginning 1 July 22.

3 Tony Price retired from the position of CEO on 24 January 2022. Ashley Merrett was on personal leave from 11 April 2022. The table above discloses information for the current CEO and CFO.

4 As at 30 June 2022 no performance rights were issued to the CFO. Performance rights will be issued in respect of the FY23 financial year.

The remuneration mix is outlined below:



Short Term Incentive Plan

The Company's 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 that 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 set by the Remuneration and Nomination Committee. No incentive payment is payable if the threshold performance target is not met.

FY22 Short-term Incentives

In FY22, 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 FY22 STI Plan is set out as follows:

<table>
<tr><th>Term</th><th>Description</th></tr>
<tr><td>Objective</td><td>To reward participants for achieving targets linked to the Company's business strategy</td></tr>
<tr><td>Participants</td><td>All Executive KMP and selected senior management members</td></tr>
<tr><td>Performance period</td><td>Financial year ended 30 June 2022</td></tr>
<tr><td>Performance measures</td><td>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></td></tr>
<tr><td>Payment</td><td>Upon final endorsement by Board</td></tr>
</table>

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

	% of Target KPI (Maximum STI)	% of Target KPI (Minimum STI)
EBITDA CEO	120% (max. $66,000)	100%[1]
EBITDA CFO	120% (max. $38,280)	100%[1]
LTIFR CEO	200% (max. $49,500)	100%[1]
LTIFR CFO	200% (max. $28,710)	100%[1]

1 No incentive will be paid if the minimum percentage of the KPI target is not met.

FY22 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 2022 financial year:

KMP	Maximum STI $	% of Maximum STI Achieved
CEO	165,000	11%
CFO	95,700[1]	10%

1 Based on the remuneration structure as at 1 July 2022.

2022 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 FY22, the Group issued performance rights to the Chief Executive Officer and Senior Executive Team. In total, 840,593 rights and 721,436 options were issued based on the conditions set out in sections (a) and (c).

Structure

The key terms of the LTIP are summarised below.

Term	Description
Administration	The Board has the discretion to determine which 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: • Shares; • Options; and • Performance Rights.
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: • Options and Performance Rights may not be disposed of, transferred or encumbered; and • 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.
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.

2022 Long-term Incentives

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

(a) Performance Rights

In FY22, the Board granted the Chief Executive Officer and members of the Senior Executive Team 840,593 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 2024.

Term	Description
Eligibility	Chief Executive Officer, Chief Financial Officer and members of the Senior Executive Team.
Consideration for grant	Nil.
Instrument	**2022 plan:** Performance rights issued on 1 December 2021 and 24 January 2022 (CEO only) respectively. **2021 plan:** Performance rights issued on 18 December 2020.
Number of rights granted[1]	**2022 plan:** CEO 89,227; other senior executives 471,659. **2021 plan:** CEO 281,920; other senior executives 489,363.
Service conditions	Participant must maintain continuous employment over the performance period.
Performance period	**2021 plan:** 1 July 2020 to 30 June 2023. **2022 plan:** 1 July 2021 to 30 June 2024.
Performance measure	The percentage of performance rights that will vest will depend on the 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: • less than median of the comparator company, no performance rights will vest; • at median of the comparator company, 50 per cent of the performance rights will vest; • between median and the 75th percentile of the comparator company, a straight-line pro rata vesting between 50 per cent and 100 per cent of the performance rights will occur; and • greater than 75th percentile of the comparator company, 100 per cent of the performance rights will vest.
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: • dispose of any performance rights without the prior consent of the Board or otherwise in connections with the Plan Rules; or • enter into any arrangement for the purpose of hedging, or otherwise affecting the participants economic exposure to the Performance Rights.
Fair value at grant date[2]	**2022 plan:** Rights issued 1 December 2021 ($0.89 cents); Rights issued 24 January 2022 ($0.74 cents). **2021 plan:** Rights issued 18 December 2020 ($0.53 cents).

1 Under the 2022 plan, 279,707 performance rights were issued to Tony Price.

2 Represents the fair value as calculated using a Monte Carlo Simulation model which incorporates the TSR performance conditions.

(b) FY20 LTI Plan

The performance period ended on 30 June 2022 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 2019 and 30 June 2022 was less than median of the comparator company's and, as a result, 170,357 performance rights issued will not vest.

2022 Long Term Incentives continued

(c) Managing Director Options (In Lieu of Sign-on Bonus)

The Board and Managing Director agreed to the one-off issue of options as a special case in lieu of any cash sign-on bonus. The options serve as an incentive for Tony McKenna to increase the Company's earnings (which ultimately determine the share price) and to remain with the Company until at least 30 June 2024.

Term	Description
Eligibility	Chief Executive Officer.
Instrument	Options to acquire ordinary shares in Midway Limited.
Number of options granted	721,436 options granted; 50 per cent will vest on 30 June 2023 and 50 per cent will vest on 30 June 2024.
Service conditions	Participant must maintain continuous employment over the period.
Exercise price	$0.9339, being the 30-day VWAP prior to 30 June 2021.
Exercise period	24 months after vesting of the relevant Options. All Options (vested or otherwise) that are not exercised within the applicable exercise period will lapse upon the expiration of that period.
Entitlement	Options will not carry rights to dividends or voting rights prior to vesting.
Restrictions	Options will be subject to the rights and restrictions set out in the invitation and the Plan Rules. In particular, the participant may not: • dispose of any Options without the prior consent of the Board or otherwise in accordance with the Plan Rules; or • enter into any arrangement for the purpose of hedging, or otherwise affecting your economic exposure to Options.
Fair value at grant date	Options vesting 30 June 2023: $0.360. Options vesting 30 June 2024: $0.386.
Clawback	The Board has discretion to reduce or cancel the Options or may require you to repay to the Company the market value of Shares post-vesting and exercise in circumstances such as fraud, dishonesty, misconduct and financial misstatement such that the Options should not have vested or been exercised. The Board may restrict transfer of any Shares post-vesting and transfer or issue while it investigates any such circumstances.
Other terms and conditions	Unvested Options do not entitle the participant to receive notice of, or to attend or vote at, meetings of members of the Company or to receive any dividends on Shares. Options will not be listed on the ASX. For all other terms and conditions of the grant, refer to the Plan Rules. Upon a Change of Control, and without limiting clause 9 of the Plan Rules (Change of Control), the Options will vest immediately.

(d) Previous Managing Director (Anthony Price) and Chief Financial Officer (Ashley Merrett) – Lapse of Performance Rights

The outstanding performance rights carried forward by Anthony Price post termination are below. The number of performance rights carried forward reflect the pro rata service period that Anthony was employed in each performance period.

Plan	Number Held	Number Lapsed	Number to Continue
2021 Plan	281,920	134,395	147,525
2022 Plan	279,707	226,624	53,083

There was no lapse in any performance rights held by Ashley Merrett during the year. A decision to pro rata remaining performance rights over Ashley's service period was taken post year end.

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. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

Key Performance Indicator	FY22 Actual $'000	FY21 Actual $'000	FY20 Actual $'000	FY19 Actual $'000	FY18 Actual $'000
Net profit/(loss) after tax	**(12,878)**	(5,178)	(11,733)	26,158	18,397
EBITDA	**3,533**	10,933	752	50,669	31,308
Underlying EBITDA-S[1]	**(1,762)**	14,632	13,836	37,075	28,693
Dividend paid (cents per share)	**–**	–	–	18	18

1 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.

Key Management Personnel Remuneration

The statutory remuneration disclosures for the year ended 30 June 2022 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[1]	Super-annuation	Other[2]		
Directors								
Gordon Davis	**2022**	**142,691**	**–**	**–**	**–**	**–**	**–**	**142,691**
	2021	126,432	–	–	2,614	–	–	129,046
Gregory McCormack	**2022**	**183,022**	**–**	**–**	**18,367**	**–**	**–**	**201,389**
	2021	197,915	–	–	18,802	–	–	216,717
Nils Gunnersen	**2022**	**107,984**	**–**	**–**	**10,838**	**–**	**–**	**118,822**
	2021	107,954	–	–	10,256	–	–	118,210
Tom Gunnersen	**2022**	**107,984**	**–**	**–**	**10,838**	**–**	**–**	**118,822**
	2021	107,954	–	–	10,256	–	–	118,210
Leanne Heywood	**2022**	**123,058**	**–**	**–**	**12,345**	**–**	**–**	**135,403**
	2021	117,850	–	–	11,196	–	–	129,046
Thomas Keene	**2022**	**107,984**	**–**	**–**	**10,838**	**–**	**–**	**118,822**
	2021	107,954	–	–	10,256	–	–	118,210
Anthony Bennett	**2022**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2021	44,526	–	–	4,230	–	–	48,756
Current Executives								
Anthony McKenna[3]	**2022**	**229,481**	**18,000**	**–**	**12,058**	**6,902**	**75,348**	**341,789**
	2021	–	–	–	–	–	–	–
Michael McKenzie	**2022**	**54,837**	**10,000**	**–**	**5,775**	**6,566**	**–**	**77,178**
	2021	–	–	–	–	–	–	–
Former Executives								
Anthony Price[5]	**2022**	**287,094**	**–**	**31,045**	**16,192**	**–**	**41,194**	**375,525**
	2021	428,420	64,024	52,704	25,010	425	42,253	612,836
Ashley Merrett[4]	**2022**	**230.585**	**-**	**17,896**	**21,410**	**11,255**	**45,334**	**326,480**
	2021	289,082	28,170	23,000	25,010	20,551	14,475	400,288

1 Relates to vehicle allowance paid by the Group

2 Includes the movement in annual leave and long service leave provisions

3 Anthony McKenna was appointed as Managing Director and CEO from 24 January 2022

4 Ashley Merrett was on personal leave from 11 April 2022. Michael McKenzie was appointed as Acting CFO from 11 April 2022 and appointed as CFO on 1 July 2022.

