

# Senior Term Loan Facility Agreement Assurance Statement for Lenders

---

Statement from Mercia Waste Management

## 1. Financial Performance

The Company has had a good first half year (to 30th June) helped by a recovery in the prices of recyclable materials.

The annual shutdown of the Energy from Waste Facility is in progress. This procedure is costly both in terms of the replacement parts and man hours (over 200 contractors can be on site at any one time) but also in lost income from waste processed and electricity sales. At the time of writing, it appears that the outage will take longer than planned but the negative consequences of this, although significant, should not create circumstances where the loan ratio tests are failed. The rest of the company's sites continue to perform satisfactorily.

Whilst the course of the Pandemic cannot be judged with any certainty and the business has suffered an impact from staff having to self-isolate, as with other companies it has the benefit of systems being in place to continue should case numbers rise.

## 2. Loan Repayment

The payments due to the Councils at the end of June were made in full and on time. As at the date of this statement, the Company anticipates being able to continue to make payments as per the Loan Agreement. The Repayments of Capital and Interest for the period ending 31<sup>st</sup> December 2021 are planned in the Company's forward - looking projections and will be made on or before that date.

## 3. Buildings, Plant and other Infrastructure

No material problems exist which would require the Lenders attention at any of the Company's Facilities.

## 4. Compliance with Environmental Conditions and Permits

There are no material issues at any sites.

## 5. Insurance

The Company's annual insurance renewal process will start next month. The Company's claims history remains extremely good with the EfW and certain other operations being seen as best in class. As noted in the last report, Insurers have had bad experience elsewhere, notably with fires at recycling plants and other treatment or storage facilities and as a result there is now only a very small number of Insurers who will write policies in the Waste Sector. This trend has continued unabated and the Company expects to be facing increased premiums and on certain policies, higher deductibles. Unusually, for the Company a significant vehicle accident occurred happily without causing injury but leading to one of its lorries being written off.

## **6. Key Staff**

As reported previously the EfW's Operations Manager is recovering from a serious cycling accident. Internal arrangements have been successfully implemented to cover the role. Other key staff remain in place.

Appropriate measures are in place in respect of Covid 19 and are where relevant are monitored and updated by the Company's internal Health and Safety Officers.

J W Haywood - Mercia Waste Management. 17.9.2021