

The Marketplace for PRNs Q1 2025

Market Status Report By Tom Rickerby, Head of Trading



After 6 years of consultations, policy design, re-design, delays, a change of government and much lobbying and debate, the Extended Producer Responsibility regulations have arrived. Only time will tell if the 'once in a generation' policy change will deliver its desired outcomes in a progressive and cost-effective manner, however the transition has been challenging to say the least.

The PRN system endures for now, however the impact of EPR has already unsettled the market mechanism. Recalibrated recycling targets, a new complex packaging dataset and reporting methodology, the loss of General Recycling, teething problems with the new RPD database, a deficiency of reliable public data and a bearish outlook have all contributed to a severe lack of engagement in the early 2025 markets. Q1 trading on t2e was the slowest start to a compliance year since 2015.

A total of 243,316 tonnes traded on t2e during Q1, down 36% on the previous quarter and 15% on the same period last year, reflecting poor early demand for PRNs. 141,176 tonnes were traded in the 2025 Spot Market. 28,238 tonnes were traded in the 28 Day Rolling Market and 73,902 tonnes were traded in the 2024 Forward Markets.

Paper

No market has suffered more in the transition to the 2025 ERP Regs than Paper. A total collapse in the 2024 market caused by a record supply / surplus, coupled with an initial weak demand outlook and the removal of General Recycling obligations in 2025 has provoked an exodus of buying interest in Q1. Demand on t2e fell to unprecedented levels during what is traditionally one of the strongest trading periods of the compliance year. Total Paper volume traded (30,438t) fell 78% on the 10 year Q1 average (138,500t) despite strong selling liquidity on t2e at administrative prices (£2.00-3.00). The Q1 Spot average (£1.71) was down 77% on the same period last year (£7.50) and down 84% on the 5 year rolling average (£11.31). Whilst early prices and trading activity suggest a Paper market devoid of risk in 2025, it seems a little premature to write it off; discrepancies between the CPI data and PRN supply data still remain raising questions over the data. The ongoing 'paperification' of packaging in response to EPR cost pressures should see a significant rise in obligations and Trump tariffs and the possibility of global recession could easily derail international supply chains and demand for recovered paper. It is unsurprising therefore, that Paper sellers seem collectively unwilling to cave to early price pressure, especially given the lack of downside risk and the rising accreditation costs and increased administrative burden that will come with EPR in 2026.

Plastic

Plastic provided the market with its unique brand of rollercoaster price volatility in Q1 as it quickly established itself again as the number one priority for buyers. A highly stable opening month saw a well-supported Spot price of £70.00 per tonne emerge. However, a breakout to the upside in early March gathered momentum on weak monthly supply data fueling fears of a repeat of Q4's underperformance. Prices surged 78% to £125.00 per tonne (in line with the 2024 t2e average price) but failed to consolidate and by the end of the month the market was retrenching, softening to a new support level of £85.00. There was still time for a second 'pump and dump' in the quarter with prices rallying again, this time to a new year high of £140.00 in both Spot and Forwards. The market cooled again in the run up to the Q1 supply data release, falling 18% to £115.00. The quarter closed with prices firming up again despite an improved supply result that should do just about enough to bring some calm to the market.

Aluminium

Over the previous 5 years, Aluminium PRN prices have risen an average of 119% in the first quarter, 2025 saw equally strong gains. Despite a comfortable close to the 2024 market and a healthy carry-in, Spot and Forward prices rose 175% from an opening price of £40.00 to a 10 month high of £110.00. Volumes on t2e were up too, rising 71% on the previous quarter and 69% on the same period last year. Weak Q1 supply has underpinned the price action, with generation falling 4% year on year to the lowest opening supply quarter since 2019.