5 Anthony Price was Managing Director and CEO until 24 January 2022

In FY22 the Group performed a benchmarking process of Directors' remuneration against the market, leading to a reduction in Directors' fees, applicable from 1 July 2022. Refer to page 29 for details.

Remuneration Report (Audited) continued

Key Management Personnel Remuneration continued

Equity Instruments

KMP	Held at 1 July 2021	Shares Acquired	Shares Sold	Other Changes	Held at 30 June 2022
Gregory McCormack	9,604,599	–	–	–	**9,604,599**
Nils Gunnersen	9,829	–	–	–	**9,829**
Tom Gunnersen	–	–	–	–	**–**
Gordon Davis	90,000	–	–	–	**90,000**
Leanne Heywood	5,000	–	–	–	**5,000**
Thomas Keene	229,378	–	–	–	**229,378**
Anthony McKenna	–	–	–	–	**–**
Anthony Price[1]	190,329	–	–	(190,329)	**–**
Michael McKenzie	-	-	-	-	**-**
Ashley Merrett[2]	19,000	-	-	(19,000)	**-**

1 Held at resignation date.

2 Ceased to be a KMP on 11 April 2022.

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	0%	–	2023
Anthony McKenna	Options	360,718	24/01/2022	0%	–	2024
Ashley Merrett	Performance Rights	112,765	18/12/2020	0%	–	2023
Ashley Merrett	Performance Rights	111.880	01/12/2021	0%	–	2024
Anthony Price	Performance Rights	281,920	18/12/2020	0%	48%	2023
Anthony Price	Performance Rights	279,707	01/12/2021	0%	81%	2024

Michael McKenzie held no performance rights or options as at 30 June 2022.

Other Transactions with KMP

There are no other transactions between any of the KMP with any of the companies that 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.

Contents

Consolidated Statement of Comprehensive Income

For the year ended 30 June

	Notes	2022 $'000	2021 $'000
Revenue and other income			
Sales revenue	1.1	**198,480**	280,197
Other income	4.8	**4,789**	4,169
		203,269	284,366
Less: expenses			
Changes in inventories of finished goods and work in progress		**5,353**	(12,654)
Materials, consumables and other procurement expenses		**(133,563)**	(179,675)
Depreciation and amortisation expense	2.1|2.7	**(8,544)**	(11,271)
Employee benefits expense		**(19,158)**	(19,369)
Biological assets net fair value increment/(decrease)		**6,490**	(2,261)
Plantation management expenses		**(80)**	(199)
Freight and shipping expense		**(40,945)**	(40,161)
Repairs and maintenance expense		**(7,680)**	(6,438)
Impairment loss on non-current assets		**(98)**	(2,269)
Other expenses		**(11,091)**	(8,932)
		(209,316)	(283,229)
Finance expense	3.1	**(13,846)**	(5,123)
Finance income		**(8)**	410
Net finance expense		**(13,854)**	(4,713)
Share of net profit/(loss) from equity accounted investments	4.2	**1,036**	(1,475)
Profit/(loss) before income tax expense		**(18,865)**	(5,051)
Income tax expense benefit/(expense)	1.3	**5,987**	(127)
Profit/(loss) for the period		**(12,878)**	(5,178)
Items that will not be reclassified to profit and loss			
Revaluation of land fair value adjustment, net of tax	2.1	**9,832**	11,707
Items that may be reclassified subsequently to profit and loss			
Cash flow hedges effective portion of changes in fair value, net of tax		**(4,749)**	(3,487)
Foreign operations – foreign currency translation differences		**–**	(90)
Equity accounted investees – share of OCI		**95**	(95)
Other comprehensive income for the period		**5,178**	8,035
Total comprehensive income for the period		**(7,700)**	2,857
Profit/(loss) is attributable to:			
– Owners of Midway Limited		**(12,973)**	(5,363)
– Non-controlling interests		**95**	185
		(12,878)	(5,178)
Total comprehensive income is attributable to:			
– Owners of Midway Limited		**(7,801)**	2,678
– Non-controlling interests		**101**	179
		(7,700)	2,857
Earnings per share for profit attributable to equity holders:			
Basic earnings per share		**($0.15)**	($0.06)
Diluted earnings per share		**($0.15)**	($0.06)

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

Consolidated Balance Sheet

As at 30 June

	Notes	2022 $'000	2021 $'000
Current assets			
Cash and cash equivalents	3.1	**2,969**	12,956
Receivables	2.6	**10,774**	17,329
Inventories	2.6	**20,772**	15,645
Biological assets	2.3	**2,697**	2,501
Current tax receivable		**–**	1,301
Other assets		**8,583**	6,561
Assets held for sale	2.2	**314**	2,997
Total current assets		**46,109**	59,290
Non-current assets			
Biological assets	2.3	**45,238**	41,589
Other receivables		**7,395**	5,873
Investments accounted for using the equity method	4.2	**11,019**	9,978
Intangible assets	2.7	**1,971**	1,971
Loan receivables		**604**	3,127
Property, plant and equipment	2.1	**144,839**	141,067
Total non-current assets		**211,066**	203,605
Total assets		**257,175**	262,895
Current liabilities			
Trade and other payables	2.6	**20,653**	22,354
Current tax payable		**1,698**	–
Borrowings	3.1	**21,029**	9,552
Strategy financial liability		**6,908**	8,202
Derivative financial liability		**8,940**	2,165
Provisions		**3,702**	4,094
Total current liabilities		**62,930**	46,367
Non-current liabilities			
Borrowings	3.1	**25,862**	34,882
Strategy financial liability		**32,717**	31,850
Provisions		**151**	176
Deferred tax liabilities	1.3	**10,717**	17,379
Total non-current liabilities		**69,447**	84,287
Total liabilities		**132,377**	130,654
Net assets		**124,798**	132,241
Contributed equity			
Share capital	3.3	**64,888**	64,888
Reserves	3.3	**87,368**	81,939
Accumulated losses		**(28,741)**	(15,768)
Equity attributable to owners of Midway Limited		**123,515**	131,059
Equity attributable to non-controlling interests		**1,283**	1,182
Total equity		**124,798**	132,241

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

Consolidated Statement of Changes in Equity

For the year ended 30 June

$'000	Share Capital	Reserves	Retained Earnings	Non-controlling Interests	Total Equity
Balance as at 1 July 2020	64,888	73,793	(10,405)	1,843	130,119
Profit/(loss) for the year	–	–	(5,363)	185	(5,178)
Revaluation of land, net of tax	–	11,707	–	–	11,707
Cash flow hedges effective portion of changes in fair value, net of tax	–	(3,576)	–	(6)	(3,582)
Foreign operations – foreign currency translation differences	–	(90)	–	–	(90)
Total comprehensive income for the year	–	8,041	(5,363)	179	2,857
Other transactions:					
Issuance of ordinary shares, net of transaction costs	–	–	–	–	–
Issuance of performance rights	–	–	–	–	–
Share-based payments expense	–	105	–	–	105
Transfers to profit reserve	–	–		–	–
Transactions with owners in their capacity as owners:					
Dividends	–	–	–	(840)	(840)
Total other transactions	–	105	–	(840)	(735)
Balance as at 30 June 2021	64,888	81,939	(15,768)	1,182	132,241
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	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**5,172**	**(12,973)**	**101**	**(7,700)**
Other transactions:					
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)**
Transfers to profit reserve	**–**	**11,238**		**–**	**11,238**
Transactions with owners in their capacity as owners:					
Dividends	**–**	**–**	**–**	**–**	**–**
Total other transactions	**–**	**257**	**–**	**–**	**257**
Balance as at 30 June 2022	**64,888**	**87,368**	**(28,741)**	**1,283**	**124,798**

