

MIDWAY LIMITED (ASX: MWY)

13 December 2024

Trading update and estimated earnings for FY25

Midway provides the following trading update and earnings estimate for FY25.

Customer contract default

Shandong Chenming Paper Holdings Limited (**Chenming**) has recently announced that some of its debts are overdue and bank accounts have been frozen. As a result, they have, amongst other things, shut down 70% of production capacity. Chenming has been a significant customer for Midway.

Management has been working with Chenming's new leadership to address outstanding sales contracts and future sales and to otherwise seek to mitigate any adverse impacts flowing from Chenming's situation.

Chenming failed to produce Letters of Credit (LCs) as contracted on two shipments, the most recent one this week, and these shipments have now been sold to other customers. It now appears unlikely that Chenming will produce LCs for the final two shipments under contract.

Despite an expected better first half FY25 against the prior corresponding period, as a result of these developments with Chenming it is now expected that Midway's full year FY25 result will be at the lower end of the \$10M to \$15M EBITDA-S target average through the cycle.

Tiwi insurance proceeds

Midway expects to receive cash payments of up to approximately \$5.2M after tax from Tiwi Plantation Corporation (**TPC**) under a Voluntary Scheme Deed entered into in 2018 by TPC, Plantation Management Partners Pty Ltd (**PMP**) (a 100% owned subsidiary of Midway), and others. These payments from TPC are to be applied towards loans outstanding in favour of Midway.

Under the Voluntary Scheme Deed, PMP is entitled to receive a share of future insurance proceeds received by TPC. An insurance claim for fires that occurred in 2023 in TPC's plantations has resulted in the expected payments. The receipt of these funds is not included in the EBITDA-S figure referred to above.

Scheme Implementation Deed with RCM BidCo

Midway has notified River Capital of the above developments and, while the parties are considering the implications, they continue to work collaboratively to finalise the Scheme Booklet and to seek Court orders to convene a meeting of Midway Shareholders to consider and vote on the Scheme early next year.

This announcement has been authorised by the Midway Board.

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About Midway Limited

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

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