

Senior Term Loan Facility Agreement Assurance Statement for Lenders

Statement from Mercia Waste Management

1. Financial Performance

The Company has benefitted from both higher Recycling prices earlier in the year and Electricity (sale) prices. Unfortunately, the EfW Plant had a much longer outage period than planned the Plant's annual maintenance period having been extended due to additional unplanned works being required. The increased costs and reduced revenue associated with the outage along with cost pressures elsewhere have had a material impact in suppressing profit in the second half of the year. Despite the items mentioned above and some evidence of reduced tonnages being received, potentially as the result of lower household expenditure, the Company should report satisfactory results at the year end.

The Company's capacity to make repayments of the loan and interest in full and on time remains robust.

2. Loan Repayment

Repayments of Capital and Interest for the period ending 30th June 2022 were made on time in accordance with the Loan Agreement. The Company has every confidence that it will be able to deal with the payments due at the end of December in the same way.

3. Buildings, Plant and other Infrastructure

No 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 renewal process insurances which are renewed at the end of December (the EfW being renewed separately in March) commenced in September. The Company is confident that it can place all the required covers. There are no significant issues to report in respect of claims or other matters.

6. Key Staff

Paddy Kelly the EfW Plant Manager left the Company in September. Jasen Jordan the Operations Manager at the Plant has been appointed to the role. Jasen has six years' experience with the Company having previously worked at the Rugeley Power Station and having served with the Royal Marines. His role has been filled by Danielle Stowell who has been promoted internally.