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

Consolidated Statement of Cash Flows

For the year ended 30 June

	Notes	2022 $'000	2021 $'000
Cash flow from operating activities			
Receipts from customers		**206,289**	268,764
Payments to suppliers and employees		**(212,585)**	(247,511)
Interest paid		**(1,977)**	(1,777)
Income tax received		**1,810**	440
JobKeeper		**–**	2,354
Net cash provided by operating activities	3.1	**(6,463)**	22,270
Cash flow from investing activities			
Payment for property, plant and equipment		**(9,375)**	(3,427)
Proceeds from sale of fixed assets		**20,175**	332
Payment for non-current biological assets		**(1,922)**	(2,122)
Acquisition of equity accounted investees		**448**	–
Net cash used in investing activities		**9,326**	(5,217)
Cash flow from financing activities			
Repayment of Strategy financial liability		**(11,833)**	(6,081)
Principal repayment of lease liabilities		**(5,399)**	(5,255)
Dividends paid		**–**	(840)
Proceeds from bank borrowings		**14,734**	–
Repayment of bank borrowings		**(10,975)**	(3,465)
Proceeds from loan receivable		**2,623**	495
Investment in term deposit		**(2,000)**	–
Net cash used in financing activities		**(12,850)**	(15,146)
Reconciliation of cash			
Cash at beginning of the financial period		**12,956**	11,049
Net increase/(decrease) in cash held		**(9,987)**	1,907
Cash at end of financial period (net of overdrafts)		**2,969**	12,956

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

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 was impacted in 1H22 by COVID-19 and power cuts in China. In the second half, harvest and haul disruption from COVID-19 and higher fuel costs and inflationary impacts had a negative impact on margins, which cannot be passed onto customers until the price is renegotiated for 2H23.
- The Group achieved an underlying EBITDA of -$1.8 million (2021: $14.6 million).
- The Board has elected to not declare a dividend in light of the current performance.

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 per cent for segment reporting, which reflects how management views and makes decisions of its operations. In the current year, income earned from marketing third party woodfibre has been reallocated to this category, as this is how the chief operating decision maker reviews the financial information.
Forestry Logistics	Forestry logistics provides support services to third parties engaged in growing woodfibre including harvest, infield chipping and haulage.
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 cost of goods sold transactions relating to chip trading activities performed within the woodfibre segment. Management accounts are prepared on a segment basis with a 51 per cent share of SWF joint venture included in Woodfibre processing. For statutory accounts, SWF is equity accounted with revenue and expenses of SWF eliminated.

Prior period comparative information has been restated to reflect the revised structure.

(b) Segment Information Provided to Senior Management

2022 ($'000)	Woodfibre	Forestry Logistics	Plantation Management	Ancillary	Eliminations	Total
Sales revenue	186,185	4,883	2	–	7,410	198,480
Inter segment sales	–	–	10,632	–	(10,632)	–
Other income	4,363	660	2,008	–	(2,242)	4,789
Total revenue and other income	190,548	5,543	12,642	–	(5,464)	203,269
Share of equity accounted profits	–	–	–	–	1,036	1,036
EBITDA – S[1]	6,080	(2,851)	(2,406)	(52)	(2,533)	(1,762)
Significant items	(98)	(714)	1,943	(2,326)	–	(1,195)
Fair value gain/(loss) on biological assets	–	–	6,490	–	–	6,490
EBITDA	5,982	(3,565)	6,027	(2,378)	(2,533)	3,533
Depreciation and amortisation	(7,170)	(1,742)	(1,544)	(17)	1,929	(8,544)
EBIT	(1,188)	(5,307)	4,483	(2,395)	(604)	(5,011)
Net finance expense	(2,389)	(115)	(11,510)	–	160	(13,854)
Net profit/(loss) before tax	(3,577)	(5,422)	(7,027)	(2,395)	(444)	(18,865)
Income tax benefit/(expense)	1,819	1,613	2,091	20	444	5,987
Net profit/(loss) after tax	(1,758)	(3,809)	(4,936)	(2,375)	–	(12,878)
Segment assets	171,685	2,864	151,069	6,254	(74,697)	257,175
Equity accounted investees	11,019	–	–	–	–	11,019
Capital expenditure	(10,254)	(1,870)	(541)	–	428	(12,237)
Segment liabilities	(76,701)	(13,753)	(84,427)	(3,741)	46,245	(132,377)

2021 ($'000)	Woodfibre	Forestry Logistics	Plantation Management	Ancillary	Eliminations	Total
Sales revenue	198,084	4,823	476	–	76,814	280,197
Inter segment sales	174	–	11,577	–	(11,751)	–
Other income	8,190	355	320	–	(4,696)	4,169
Total revenue and other income	206,448	5,178	12,373	–	60,367	284,366
Share of equity accounted profits	–	23	–	–	(1,498)	(1,475)
EBITDA – S[1]	21,488	(2,705)	(2,226)	(50)	(1,875)	14,632
Significant items	1,363	(1,768)	–	(1,033)	–	(1,438)
Fair value gain/(loss) on biological assets	–	–	(2,261)	–	–	(2,261)
EBITDA	22,851	(4,473)	(4,487)	(1,083)	(1,875)	10,933
Depreciation and amortisation	(9,855)	(2,228)	(1,486)	(17)	2,315	(11,271)
EBIT	12,996	(6,701)	(5,973)	(1,100)	440	(338)
Net finance expense	(2,205)	(51)	(2,646)	–	189	(4,713)
Net profit/(loss) before tax	10,791	(6,752)	(8,619)	(1,100)	629	(5,051)
Income tax benefit/(expense)	(3,412)	1,359	2,548	20	(642)	(127)
Net profit/(loss) after tax	7,379	(5,393)	(6,071)	(1,080)	(13)	(5,178)
Segment assets	187,165	2,980	154,372	4,864	(86,486)	262,895
Equity accounted investees	9,938	40	–	–	–	9,978
Capital expenditure	(2,591)	(489)	(615)	–	–	(3,695)
Segment liabilities	(74,090)	(9,929)	(88,611)	(3,268)	45,244	(130,654)

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 Financial Statements continued

Section 1: Our Performance continued

1.1 Segment Reporting continued

(c) Revenue by Geographic Region

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

2022 Revenue by Geographic Region ($'000)	Woodfibre	Forestry Logistics	Plantation Management	Ancillary	Eliminations	Total
Australia	**2,204**	**4,883**	**10,634**	**–**	**(10,632)**	**7,089**
China	**98,203**	**–**	**–**	**–**	**39,988**	**138,191**
Japan	**85,778**	**–**	**–**	**–**	**(32,578)**	**53,200**
South-East Asia	**–**	**–**	**–**	**–**	**–**	**–**
	186,185	**4,883**	**10,634**	**–**	**(3,222)**	**198,480**

2021 Revenue by Geographic Region ($'000)	Woodfibre	Forestry Logistics	Plantation Management	Ancillary	Eliminations	Total
Australia	2,079	4,823	12,038	–	(11,751)	7,189
China	115,424	–	–	–	95,435	210,859
Japan	78,891	–	–	–	(18,621)	60,270
South-East Asia	1,864	–	15	–	–	1,879
	198,258	4,823	12,053	–	65,063	280,197

For the financial year ending 30 June 2022 there were three (2021: three) customers in China and Japan that individually made up 10 per cent 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

Individually Significant Items Before Tax	2022 $'000	2021 $'000
JobKeeper	**–**	2,014
Profit on sale of assets (plantation land)	**1,943**	–
Impairment loss on non-current assets	**(98)**	(2,269)
Midway Logistics wind-down costs	**(714)**	–
Restructuring cost	**–**	(149)
Transactions costs[1]	**(2,326)**	(1,034)
Impact of individually significant items	**(1,195)**	(1,438)

1 Transaction costs of $2.3 million 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).

1.3 Income Tax

	2022 $'000	2021 $'000
(a) Current Tax Reconciliation		
Current tax	**(5,238)**	1,644
Deferred tax	**(729)**	(1,543)
Over provision in prior years	**(20)**	26
	(5,987)	127
(b) Prima Facie Tax Payable		
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% (2021: 30.0%)	**(5,660)**	(1,515)
– Effect of taxes in foreign jurisdictions	**–**	25
Add tax effect of:	**–**	–
– Unfranked dividend	**–**	839
– Impairment on non-current assets (Bio Growth Partners)	**30**	165
– Under provision of income tax in prior years	**–**	26
– Other non-allowable items	**–**	144
	(5,630)	(316)
Less tax effect of:		
– Over provision for income tax in prior years	**(20)**	–
– Share of (profits)/losses from joint ventures	**(311)**	(443)
– Other	**(26)**	–
	(357)	(443)
Income tax expense/(benefit) attributable to profit	**(5,987)**	127
(c) Deferred Tax		
Deferred tax assets		
Payables	**664**	884
Biological assets	**1,432**	642
Blackhole expenditure	**788**	385
Capital losses carried forward	**–**	2,046
Hedge reserve	**2,682**	623
Tax losses carried forward	**5,934**	–
Other	**–**	521
	11,500	5,101
Deferred tax liabilities		
Property, plant and equipment	**22,217**	22,480
	22,217	22,480
Net deferred tax liabilities	**10,717**	17,379
(e) Deferred Income Tax (Revenue)/Expense Included in Income Tax Expense Comprises		
Decrease/(increase) in deferred tax assets	**(465)**	(1,618)
(Decrease)/increase in deferred tax liabilities	**(264)**	75
	(729)	(1,543)
(f) Deferred Income Tax Related to Items Charged or Credited Directly to Equity		
Increase in deferred tax liabilities	**(3,514)**	3,520

Section 1: Our Performance continued

1.3 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.

