IN THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF VIRGINIA ALEXANDRIA DIVISION

)
In re:) Chapter 11
)
ENVIVA INC., et al.,) Case No. 24-10453 (BFK
)
Debtors. ¹) (Jointly Administered)
)

DECLARATION OF MARK RAJCEVICH IN SUPPORT OF SECOND OMNIBUS MOTION OF DEBTORS FOR ENTRY OF AN ORDER (I) AUTHORIZING THE DEBTORS TO REJECT CERTAIN EXECUTORY CONTRACTS AND (II) GRANTING RELATED RELIEF

- I, Mark Rajcevich, declare the following under 28 U.S.C. § 1746:
- 1. I am a Managing Director based in the Chicago office of Alvarez & Marsal North America, LLC ("A&M"). I am over the age of twenty-one years, and if called upon to testify, I would testify competently to the facts and opinions set forth in this declaration (the "Declaration").
- 2. A&M is the financial advisor for the debtors and debtors in possession (collectively, the "Debtors") in the above-captioned chapter 11 cases. A&M and its affiliates comprise a leading international advisory services firm with approximately 9,000 employees in locations around the world. A&M provides a wide range of debtor advisory services targeted at stabilizing and improving a company's financial position, including: developing or validating forecasts, business plans, and related assessments of strategic position; monitoring and managing cash, cash flow, and supplier relationships; assessing and recommending cost reduction strategies; and designing and negotiating financial restructuring transactions.

Due to the large number of Debtors in these jointly administered chapter 11 cases, a complete list of the Debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list may be obtained on the website of the Debtors' claims and noticing agent at www.veritaglobal.net/enviva. The location of the Debtors' corporate headquarters is: 7272 Wisconsin Avenue, Suite 1800, Bethesda, MD 20814.



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- 3. I have more than 20 years of experience in advising companies throughout the United States in distressed and bankruptcy-related situations, including public companies. Prior to joining A&M in 2006, I worked for four years in FTI Consulting's restructuring practice and for two years in PricewaterhouseCoopers' Business Recovery Services practice. I hold a bachelor's degree (with high honors) in Finance from the University of Illinois.
- 4. In June 2023, Enviva Inc. and its Debtor and non-Debtor affiliates (collectively, the "Company") engaged A&M to provide financial advisory services to the Company. In August 2023, the scope of A&M's engagement was expanded to include restructuring advisory services, including, among other things, assisting the Company in developing a long-term business plan and evaluating and exploring solutions for its balance-sheet and liquidity challenges. Through this engagement, I have become familiar with the Company's day-to-day operations, business and financial affairs, capital structure, liquidity needs, and books and records.
- 5. I am authorized on behalf of the Debtors and A&M to make this Declaration. All statements set forth in this Declaration are based upon: (a) my personal knowledge, belief, or opinion; (b) information learned from my review of the Company's records; (c) information supplied to me or verified by the Company's employees or advisors and/or employees of A&M working directly with me or under my supervision, direction, or control; and/or (d) my knowledge, skill, education, experience, and/or training concerning financial matters including restructuring. Unless otherwise indicated, any financial information contained in this Declaration is unaudited and subject to change, but is accurate to the best of my knowledge. Such financial information is presented on a consolidated basis for the Company, except where specifically noted.
- 6. Contemporaneously herewith, the Debtors filed the Second Omnibus Motion of Debtors for Entry of an Order (I) Authorizing the Debtors to Reject Certain Executory Contracts

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and (II) Granting Related Relief (the "Motion"). I understand that the Debtors seek this Court's authority to reject that certain CFR Biomass Fuel Supply Agreement, dated July 31, 2019, between Sumitomo Corporation ("Sumitomo") and Enviva Inc. (together with any and all related exhibits, confirmations, agreements, amendments, or modifications thereto, the "Sumitomo (Sendai) Contract"), and that certain 2021 to 2035 Wood Pellet Purchase Option Agreement, dated March 16, 2018, between Engie Energy Management SCRL ("Engie") and Enviva, LP (together with any and all related exhibits, confirmations, agreements, amendments, or modifications thereto, the "Engie Contract"). I understand that the Debtors seek this Court's authority to reject the Sumitomo (Sendai) Contract and the Engie Contract (together, the "Rejected Contracts") and have reviewed the Motion and, as set forth herein, I believe that the relief requested by the Motion is a sound exercise of the Debtors' business judgment and in the best interest of the Debtors and their estates.