Steel

Q1 Steel PRN generation fell to its second worst performance since 2014, indicating a UK market still down on demand following Tata's temporary exit and an export market subdued by tariff uncertainty and the 'Trump slump' in commodity prices. Steel PRN prices rebounded from a deflationary transitional period to find support at £15.00 per tonne in the second half of the quarter. Strong demand in the Forward Markets saw Steel traded volumes increase 14% on the same period last year.

Glass Remelt

The Glass packaging sector has become the front line for criticism of the design, implementation and inequity of the new pEPR Regs. Core to this objection is around the use of packaging weights rather than unit numbers to establish producer EPR fees thereby disproportionately increasing costs to Glass producers (and their consumers) with the potential consequence of cost-conscious brands switching material from glass to less recyclable materials such as plastic. Whilst the focus of their argument has been on punitive EPR fees, the PRN price also remains stubbornly high, reflecting a sustained level of discomfort and unpredictability in the supply /

Q1 Feb - Apr 2025	High	Low	Traded this quarter	Quarterly Average Price	YTD Average Price	Total Volume
Paper						
Spot 2025	£2.00	£1.50	6,438	£1.71	£1.63	11,015
28 Day Rolling 2025	£2.00	£1.50	4,000	£1.75	£1.75	4,000
APR Forward 2025	£1.50	£1.50	10,000	£1.50	£1.50	10,000
JUL Forward 2025	£2.00	£2.00	10,000	£2.00	£2.00	10,000
Plastic						
Spot 2025	£140.00	£57.00	58,125	£100.63	£93.68	74,648
28 Day Rolling 2025	£140.00	£60.00	16,144	£99.68	£92.32	20,683
APR Forward 2025	£100.00	£70.00	2,550	£79.80	£78.42	5,650
JUL Forward 2025	£140.00	£70.00	4,610	£120.43	£113.76	5,610
OCT Forward 2025	£140.00	£72.00	1,800	£118.61	£110.43	2,300
DEC Forward 2025	£140.00	£140.00	1,000	£140.00	£140.00	1,000
Glass Other						
Spot 2025	£95.00	£42.50	17,896	£59.97	£58.93	19,140
28 Day Rolling 2025	£95.00	£65.00	342	£91.32	£91.32	342
APR Forward 2025	£45.00	£45.00	292	£45.00	£57.68	4,042
JUL Forward 2025	£95.00	£90.00	2,000	£92.50	£80.00	2,500
OCT Forward 2025	£95.00	£90.00	2,000	£92.50	£92.50	2,000
DEC Forward 2025	£95.00	£90.00	3,000	£93.33	£93.33	3,000
Glass Remelt						
Spot 2025	£101.00	£60.00	32,579	£85.87	£84.58	34,391
28 Day Rolling 2025	£100.00	£78.00	3,900	£89.29	£89.29	3,900
APR Forward 2025	£85.00	£80.00	4,000	£81.25	£78.92	14,150
JUL Forward 2025	£101.00	£85.00	2,500	£94.60	£88.38	4,000
OCT Forward 2025	£101.00	£85.00	3,500	£94.71	£83.57	10,500
DEC Forward 2025	£95.00	£95.00	1,000	£95.00	£95.00	1,000
Steel						
Spot 2025	£15.50	£9.00	9,614	£13.55	£10.20	18,804
28 Day Rolling 2025	£16.00	£13.00	1,552	£14.68	£14.68	1,552
APR Forward 2025	£13.00	£12.00	5,750	£12.57	£13.84	7,750
JUL Forward 2025	£15.00	£12.00	6,500	£13.73	£13.73	6,500
OCT Forward 2025	£13.00	£13.00	2,000	£13.00	£13.00	2,000
Wood						
Spot 2025	£4.95	£2.00	11,596	£3.45	£3.05	15,116
28 Day Rolling 2025	£4.95	£4.95	2,000	£4.95	£4.95	2,000
APR Forward 2025	£3.00	£3.00	1,000	£3.00	£3.00	1,000
JUL Forward 2025	£4.95	£4.95	2,000	£4.95	£4.95	2,000
OCT Forward 2025	£4.95	£4.95	2,000	£4.95	£4.95	2,000
DEC Forward 2025	£4.95	£4.95	2,000	£4.95	£4.95	2,000
Aluminium						
Spot 2025	£110.00	£40.00	4,928	£87.62	£84.57	5,207
28 Day Rolling 2025	£110.00	£105.00	300	£108.33	£108.33	300
APR Forward 2025	£40.00	£40.00	250	£40.00	£40.00	250
JUL Forward 2025	£110.00	£40.00	1,100	£87.27	£87.27	1,100
OCT Forward 2025	£110.00	£40.00	1,400	£89.46	£89.46	1,400
DEC Forward 2025	£110.00	£40.00	1,650	£92.58	£92.58	1,650