1.4 Earnings Per Share

(a) Earnings Per Share

	2022	**2021**
Earnings per share	**($0.15)**	($0.06)
Diluted earnings per share*	**($0.15)**	($0.06)

	2022 Number	**2021 Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**87,336,222**	87,336,222
Adjustments for calculation of diluted earnings per share:		
Performance rights[1]	**–**	–
	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.

1 As at 30 June 2022, 1,902,347 performance rights (2021: 970,286) were excluded from the diluted weighed 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.

1.5 Dividends

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

The balance of the franking account at 30 June 2022 is $5,125,895 (2021: $6,781,369).

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

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

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 FY27, unless the timing of treecrop rotation profiles justifies a longer period. In the case of Plantation Management Partners, the timeframes were modelled out to 2057, reflecting the likely timeframes for the next two rotations. In the case of Midway Logistics and Bio Growth Partners, the recoverable amounts of these CGUs were considered with reference to the fair value less costs to sell of the identifiable assets within each CGU. Refer below for further commentary.

Long-term Average Growth Rate

A terminal growth rate of 2.2 per cent 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 12.8 per cent and 14.4 per cent for all CGUs (2021: 11.0 per cent – 13.5 per cent).

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.

Other Assumptions

The impact of COVID-19 and global supply chain challenges on global markets is an area of uncertainty, along with future potential impacts from climate change.

Midway Logistics and Bio Growth Partners

The Midway Logistics and Bio Growth Partners CGUs are in the process of being wound-down. The assessment of recoverable amount led to one right of use lease asset within Midway Logistics being impaired by $0.07 million following this exercise. No other indicators of impairment were identified.

FY21

Impairment of Bio Growth Partners (40 Per Cent Equity Accounted Investee)

The Group has taken a writedown on carrying value in its investment in Bio Growth Partners for $2.2 million. The Group suffered from timber supply constraints and unplanned customer shut-downs in Western Australia as a result of the COVID-19 pandemic, which resulted in reduced domestic business that impacted our equity accounted investee Bio Growth Partners (BGP). Subsequent to year end, the Group purchased the remaining 60 per cent share in BGP for $1 per share.

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 from owned and third party plantation land, which is used to grow hardwood trees.
- The Group's plantation land portfolio increased in value by $10.3 million (before tax) in the current year, primarily due to increased prices for forestry land.
- The Group holds biological assets for harvest of which $6.6 million relates to seedlings and $41.3 million is plantation hardwood.
- The Group has low credit risk due to the nature and size of customers and use of letters of credit in the majority of cases.
- Plantation land ($91.6 million) and biological assets ($47.9 million) are held on the balance sheet at fair value. As a result, any impacts from COVID-19 and current global supply chain challenges have been reflected in the independent valuations performed of these assets.

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%	3-25%	5-15%	
Year ended 30 June 2021							
Opening net book amount	81,943	12,670	4,516	2,753	24,364	6,891	133,137
Additions	–	–	978	723	3,554	563	5,818
Disposals	–	–	(59)	(12)	(273)		(344)
Depreciation	–	–	(1,653)	(411)	(8,303)	(904)	(11,271)
Reclassification to asset held for sale	(2,997)	–	–	–	–	–	(2,997)
Revaluation	16,724	–	–	–	–	–	16,724
Closing carrying amount	95,670	12,670	3,782	3,053	19,342	6,550	141,067
Year ended 30 June 2022							
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**
Closing carrying amount	**91,624**	**16,400**	**4,146**	**7,518**	**19,229**	**5,922**	**144,839**

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.

(a) Key Estimates and Judgements – Fair Value

	2022 Fair Value $'000	Valuation Technique	Description of Valuation Technique
Freehold land	**16,400**	Market approach[1]	The Company's freehold land is stated at fair value. The fair value measurements of the Company's land as at 30 June 2022 were performed by an independent valuer. The valuation was performed using a direct market comparison approach. A change to inputs to the market approach assessment would result in differing valuation results.
Plantation land	**91,624**	Market approach/ net present value approach[1]	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. The Group engaged an independent valuer to provide an independent valuation on an unencumbered basis as at 30 June 2022. The independent valuation is adjusted by the Directors using a discounted cash flow (DCF) methodology to estimate the fair value on an encumbered basis. Assumptions about clear fall period and reversion costs have been included where/as appropriate. In some instances, the valuation's highest and best use is lifestyle, differing from actual use, forestry. A change to inputs to the valuer's and/or the Directors' assessment would result in differing valuation results.

1 The same valuation technique was used in 2021.

Freehold and forest plantation land has 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 impacts of COVID-19 and current global supply chain challenges remain uncertain and could impact the key estimates and judgements noted above.

2022 Plantation Land Measurement

The unencumbered value of the plantation land is $91.6 million (2021: $113.0 million). The Directors have subsequently valued the land on an encumbered basis (i.e. in recognition of the existing treecrops being grown on the land, which are legally owned by third parties), taking into account, where appropriate, reversionary costs and utilising a discounted cash flow analysis from the highest and best use determined by the independent valuation expert.

The key assumptions used in determining the encumbered land valuation are:

Assumption	Variable
Discount rate	6.75% (2021: 6.75%)
Growth rate	2.25% to 4.75%
Reversionary costs	$0-$1,550 per hectare
Clearfall period	2023 – 2028

Section 2: Our Asset Base continued

2.1 Property, Plant and Equipment continued

(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):

	2022		2021	
Plantation Land at Fair Value	**Increase $'000**	**Decrease $'000**	**Increase $'000**	**Decrease $'000**
Discount rate +/- 1%	**(2,554)**	**2,693**	(3,397)	3,606
Growth rate +/- 1%	**2,757**	**(2,662)**	3,651	(3,499)
Reversionary costs +/- 10%	**(176)**	**176**	(173)	173

A change in assumptions for the following variables may have a significant impact on the value of the portfolio dependent 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; and
- rate per hectare applied to each individual block based on individual characteristics of that block.

Freehold Land

A 1 per cent change in assumptions to the $ rate per ha applied will increase the value by $0.2 million (2021: $0.1 million), or decrease by $0.2 million (2021: $0.1 million). Based on current and prior valuations of the land, a 1 per cent 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 are 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 as 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.

Roading that has been built on land owned by Midway is amortised on a straight-line basis over the period of one harvest. Roading that |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 roading relates.

2.2 Asset Held-for-sale

	2022 $'000	2021 $'000
Opening balance	**2,997**	–
Plantation land at fair value	**(2,997)**	2,997
Fixed assets	**314**	
Closing balance	**314**	2,997

Policy

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

2.3 Biological Assets

	2022 $'000	2021 $'000
Current		
Plantation hardwood at fair value	**2,697**	2,501
Non-current		
Plantation hardwood at fair value	**38,573**	33,501
Plantation hardwood at fair value (new plantings)	**6,665**	8,088
	47,935	44,090

(a) Reconciliation of Carrying Amount

	Biological Assets $'000
At 1 July 2021	44,090
Harvested timber	(4,645)
New plantings	1,897
Purchase of standing timber	104
Change in fair value less estimated point of sale costs – due to:	
Change in discount rate	1,020
Change in volumes and prices	5,469
Balance at 30 June 2022	47,935

Policy

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

Biological assets are classified as current if it is anticipated they will be harvested within 12 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 3 on the fair value hierarchy. There were no transfers between level 1, 2 or 3 on the fair value hierarchy.

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 thereafter 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.

