

Senior Term Loan Facility Agreement Assurance Statement for Lenders

Statement from Mercia Waste Management

1. Financial Performance

The Company has continued to perform well during the early months of 2022. Recycling prices are higher on average than those experienced in recent years and although electricity prices have fallen significantly from their peak, they are above those budgeted. On the downside cost inflation and labour shortages are of concern, however, our current projections show that our ability to make repayments of the loan in full and on time remains in place.

2. Loan Repayment

Repayments of Capital and Interest for the period ending 30th June 2022 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 placed its insurance for the Energy from Waste Plant in March (following the renewals for the other Sites in December). Whilst the increase was above the national rate of inflation, following losses elsewhere in the market for our insurer FM Global, we continue to benefit from our best-in-class rating flowing from the Plant design and our collaborative approach to risk management with the Insurer.

We have endured a period where insurance premiums have increased well in excess of inflation but there is some indication that the pressures that caused this may be dissipating.

6. Key Staff

There are no issues to report in respect of Key Staff.