demand fundamentals. An improved combined carry-in picture (up 87% / 39,000 tonnes on the previous year) was offset by the worst Remelt Q1 performance since 2017 (down 7% yr on yr and 13% on the average Quarterly generation for the past 5 yrs). Remelt Spot prices rose steadily over the period, increasing 41% from a low of £60.00 to a quarter high of £101.00 at the close. **(Continued on page 2)**

The Marketplace for PRNs

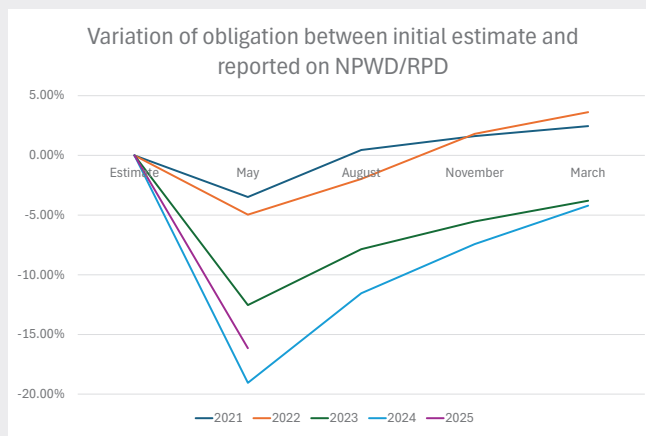
Managing Director's Comments May 2025



Uncertainty and confusion are two dominant factors to the start of 2025. Teething problems with RPD, although inevitable, have further undermined confidence. Even though data is now available, its interpretation with no like for like to compare it against is creating uncertainty. Added to which confusion still exists as to how obligations are calculated and even whom has an obligation. Contrary to DEFRA's expectations

similar numbers, if not more, are registering as large producers but as of yet the 12 million tonnes of packaging anticipated to be reported is still some 1 million tonnes short. From the perspective of PRN obligation its appearance or absence is significant. Reciprocally as PRN costs potentially grow with more packaging supplied being reported so the EPR costs per tonne should reduce.

The Obligation



The PRN market price is predominantly determined by demand and supply. The greater the demand, the greater the price; the greater the uncertainty, the greater the price. A shortfall in demand in comparison to that estimated based on the previous year's obligation has been a feature of Q1 post-Covid. The difficulty in 2025 is to estimate how great that shortfall might be. While for Aluminium, Glass and Plastic a relatively small increase, may cause prices to escalate rapidly for Paper, Steel and Wood a significant jump is required to maintain any value in the PRN. While not disappointing news for hard pressed packaging users, it may have serious implications for historically successful recycled secondary raw materials.