Section 2: Our Asset Base continued

2.3 Biological Assets continued

(b) Key Estimates and Judgements – Fair Value (Level 3)

Valuation Technique	Description of Valuation Technique	Significant Unobservable Inputs	Inter-relationship Between Key Unobservable Inputs and Fair Value Measurement
Net present value approach	An independent market valuation is performed based on a net present value (NPV) calculation. 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: • 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. • 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. • Volume increments/decrements are determined both by periodic remeasurement of forest samples and by modelling growth from the date of the most recent measurement to date of harvest. • Ancillary income earned from activities such as the leasing of land for grazing and other occupancy rights is added to the net harvest revenues.	• Estimated future timber market prices per tonne (weighed average USD/BDMT $212.9 (2021: $205.3)). • Estimated yields per hectare (weighed average GMT/ha 216 (2021: 209)). • Estimated harvest and transportation costs (weighted average $52.1/GMT (2021: $45.7/GMT)). • Risk-adjusted discount rate 7.0% (2021: 7.5%).	The estimated fair value would increase/(decrease) if the: • estimated timber prices per tonne were higher/(lower); • estimated yield per hectare or estimated timber projections were higher/(lower); • estimated average direct and indirect costs were lower/(higher); and/or • discount rate was lower/(higher). The potential future impacts of COVID-19 and climate change remain uncertain and could impact the key estimates and judgements noted above

(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 the income statement:

Biological Assets	2022 Increase $'000	2022 Decrease $'000	2021 Increase $'000	2021 Decrease $'000
Discount rate +/- 1%	**(2,017)**	**2,172**	(1,728)	1,839
Expected future sales prices +/- 10%	**12,905**	**(12,905)**	11,070	(11,070)
Expected future harvest and transportation costs +/- 10%	**(7,827)**	**7,827**	(6,560)	6,560
Expected future changes in volume +/- 10%	**5,567**	**(5,567)**	5,100	(5,100)

(d) Sale of Plantation Estate

In May 2022, Midway has 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 an estimated $154.1 million:

- Settlement of the last tranche is due to occur in September 2024, with the largest tranche upfront representing the unencumbered land.
- Settlement of the first stage of the transaction is expected to occur in October following necessary regulatory approvals, including the Foreign Investment Review Board (FIRB).
- 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.
- The sale of the plantation estate will not be recognised as a sale until all the necessary regulatory approvals are received.
- Contingent on successful FIRB approval, the remaining treecrop currently owned by Strategy[1] will be repurchased at the earliest possible point in the contract, which can occur within a five-year window, with the last tranche expected to be repurchased in September 2024.

Risk Management Strategy in Relation to Biological Assets

Midway manages its own plantation estate and estates of third parties using well equipped, trained forestry staff to achieve production wood flow consistent with the business plan and to mitigate against the risk of damage (including holding insurance against catastrophic events such as fire).

The Group is progressing its plans to complete the sale of the Victorian plantation estate, which is subject to approval by the Foreign Investment Review Board. The sale will help the Group position for long-term growth, secure a $200 million greenfield investment in Victoria, and provide the Group with security of wood supply into the future.

2.4 Commitments

	2022 $'000	2021 $'000
– not later than one year	**27,993**	18,884
– later than one year and not later than five years	**64,383**	68,431
– later than five years	**54,463**	59,584
	146,839	146,899

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, the parent entity.

1 During a prior period, 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. In the current period, HNRG changed its name to Manulife. The existing arrangements in place concerning Midway's commitment to repurchase the hardwood treecrop have been novated as a part of the sales process and as such the sale does not have any ramifications for the Group.

Notes to the Consolidated Financial Statements continued

Section 2: Our Asset Base continued

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 2020	4,516	77	9,948	14,541
Additions	978	633	780	2,391
Disposal	(59)	(12)	(226)	(297)
Depreciation	(1,653)	(199)	(3,446)	(5,298)
Closing carrying amount	3,782	499	7,056	11,337
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)**
Closing carrying amount	**4,146**	**216**	**5,696**	**10,058**

(b) Amounts Recognised in Profit or Loss

	2022 $'000	2021 $'000
Interest on lease liabilities	**168**	210
Expenses relating to short-term leases	**74**	88

(c) Amounts Recognised in the Statement of Cash Flows

	2022 $'000	2021 $'000
Total cash outflows for leases	**5,399**	5,255

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.

Policy

The Group recognises a right of use asset for a lease whereby there is a right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date, a right of 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 of 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 of use asset for any short-term or insignificant leases.

2.6 Working Capital

Working Capital	Section	2022 $'000	2021 $'000
Cash and cash equivalents		**2,969**	12,956
Inventories	a	**20,772**	15,645
Trade and other receivables	b	**10,774**	17,329
Trade and other payables	c	**(20,653)**	(22,353)
Provisions		**(3,853)**	(4,270)
		10,009	19,307

(a) Inventories

	2022 $'000	2021 $'000
At cost		
Finished goods	**20,772**	15,645
Work in progress	**–**	–
	20,772	15,645

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.

COVID-19 impacted USD FOB and CIF sale prices for woodfibre during the period. 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, albeit lower prices than the previous corresponding period were used.

Key Estimates and Judgements

Woodfibre is purchased in Green Metric Tonnes (GMT), (fibre inclusive of moisture, and is sold in Bone Dry Metric Tonnes (BDMT), 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^3 to GMT ranges from 2.15 to 2.60 – the range depends upon factors such as timber species type and seasonal factors.

(b) Trade and Other Receivables

	2022 $'000	2021 $'000
Trade debtors	**1,118**	9,755
Accrued income[1]	**7,676**	5,105
GST receivable	**1,980**	2,469
	10,774	17,329

1 Accrued income refers to vessel shipped in late June but not invoiced.

Policy

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

Notes to the Consolidated Financial Statements continued

Section 2: Our Asset Base continued

2.6 Working Capital continued

(c) Trade and Other Payables

	2022 $'000	2021 $'000
Unsecured liabilities		
Trade creditors	**9,788**	9,553
Sundry creditors and accruals	**10,865**	12,800
	20,653	22,353

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 12 months after the reporting period.

2.7 Intangible Assets

The reconciliation of the carrying amount is set out below:

	Goodwill $'000	Total $'000
Year ended 30 June 2021		
Opening net book amount	1,971	1,971
Amortisation	–	–
Closing carrying amount	1,971	1,971
Year ended 30 June 2022		
Opening net book amount	**1,971**	**1,971**
Amortisation	**–**	**–**
Closing carrying amount	**1,971**	**1,971**

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

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

	2022 $'000	2021 $'000
Bank loans – current	**16,950**	4,725
Bank loans – non-current	**20,675**	29,175
Hire purchase liabilities – current	**2,354**	3,327
Hire purchase liabilities – non-current	**1,922**	2,848
Other finance arrangements	**–**	–
AASB 16 *Lease* liabilities	**4,990**	4,359
Cash and cash equivalents	**(2,969)**	(12,956)
Term deposit	**(2,000)**	–
	41,922	31,478

(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
- a number of plantation blocks in south-west Victoria.

(ii) Refinancing

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

Type	Utilised $'000	Total $'000	Maturity
Term debt	**19,175**	19,175	30-Sep-24
Working capital, asset finance (NAB)	**17,223**	34,000	30-Jun-23[1]
Asset finance (ANZ)	**2,253**	10,000	31-Dec-22
Acquisition debt facility – tranche 2	**250**	250	3-Aug-22
Acquisition debt facility – Bell Bay	**3,000**	3,000	30-Sep-24[2]

1 The working capital facility held by Midway Limited with NAB will reduce from $25.0 million to $15.0 million on 31 December 2022, with $0.2 million being due on that date. The remainder of the facility matures on 30 June 2023.

2 The Bell Bay acquisition debt facility matures in stages; $1.5 million matures on 30 September 2023; $1.5 million matures on 30 September 2024.

The Group has the ability to enter into purchase arrangements under the asset finance facilities until expiration on 30 June 2023 (NAB) and 31 Dec 2022 (ANZ). Each outstanding finance arrangement will then be repaid within a five-year period.

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.

Section 3: Funding Structures continued

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:

	2022 $'000	2021 $'000
Cash on hand	**1**	1
Cash at bank	**2,968**	12,955
	2,969	12,956
Reconciliation of cash flow from operations with profit after income tax		
Profit from ordinary activities after income tax	**(12,878)**	(5,178)
Adjustments and non-cash items		
Depreciation and amortisation	**8,544**	11,271
Net (gain) on disposal of property, plant and equipment	**(2,413)**	(59)
Sundry movements	**326**	132
Share of equity accounted investees profit	**(1,036)**	1,475
Fair value (increment)/decrement on revaluation of biological assets	**(6,490)**	2,261
Impairment of non-current assets	**98**	2,269
Non-cash interest expense	**11,580**	2,734
Changes in operating assets and liabilities		
(Increase)/decrease in receivables	**7,259**	(8,810)
(Increase) in other assets	**(1,341)**	(5,852)
(Increase)/decrease in inventories	**(5,127)**	13,565
Increase in biological assets (net of revaluation increment/decrement)	**4,566**	5,576
Increase/(decrease) in payables	**(3,288)**	2,325
(Decrease) in deferred taxes	**(8,844)**	(1,569)
Increase in tax provision	**2,999**	2,136
(Decrease) in provisions	**(418)**	(6)
Cash flows provided from operating activities	**(6,463)**	22,270

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

	2022 $'000	2021 $'000
Interest expenses	**1,770**	1,503
Strategy finance expenses	**11,406**	2,935
Bank charges	**298**	176
Interest expense on lease liabilities	**372**	509
	13,846	5,123

(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
Balance at 1 July 2021	9,552	34,882	8,202	31,850
Cash changes				
Proceeds from borrowings	13,234	1,500	–	–
Repayment of borrowings	(6,374)	(10,000)	(8,202)	(3,631)
Total cash flows	(6,860)	(8,500)	(8,202)	(3.631)
Non-cash changes				
Lease additions	2,275	1,666	–	–
Interest	156	–	–	11,406
Transfer	2,186	(2,186)	6,908	(6,908)
Balance at 30 June 2022	**21,029**	**25,862**	**6,908**	**32,717**

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.