7. Since the Petition Date, the Debtors have worked with their advisors—including A&M—to identify and evaluate certain executory contracts that are burdensome to the Debtors' estates. As a result of such ongoing analysis, I understand that the Debtors have identified the Rejected Contracts as economically unfavorable for the Debtors' continued operations. As such, the Debtors have determined, in their sound business judgment, that the Rejected Contracts are no longer of value to the Debtors going forward and are burdensome to the Debtors' estates and should, therefore, be rejected effective as of the entry of the order approving the Motion. I have reviewed the terms of the Rejected Contracts and am familiar with the parties' respective obligations thereunder. Based on A&M's and my familiarity with the Debtors, their business operations and financial affairs, and the goals of the Debtors' restructuring efforts, I believe the

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Debtors' determination to reject the Rejected Contracts is a sound exercise of their business judgment.

8. I believe that promptly rejecting the Rejected Contracts benefits the Debtors by allowing the Debtors to allocate resources more efficiently, which is crucial to their ability to continue the operational restructuring contemplated by these chapter 11 cases. Accordingly, now that the Debtors have determined that the Rejected Contracts will not be part of their long-term business plan, I believe that the Debtors should be permitted to reject such contracts as soon as possible to maximize value for the Debtors' estates. I further believe that rejecting the Rejected Contracts will relieve the Debtors of unnecessary burdens and strains and, thus, is in the best interest of the Debtors' estates and stakeholders, and that the Motion should be approved.

A. The Sumitomo (Sendai) Contract

- 9. The Sumitomo (Sendai) Contract is one of the Debtors' long-term offtake contracts in its Japanese portfolio and Sumitomo's longest tenured contract (through 2045) with the Debtors. Although Sumitomo is the contractual counterparty to the Sumitomo (Sendai) Contract, Sumitomo has contracted with the Debtors as a broker on behalf of several end users, including Sendai-ko Biomass Power GK ("Sendai"). Sendai is the end user of the purchased pellets under the Sumitomo (Sendai) Contract.
- 10. I understand that the existing contractual pricing under the Sumitomo (Sendai) Contract will yield negative operating margins over the life of the contract with a negative net present value on the operating margin. I further understand that the Debtors engaged directly with Sumitomo and Sendai in an attempt to modify the existing contract terms to structure a mutually agreeable go-forward contract. The good-faith negotiations between the parties did not yield a mutually beneficial structure, and the Debtors are left with an uneconomical, negative net present value contract which does not benefit the Debtors' estates. Accordingly, I believe that the

Sumitomo (Sendai) Contract is no longer of value to the Debtors going forward and is overly burdensome to the Debtors' estates and should, therefore, be rejected. I further believe that rejection of the Sumitomo (Sendai) Contract will provide significant total savings over the remaining term of the Sumitomo (Sendai) Contract. Therefore, I believe that rejecting the Sumitomo (Sendai) Contract is in the best interest of the Debtors and their estates and should be approved.

B. The Engie Contract

11. I understand that the existing contractual pricing under the Engie Contract will yield negative operating margins over the life of the contract with a negative net present value on the operating margin. I understand that the Debtors engaged in multiple rounds of good-faith price and tenor negotiations with Engie, but the parties ultimately could not structure a mutually agreeable go-forward contract. Accordingly, I believe that the Engie Contract is no longer of value to the Debtors going forward and is overly burdensome to the Debtors' estates and should, therefore, be rejected. I further believe that rejection of the Engie Contract will provide significant total savings over the remaining term of the Engie Contract. Therefore, I believe that rejecting the Engie Contract is in the best interest of the Debtors and their estates and should be approved.

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Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct.

Executed on June 27, 2024

/s/ Mark Rajcevich

Mark Rajcevich Managing Director Alvarez & Marsal North America, LLC