Using the RPD 2023 data as a basis for estimating the obligation in 2025 it should be 8,502 kt (1,000 tonnes) some 600kt greater than the NPWD final obligation in 2024 and 1,900 kt greater than the estimate based on the NPWD data. Comparing like with like between 2023 and 2024 data estimates, the total stubbornly remains 1.168kt below predicted. The

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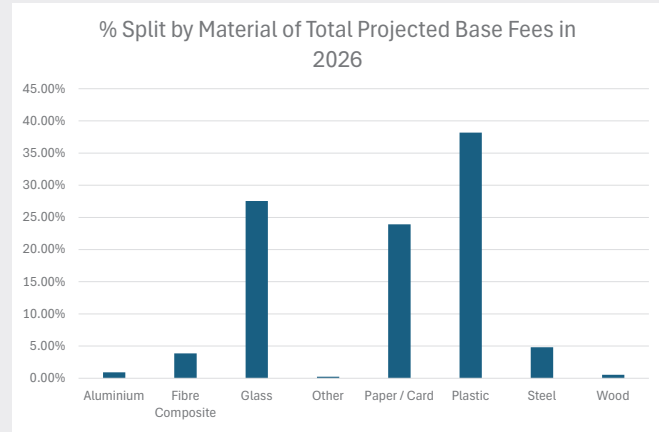
Glass Aggregate

The supply situation in Aggregate is worse. Generation has now fallen for 3 consecutive quarters to its 2nd lowest level since the split in the Glass market in 2014. It is down nearly 50% on the same period last year and is significantly below its anticipated target. Sellers cited weak demand for Aggregate products from the construction industry, lower PRN prices, regulatory headwinds and poor material availability for the collapse in generation. The increased reliance on surplus Remelt to make up the deficit has inevitably led to a narrowing in the price gap between the two materials. Aggregate prices rose 111% to close the period at £95.00.

material specific obligations are some 6% below expectation with Plastic some 16% below expectation and Wood a staggering 28.80% below expectation.

Costs

The total cost of PRN purchases in 2024 was £292 million. While currently it looks as though 2025 PRN costs may be lower, the total cost for EPR will be significantly higher. There is ambiguity in the figures but the indicative payments to 338 Local Authorities announced in November 2024 totalled £1,357 million ranging from £22.7 million to Greater Manchester to £0.2 million to the Sicily Isles. This is funded by payments (Base fees) from industry, using the most recent RPD packaging supplied figures and the cost estimates provided by PackUK in June payments taken in base fees will total £1,459 million to which Plastic, Glass and, surprisingly, Paper will be the greatest contributors. This might augur for a further adjustment in the Base fees for 2025/26.



These costs exclude packaging covered by the DRS, which is not a direct cost to all packaging producers. The RPD data shows the number of units covered by the Deposit Return Scheme (DRS) is over 30 billion. At a deposit rate of £0.20, if DRS achieves an 80% return rate it will cost Society £1,204 million per annum in non-reclaimed Deposits, which reduces to £602 million, if 90% is achieved.

With all this cost uncertainty participants may wish to secure some certainty through using the Forward Markets. Thank you for your support during these tricky times. We look forward to continuing being of service to you during the remainder of this trying year.

Angus Macpherson
Managing Director

Wood

Wood PRN values have traditionally found themselves pegged to the Paper price, intrinsically bound by competition for General Recycling demand. The controversial removal of General Recycling obligations for the 2025 regs and the recalibration of recycling targets is likely to unsettle this historical relationship. Trading in Q1 presented the first evidence of a decoupling of the two markets. Following a slow start (no Wood PRNs traded on t2e in February), Wood prices opened in-line with Paper at £2.00 per tonne. However, whilst Paper markets remained flat for the period, Wood saw prices improve, climbing 147% to close the period at £4.95. Pricing in both weak Q1 supply (down 19% yr on yr) and anticipated obligation growth.

Q1, 2025 Supply Analysis By Andrew Letham, Operations Manager



The first of many changes under the new Extended Producer Responsibility (EPR) legislation came into force this year, bringing with it significant uncertainty to what had previously been a relatively predictable system. Many

questions remain, but we received our first view of the combined H1 and H2 data on 22 May, which was subsequently updated on 02 June.