As part of its FY23 capital management strategy, the Group intends to execute initiatives to reduce both the Strategy liability and corporate debt. This will be funded through the sale of the Company's plantation assets which, was announced to the Australian Security Exchange (ASX) on 12 May 2022 and remains subject to approval by the Foreign Investment Review Board (FIRB).

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 and Risk Management 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 has 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

3.2 Financial Risk Management continued

Risk Management Framework continued

The Group holds the following financial instruments:

	2022 $'000	2021 $'000
Financial assets		
Cash and cash equivalents	**2,969**	12,956
Receivables	**7,988**	15,628
Other receivables	**2,786**	7,574
Term deposit	**2,000**	–
	15,743	36,158
Financial liabilities		
Bank and other loans	**37,625**	33,900
Creditors	**9,788**	9,553
AASB 16 lease liabilities	**4,990**	4,359
Finance lease liability	**4,276**	6,175
Other payables	**10,865**	12,800
Derivatives	**8,940**	2,165
	76,484	68,952

(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 2022
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. Export sales are denominated in U.S. Dollars (USD), with one of the Group's bank accounts being in USD.	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 $122.2 million (2021: $157.8 million), and USD options was $0 million (2021: $0.0 million). 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:

	2022 $'000	2021 $'000
Derivative assets	**–**	–
Derivative financial liability	**(8,940)**	(2,165)

During the period there was no (2021: $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 and amount of timing of their respective cash flows.

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 Group's 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 cash flows attributable to the change in exchange rates; and
- changes in timing of the hedged transactions.

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

	2022 USD $'000	2021 USD $'000
Cash	**392**	85
Trade receivables	**52**	36

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 per cent 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:

	2022		2021	
USD Movement Impact [+/- 10%]	**Increase $'000**	**Decrease $'000**	**Increase $'000**	**Decrease $'000**
Impact on profit after tax	**(28)**	**31**	(10)	11
Impact on equity	**2,089**	**(15,433)**	8,663	(12,711)

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

(ii) 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 2022
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 that may impact movements in the variable rate. Effective interest rate monitored by Audit and Risk Management 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.

Notes to the Consolidated Financial Statements continued

3.2 Financial Risk Management continued

Risk Management Framework continued

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

	Interest Bearing $'000	Non-interest Bearing $'000	Total Carrying Amount $'000	Weighted Average Effective Interest Rate	
2021					
Financial assets					
Cash	12,955	1	12,956	0.00%	Floating
Trade receivables	–	9,755	9,755		
Other receivables	–	7,574	7,574		
	12,955	17,330	30,285		
Financial liabilities					
Bank and other loans	33,900	–	33,900	2.61%	Floating
Creditors	–	9,553	9,553		
AASB 16 lease liability	4,359	–	4,359	3.98%	Fixed
Finance lease liability	6,175	–	6,175	3.78%	Fixed
Sundry creditors and accruals	–	12,800	12,800		
Derivatives	–	2,165	2,165		
	44,434	24,518	68,952		
2022					
Financial assets					
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**		
Financial liabilities					
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**		

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

(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 2022
The Group has significant exposure to export customers in China, 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 all Chinese customers, which comprise the majority of the Group's annual woodfibre sales. The balance of woodfibre sales are made to long-standing Japanese customers with the short trading terms applicable to these customers, being payment within seven business days of invoicing.	As at 30 June 2022, there are only receivables for one vessel outstanding, of which the cash was subsequently collected within 10 days as expected. 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 the Group performing its obligations successfully in terms of producing and marketing woodfibre. This limits the Group's credit risk to a certain extent given receipt of the debt is linked to the Group's performance in producing and marketing the woodfibre.	$7.4 million is outstanding over 90 days relating to trade receivables from the wood owners, in addition to $0.4 million of other non-current loan receivables. The Group has begun to market woodfibre from the Tiwi islands once again and therefore no expected credit loss provision has been recorded, as the Group will be able to recover it directly from the proceeds of woodfibre sales, for which the Group is responsible for marketing the wood. Recovery is contingent on stronger forecast USD FOB woodfibre prices and a return to longer-term average fuel prices.

As at 30 June 2022, the ageing of trade and other receivables that were not impaired was as follows:

	2022 $'000	2021 $'000
Neither past due nor impaired	**9,767**	9,119
Past due 1–30 days	**543**	7,913
Past due 31–60 days	**5**	3
Past due 61–90 days	**126**	179
Over 90 days	**7,728**	5,988
	18,169	23,202

(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.

Notes to the Consolidated Financial Statements continued

3.2 Financial Risk Management continued

(c) Liquidity Risk continued

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 $'000	6-12 Months $'000	1-5 Years $'000	>5 Years $'000	Total Contractual Cash Flows $'000	Carrying Amount $'000
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[1]	**(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)**
2021						
Cash and cash equivalents	12,956	–	–	–	12,956	12,956
Loan receivables	209	209	3,376	–	3,794	3,514
Receivables	17,329	–	5,873	–	23,202	23,202
Derivatives	(2,165)	–	–	–	(2,165)	(2,165)
Payables	(22,353)	–	–	–	(22,353)	(22,353)
Strategy financial liability	(4,462)	(4,462)	(51,225)	(13,950)	(74,099)	(40,052)
Finance lease	(3,971)	(2,634)	(7,288)	(2,198)	(16,091)	(10,534)
Borrowings	(795)	(4,220)	(29,194)	–	(34,209)	(33,900)
Net maturities	(3,252)	(11,107)	(78,458)	(16,148)	(108,965)	(69,332)

1 The face value of the Strategy financial liability is assumed to be paid out broadly in accordance with the expected year of harvest under the treecrop valuation. If FIRB approves the sale of the plantation estate then 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 September 2024 and will therefore reduce the face value of the liability significantly.

3.3 Contributed Equity

(a) Ordinary Share Capital

	Number of Shares		Company	
Share Capital	**2022**	**2021**	**2022 $'000**	**2021 $'000**
Ordinary shares				
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.

(b) Reserves

	2022 $'000	2021 $'000
Reserves		
Movements:		
Cash flow hedge reserve[1]		
Opening balance	**(1,599)**	1,977
Cash flow hedges – effective portion	**(6,657)**	(5,109)
Deferred tax	**1,997**	1,533
Balance 30 June	**(6,259)**	(1,599)
Share-based payment reserve[2]		
Opening balance	**117**	12
Share rights granted	**257**	105
Share rights issued/vested	**–**	–
Balance 30 June	**374**	117
Asset revaluation reserve[3]		
Opening balance	**48,626**	36,919
Revaluation of land	**14,046**	16,724
Asset disposals	**(11,238)**	–
Deferred tax	**(4,214)**	(5,017)
Balance 30 June	**47,220**	48,626
Profit reserve[4]		
Opening balance	**34,875**	34,875
Transfers of current year profits	**–**	–
Transfer of profit on disposal of land	**11,238**	–
Dividends paid	**–**	–
Balance 30 June	**46,113**	34,875
Foreign currency translation reserve		
Opening balance	**(80)**	10
Foreign currency translation differences	**–**	(90)
Balance 30 June	**(80)**	(80)

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 profit reserve is used to record transfers of profits that would otherwise be offset against accumulated losses. The balance of the profit 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.

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	
	2022 %	**2021 %**	**2022 %**	**2021 %**
Subsidiaries of Midway Limited and controlled entities:				
Queensland Commodity Exports Pty Ltd	**90**	90	**10**	10
Midway Plantations Pty Ltd	**100**	100	**–**	–
Midway Properties Pty Ltd	**100**	100	**–**	–
Midway Tasmania Pty Ltd	**100**	100	**–**	–
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	**100**	100	**–**	–
Midway Logistics Unit Trust	**100**	100	**–**	–
Bio Growth Partners (BGP)[2]	**100**	40	**–**	–

1 50 per cent 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.

2 In July 2021, the Group acquired the remaining 60 per cent of shares in Bio Growth Partners and classified the entity as a subsidiary from that date.

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

		Ownership Interest		Carrying Amount	
	Nature of Relationship	**2022 %**	**2021 %**	**2022 $'000**	**2021 $'000**
South West Fibre Pty Ltd	Ordinary shares	**51**	51	**11,019**	9,888
				11,019	9,888

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.

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 per cent 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

	2022 $'000	2021 $'000
Cash and cash equivalents	**7,025**	3,215
Other current assets	**11,718**	12,798
Total current assets	**18,743**	16,013
Property, plant and equipment	**17,378**	16,978
Total non-current assets	**17,393**	18,236
Total current liabilities	**(8,401)**	(6,929)
Total non-current liabilities	**(6,130)**	(7,931)
Net assets	**21,605**	19,389
Revenue	**75,807**	38,875
Interest income	**–**	–
Depreciation and amortisation	**3,778**	(4,537)
Income tax benefit/(expense)	**871**	1,259
Total comprehensive income	**2,216**	(3,123)
Reconciliation to carrying amount of interest in joint venture:		
Opening net assets	**19,389**	22,512
Add: Current year profit/(loss)	**2,031**	(2,937)
Less: Dividends paid	**–**	–
Hedge revaluation reserve	**185**	(186)
Closing net assets	**21,605**	19,389
Company's 51 per cent share of net assets	**11,019**	9,888
Carrying amount of investment	**11,019**	9,888

Notes to the Consolidated Financial Statements continued

Section 4: Other Disclosures continued

4.3 Midway Limited – Parent Entity

Summarised Balance Sheet	2022 $'000	2021 $'000
Assets		
Current assets[1]	**74,638**	94,966
Non-current assets[1]	**76,702**	75,336
Total assets	**151,340**	170,302
Liabilities		
Current liabilities	**40,526**	23,054
Non-current liabilities	**11,033**	27,569
Total liabilities	**51,559**	50,623
Net assets	**99,781**	119,679
Equity		
Share capital	**64,888**	64,888
Retained earnings	**1,614**	1,614
Reserves	**33,279**	53,177
Total equity	**99,781**	119,679
Summarised Statement of Profit or Loss and Other Comprehensive Income		
Profit for the year after income tax	**(17,085)**	9,672
Total comprehensive income	**(19,898)**	6,146

1 During the year, the parent entity fully impaired its holding in Midway Logistics by $1.5 million and the loan receivable from the same entity of $12.1 million as recoverability of the balances was not considered likely given Midway Logistics is currently in wind-down.

4.4 Share-based Payments

The Board has established a Long Term Incentive Plan (LTIP) under which Directors and employees of Midway may be invited by the Board to participate. The awards that 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 FY22, the Board granted the Chief Executive Officer and members of the Senior Executive Team 751,366 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 2024.

2022 Plan

Assumption		Vesting Conditions
No. of shares	**751,366**	• Participant must maintain continuous employment over the performance period, which ends 30 June 2024. • 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&P/ASX 300 Index.
Fair value at grant date[1]	**$0.89**	
Share price	**$1.22**	
Risk free rate	**0.77%**	
Dividend yield	**3.0%**	
Volatility	**50.0%**	
Initial TSR	**34.3%**	

Additionally in FY22, 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.

2022 Plan – CEO

Assumption		Vesting Conditions
No. of shares	**751,366**	• Participant must maintain continuous employment over the performance period, which ends 30 June 2024. • 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&P/ASX 300 Index.
Fair value at grant date[1]	**$0.89**	
Share price	**$1.22**	
Risk free rate	**0.77%**	
Dividend yield	**3.0%**	
Volatility	**50.0%**	
Initial TSR	**34.3%**	

Assumption	Options Vesting 30 June 2023	Options Vesting 30 June 2024	Performance Rights	Vesting Conditions
No. of shares	360,718	360,718	89,227	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). 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&P/ASX 300 Index.
Fair value at grant date[1,2]	$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%	

The Group recorded a share-based payments expense of $0.2 million in 2022 (2021: $0.1 million).

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

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

2021 Plan

Assumption		Vesting Conditions
No. of shares	771,283	Participant must maintain continuous employment over the performance period, which ends 30 June 2023. 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&P/ASX 300 Index.
Fair value at grant date[1]	$0.53	
Share price	$0.90	
Risk free rate	0.11%	
Dividend yield	3.0%	
Volatility	46.0%	
Initial TSR	8.4%	

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

Section 4: Other Disclosures continued

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

	2022 $'000	2021 $'000
Short-term employee benefits	**1,652**	1,696
Post-employment benefits	**125**	118
Share-based payments	**162**	–
Other long-term incentives	**25**	21
Total KMP remuneration expense	**1,964**	1,835

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 two days to year end to 30 June 2022.

The aggregate shareholdings of KMP at 30 June 2022 are 9,938,806 (2021: 10,148,135).

(b) Transactions with South West Fibre Pty Ltd

Nature	2022 $'000	2021 $'000
Operator fee income	**1,145**	548
Reimbursement of costs	**1,042**	291
Dividends received	**–**	–
Sale of wood products (at cost)	**9,737**	5,225
	11,924	6,064

The outstanding receivable balance from South West Fibre Pty Ltd at 30 June 2022 is $0.4 million (2021: $0.06 million receivable).

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 Bio Growth 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

	2022 $'000	2021 $'000
Consolidated group		
Limit	**6,200**	5,200
Amount utilised	**2,286**	2,276
Parent entity		
Limit	**5,250**	4,250
Amount utilised	**2,061**	2,051

4.7 Remuneration of Auditors

KPMG Australia	2022 $	2021 $
Audit and assurance services		
– Statutory audit fees	**228,000**	210,000
Other services		
– Non-assurance services – other advisory services	**88,717**	20,420

4.8 Other Income

	2022 $'000	2021 $'000
Plantation management fees	**127**	48
SWF operating fee	**1,145**	548
JobKeeper	**–**	2,014
Other	**3,517**	1,559
	4,789	4,169

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.

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).

Section 4: Other Disclosures continued

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 that are a party to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed, at 30 June 2022 are set out below:

Summarised Consolidated Statement of Comprehensive Income	2022 $'000	2021 $'000
Sales revenue	**162,662**	243,679
Other income	**4,178**	11,364
	166,840	255,043
Expenses	**(195,811)**	(248,432)
Share of net profits from equity accounted investments	**(1,036)**	(1,475)
Profit before income tax expense	**(27,935)**	5,136
Income tax expense	**4,787**	(694)
Profit for the period	**(23,148)**	4,442
Other comprehensive income for the period	**5,172**	8,131
Total comprehensive income for the period	**(17,976)**	12,573
Retained earnings at the beginning of the financial year	**(5,233)**	1,614
Profit/(loss) for the year	**(23,148)**	4,442
Transfers to/(from) reserves	**–**	–
Retained profits at the end of the financial year	**(28,381)**	(5,233)

Consolidated Balance Sheet	2022 $'000	2021 $'000
Current assets		
Cash and cash equivalents	**1,991**	11,823
Receivables[1]	**9,953**	16,406
Inventories	**15,467**	10,475
Biological assets	**2,697**	2,500
Other assets	**8,222**	14,585
Asset held for sale	**314**	2,997
Current tax receivable	**–**	2,027
Total current assets	**38,644**	60,813
Non-current assets		
Biological assets	**45,238**	41,589
Other receivables	**7,395**	5,873
Investments[1]	**17,251**	17,753
Property, plant and equipment	**140,810**	135,934
Loan receivables – NC	**604**	3,127
Total non-current assets	**211,299**	204,276
Total assets	**249,942**	265,089
Current liabilities		
Trade and other payables	**17,805**	19,407
Borrowings	**20,576**	8,664
Provisions	**3,547**	3,770
Strategy financial liability	**6,908**	8,202
Current tax liability	**1,867**	–
Derivative financial liability	**8,940**	2,076
Total current liabilities	**59,643**	42,119
Non-current liabilities		
Borrowings	**25,478**	34,128
Provisions	**131**	159
Deferred tax liabilities	**9,820**	16,427
Other financial liabilities	**32,717**	31,850
Total non-current liabilities	**68,146**	82,564
Total liabilities	**127,789**	124,683
Net assets	**122,153**	140,406
Contributed equity		
Share capital	**64,888**	64,888
Reserves	**51,209**	85,193
Retained earnings	**6,056**	(9,675)
Total equity	**122,153**	140,406

1 During the year, Midway Limited fully impaired its holding in Midway Logistics by $1.5 million and the loan receivable from the same entity of $12.1 million as recoverability of the balances was not considered likely given Midway Logistics is currently in wind-down.

Notes to the Consolidated Financial Statements continued

Section 4: Other Disclosures continued

4.10 Subsequent Events

There have been no other matters or circumstances that have arisen since 30 June 2022 that have significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2022, of the Group; or

(b) the results of those operations; or

(c) the state of affairs, in financial years subsequent to 30 June 2022 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. The Directors have considered forecast cash flow scenarios (including adverse downside scenarios if FIRB approval not being received for the sale of plantation assets) for at least the 12 month period from the date of approval of these financial statements. As a result, the Directors consider that the Group is able to pay its debts as and when they are due and these 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 that 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 derecognised from the date that control ceases.