At first glance, total obligations appear relatively light, with 7,321,681 tonnes (t) reported by registered producers. However, this figure is 9.7% higher than the initial obligation release in 2024 (6,677,017t). Due to changes in who is responsible and how obligations are calculated, forecasting growth is proving extremely challenging. DEFRA has maintained throughout the process that obligations will remain broadly similar to previous levels, which closed approximately 600,000t higher in 2024 at 7,900,000t.

Paper, Wood, and Aluminium obligations appear particularly low, while Plastic is poised to reach a record demand figure. Without a previous year for comparison, it is unclear whether these figures reflect underreporting of obligations or errors in setting the recycling targets. This is unlikely to become clear until the end of what is shaping up to be a highly eventful compliance year.

With demand still something of an enigma, several materials already appear to be in short supply. Notably poor Q1 performances were recorded for Plastic, Glass, and Aluminium. Total reported supply is down 176,871t year-on-year (YoY), with 1,902,263t recycled in Q1. A healthy 543,519t carry-in from 2024 is currently offsetting some supply gaps, with a record-high Paper contribution further strengthening the position.

In the absence of a General Recycling obligation this year, certain materials may lose value entirely if recycling targets are met early.

As of now, 6,937 large producers are registered—197 fewer than the final figure in 2024 (7,134). This suggests strong early compliance, but like demand, true levels will only become clear at the close of the 2025 compliance year.

Plastic appears on course for a bumper demand year. The 1,181,726t currently reported marks the second-highest figure on record, following the 1,210,858t reported in 2022. This suggests a quarterly obligation of 295,431t—an amount not met in Q1, with only 285,447t recycled (falling short by 9,984t).

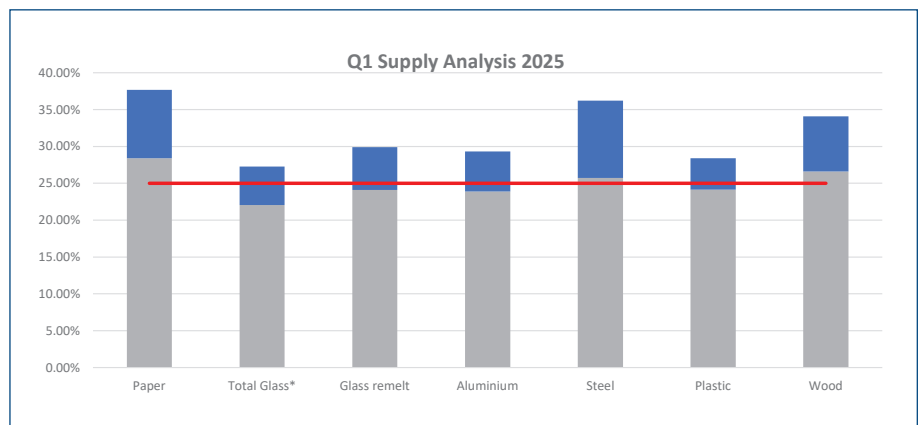
A 50,205t carry-in (equating to 12,551t per quarter) softens the shortfall, but if obligations continue to rise or supply remains flat, the Plastic market could come under considerable strain.

Glass recorded its weakest quarterly supply figure in over a decade, with only 357,077t recycled in Q1. Remelt supply fell below 300,000t (292,676t) for the first time since 2017, while Aggregate returned its poorest results since 2018.

That said, current obligations remain modest, thanks to a reduction in the recycling target to 74%—equivalent to 2013 levels. This sets the required quarterly volume at around 405,000t. An increased carry-in of 84,521t (up roughly 40,000t from 2024) provides some buffer against shortages, though future obligation growth remains a risk.