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 38 to 75 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 2022 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.

Gordon Davis
Chairman

29 August 2022

Independent Auditor's Report

KPMG

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 2022 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 2022
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows 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.

Independent Auditor's Report continued

KPMG

Key Audit Matters	
The ***Key Audit Matters*** we identified are: • Valuation of Plantation Land; and • Valuation of Biological assets.	***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 Plantation Land ($91.6m)	
Refer to Note 2.1 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The Group's plantation land is measured at fair value. This was a key audit matter given the size of the balance (being 36% of total assets) and judgment required by us in assessing the Group's fair value of plantation land. The Group engaged an external expert to perform a valuation of the unencumbered market value of the Group's plantation land assets. The Group adjust this valuation using a discounted cashflow model to determine the encumbered land valuation as at balance date. We spent considerable time and effort assessing the Group's external expert's work and their discounted cashflow model. We focused our procedures on the following significant assumptions impacting the valuation: • comparability of the Group's land valuation rates to observable market transactions; • highest and best use of the land; • forecast growth rates; and • discount rate. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	Working with our valuation specialists, our procedures included: • assessing the appropriateness of the Group's accounting policies against the requirements of the accounting standards; • reading the external expert's report and making inquiries of the Group and the external expert; • assessing the objectivity, competence and scope of work of the external expert; • considering the appropriateness of the discounted cashflow methodology applied by the Group to determine the encumbered valuation against the requirements of the accounting standards; • assessing the integrity of the discounted cashflow model used, including the accuracy of the underlying calculation formulas; • considering the sensitivity of the discounted cashflow model by varying key assumptions, such as discount rate and forecast growth rates, within a reasonably possible range to focus our further procedures; • using our industry knowledge and experience to assess the data and significant assumptions in the external expert report and their discounted cashflow model; and • assessing the disclosure in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

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Valuation of Biological Assets ($47.9m)	
Refer to Note 2.3 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Biological assets consist of unharvested plantation trees and are recorded at their fair value. This was a key audit matter given the size of the balance (19% of total assets) and judgment required by us in assessing in the Group's fair value of biological assets. The Group engaged an external expert to perform an assessment of the fair value of the biological assets. We spent considerable time and effort assessing the work performed by the external expert and underlying biological assets valuation model inputs. We focused out procedures on the following significant assumptions impacting the valuation: • expected yields and volumes (yield tables), and harvest profile. • discount rates, forecast harvesting costs and expectations of future market pricing for woodfibre. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	Our audit procedures included: • assessing the appropriateness of the Group's accounting policies against the requirements of the accounting standards; • reading the external expert's report and making inquiries of the Group and their external expert; • assessing the objectivity, competence and scope of the external expert; • considering the sensitivity of the model by varying key assumptions such as discount rate and harvest profile, within a reasonably possible range, to focus our further procedures; • using our industry knowledge and experience to assess the inputs and significant assumptions in the biological asset valuation, including yield tables, harvest profiles, forecasting harvesting costs, and woodfibre prices; • working with our valuation specialists, we analysed the Group's discount rate against comparable companies and biological assets; and • assessing the disclosure in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Independent Auditor's Report continued

KPMG

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

KPMG

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. 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 2022, 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 27 to 36 of the Directors' report for the year ended 30 June 2022.

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

KPMG

KPMG

Simon Dubois

Partner

Melbourne

29 August 2022

Additional Shareholder Information

For the year ended 30 June 2022

Additional Securities Exchange Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 31 August 2022 (**Reporting Date**).

Corporate Governance Statement

The Company's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement that sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (**Corporate Governance Statement**).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company's website (https://www.midwaylimited.com.au/investor-center/), and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will particularise each Recommendation that needs to be reported against by the Company, and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on its website, https://www.midwaylimited.com.au/investor-center/.

Substantial Shareholders

The substantial holders in the Company as at the Reporting Date were:

Substantial Holders	Number of Shares Held	% of Total Issued Share Capital
CHEBMONT PTY LTD	20,798,294	23.81
GREGORY MCCORMACK AND MCCORMACK TIMBERS	9,604,599	11.00
SANDON CAPITAL PTY LTD	7,366,218	8.43

Voting Rights

At a general meeting of the Company, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll one vote for each ordinary share held.

The performance rights and options, which are unquoted, have no voting rights.

Distribution of Holders of Equity Securities

The distribution of holders of equity securities on issue in the Company as at the Reporting Date is as follows:

Distribution of Ordinary Shareholders

Holdings Ranges	Number of Holders	Total Ordinary Shares	%
1 to 1,000	311	150,667	0.17
1,001 to 5,000	391	1,131,469	1.30
5,001 to 10,000	269	2,082,315	2.38
10,001 to 100,000	380	10,900,173	12.48
100,001 and over	74	73,071,598	83.67
Total	**1,425**	**87,336,222**	**100.00**

Distribution of Performance Rights

Holdings Ranges	Number of Holders	Total Performance Rights	%
10,001 to 100,000	2	143,749	12.17
100,001 and over	6	1,037,162	87.83
Total	**8**	**1,180,911**	**100.00**

Distribution of options

Holdings Ranges	Number of Holders	Total Options	%
100,001 and over	1	721,436	100.00
Total	**1**	**721,436**	**100.00**

Less Than Marketable Parcels of Ordinary Shares

The number of holders of less than a marketable parcel of ordinary shares as at the Reporting Date is as follows:

Unmarketable Parcels	Minimum Parcel Size	Holders	Units
Minimum $500.00 parcel at $0.9150 per unit	547	177	38,890

Additional Shareholder Information continued

Twenty Largest Shareholders

The names of the 20 largest security holders of quoted equity securities (being ordinary shares) as at the reporting date are listed below:

Ordinary Shares

Rank	Name	Number of Shares	%
1	CHEBMONT PTY LTD	20,798,294	23.81
2	CITICORP NOMINEES PTY LIMITED	4,988,411	5.71
3	ONE FUND SERVICES LTD <SANDON CAPITAL ACTIVIST A/C>	3,017,029	3.45
4	MCCORMACK TIMBERS PTY LTD	2,913,152	3.34
5	MCCORMACK TIMBER HOLDINGS PTY LTD	2,893,036	3.31
6	W.H. BENNETT & SONS PTY LTD	2,560,356	2.93
7	MR GREGORY HENRY MCCORMACK + MRS JOCELYN LORNA DELAFIELD MCCORMACK <MCCORMACK TIMBERS STF SF A/C>	2,460,000	2.82
8	LUSHERI FARMING PTY LTD	2,344,263	2.68
8	M & M MURNANE HOLDINGS PTY LTD	2,344,263	2.68
10	BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	2,274,856	2.60
11	NATIONAL NOMINEES LIMITED	2,265,141	2.59
12	ONE MANAGED INVT FUNDS LTD <SANDON CAPITAL INV LTD A/C>	2,075,666	2.38
13	JR MICAH PTY LTD <JR MICAH SUPER FUND A/C>	2,013,194	2.31
14	J & J CORRIGAN NOMINEES PTY LTD <EUREKA TIMBER A/C>	1,513,530	1.73
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	1,449,009	1.66
16	MCCORMACK TIMBERS PTY LTD <STAFF SUPER FUND A/C>	1,338,411	1.53
17	EMINENT ASSET MANAGEMENT PTY LTD <EMINENT ASSET MGT SF A/C>	1,000,000	1.15
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	992,159	1.14
19	ESTATE LATE ESMA CLARA THIELE + ESTATE LATE MURRAY EDWARD THIELE	916,843	1.05
20	JANAKIS PTY LTD <PETER STOLL FAMILY A/C>	650,215	0.74
	Total	**60,807,828**	**69.62**
	Balance of register	26,528,394	30.38
	Grand total	**87,336,222**	**100**

Stock Exchange Listing

The Company's ordinary shares are quoted on the Australian Securities Exchange (**ASX**) (ASX issuer code: **MWY**).

On-market Buy-back

The Company is not currently conducting an on-market buy-back.

Corporate Directory

Midway Limited
ABN 44 005 616 044

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10 The Esplanade
North Shore Victoria 3214
Australia

T +61 3 5277 9255
F +61 3 5277 0667

Website
www.midwaylimited.com.au

Board of Directors
Gordon Davis (Chairman and Non-Executive Director)

Gregory McCormack (Non-Executive Director)

Nils Gunnersen (Non-Executive Director)

Tom Gunnersen (Non-Executive Director)

Leanne Heywood (Non-Executive Director)

Thomas Keene (Non-Executive Director)

Anthony McKenna (Managing Director and Chief Executive Officer)

Auditor
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Solicitors
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Australia

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Share Registry
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