Material	Carry In	Q1	2025 Obligation	YTD Supply + Carry In	Balance
Paper	327,090	1,003,632	3,531,964	1,330,722	-2,201,242
Total Glass*	84,521	357,077	1,619,627	441,598	-1,178,029
Glass Remelt	70,561	292,676	1,214,720	363,237	-851,483
Aluminium	7,630	33,371	139,794	41,001	-98,793
Steel	36,877	90,199	350,692	127,076	-223,616
Plastic	50,205	285,447	1,181,726	335,652	-846,074
Wood	37,196	132,537	497,879	169,733	-328,146
Total	543,519	1,902,263	7,267,182	2,445,782	-4,875,900

**Total Glass consists of the combined total supply of Glass Remelt and Glass aggregate. *Please note the general supply figure has been generated from calculating the surplus material prns in each quarter and does not include carry in tonnage.*



Aluminium had its weakest start to a compliance year since 2019, with just 33,371t recycled in Q1. A lowered recycling target (from 69% to 61%) keeps current obligations light at 139,794t. Whilst obligations are expected to grow, supply at current levels is unlikely to be sufficient to meet targets, even with a solid 7,630t carry-in from 2024.

Steel performed steadily but unremarkably. The 90,199t recycled in Q1 is 4,657t below last year's average (95,856t). However, with current demand down by 10,000t year-on-year at 350,693t, supply is likely to be ample. Carry-in has increased by 9,741t to 36,887t, indicating a stable—if not thriving—market.

There is significant uncertainty around the **Wood** obligation, which currently sits 150,000t below industry expectations based on pre-H2 data estimates. A poor recycling start to the year (-19% YoY) has sparked concern, particularly given falling demand for finished wood products. There are growing calls for temporary amendments to permitting regulations to allow operators to hold greater capacity, as some material may otherwise be diverted to biomass. Carry-in is up 22% YoY at 37,196t, which—under current demand conditions—will likely lead to a year-end surplus.

Paper enters the year with a record carry-in of 327,090t. Combined with a strong Q1 supply of 1,003,632t, current obligations (3,531,964t) are expected to be met by October. As a result, all of November's PRN generation could become surplus, with December's potentially carried into 2026.

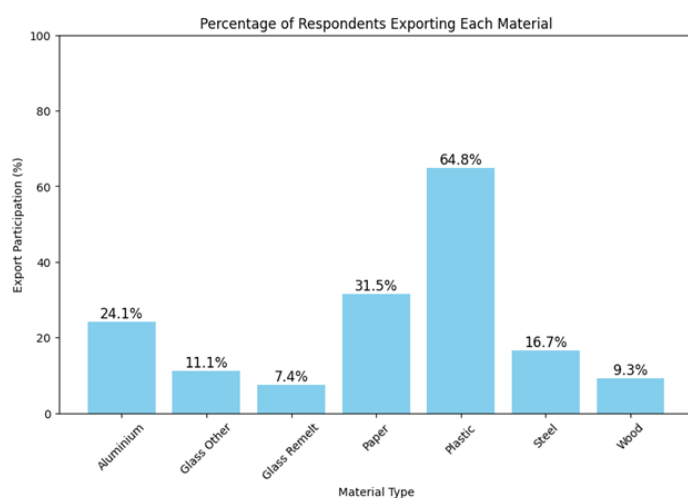
However, this seemingly healthy position contradicts broader industry data, which points to a decline in both consumption and collection. Of greater concern is the divergence between PRNs generated and HMRC export data. One would expect export volumes to exceed PRNs issued—yet the opposite appears to be true, warranting further scrutiny.

The Marketplace for PRNs

t2e Reprocessor and Exporter Survey 2025

This year's survey responses revealed that, as usual, Exporters far outnumbered Reprocessors, 65% of those completed were operating under an Exporter accreditation, with 35% registering as an Accredited Reprocessor.

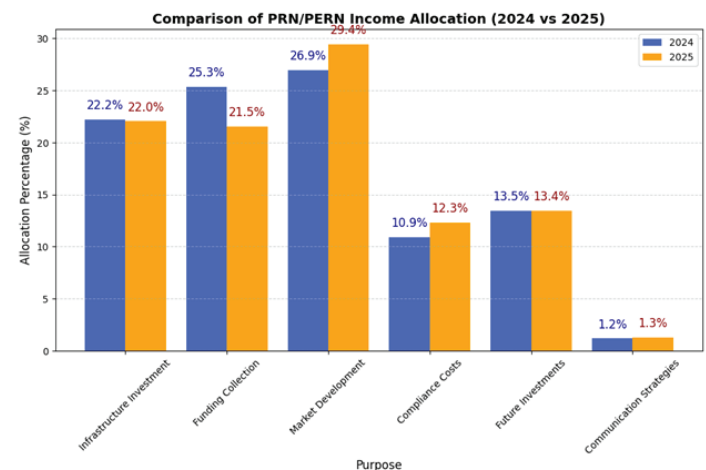
The material breakdown followed a similar theme to what has been observed in past years, Plastic sellers making up the majority of responses (64.8%), with Paper following in second with 31.5%, although almost doubling from last year's 15.8% of respondents. Aluminium was also notably up from the previous year (10.5%) to 24.1%. Unlike 2024, when no Steel or Glass Other sellers completed the survey, a decent number of responses were received for each in 2025, Steel with 16.7% of respondents, and Glass Other with 11.1%. Wood and GlassRemelt, not to be forgotten, made up 9.3% and 7.4% of respondents, respectively.



With the increased number of responses to this year's survey, a greater scope of material was included. Overall, the total tonnes of packaging waste reprocessed/exported by respondents increased 10.9% from 3.05 million tonnes in 2024 to 3.38 million tonnes in 2025.

When looking at the allocation of income from the aforementioned PRN tonnage, PRN sellers committed their funds to **Market**

Development more than any other purpose, with 29.4% of income going towards this cause, up from 26.9% in 2024 - which too was the most supported purpose that year. **'Infrastructure Investment'** was deemed, narrowly, to be the second most important cause in 2025 with 22.0% of income allocation (22.2% in 2024), and **'Funding Collection'** dropping to third with 21.5%, the biggest downturn seen YOY after it secured 25.3% of allocated income in 2024.



The breakdown observed on the t2e Reprocessor and Exporter Survey does in part contradict with the figures seen on the 2024 PRN Revenue Report published by the Environment Agency. The total revenue of PRN sales in 2024 sat at £291,957,687.27, collectively PRN sellers assigned £107,968,586.30 to **'Funding Collection'**, highlighting it as their main focus for how income was spent – 36.9% of the total amount. A further £92,629,340.29 (31.7%) was allocated to **'Infrastructure Investment'**, securing its place as the second most important cause. **'Reduction in price and developing new markets'**, the category which t2e's survey respondents collectively stated was the most supported cause in both 2024 and 2025, 'only' secured £64,407,922.56, 22.0% of the total PRN income.

Material Type	Accreditation Type	Infrastructure and capacity	Funding collection	Reduction in price and developing new markets	Costs of complying with the regulations	Retained for future investment	Developing communication strategies	Total
Aluminium	Exporter	£2,850,414.90	£813,371.86	£1,167,941.72	£137,261.38	£767,157.13	£186,311.35	£5,922,458.34
Aluminium	Reprocessor	£1,004,335.91	£1,000.00	£268,844.00	£87,178.11	£1,285,256.04	£296,353.04	£2,942,967.10
Glass Other	Exp & Rep	£9,605,069.70	£8,193,033.97	£2,190,290.68	£406,026.60	£976,511.30	£42,646.00	£21,413,578.25
Glass Re-melt	Reprocessor	£24,733,859.33	£50,808,557.50	£8,711,363.39	£1,650,662.49	£6,156,999.45	£1,430,178.91	£93,491,621.07
Glass Re-melt	Exporter	£4,518,039.03	£14,818,547.00	£1,165,440.97	£174,848.00	£725,563.00	£29,200.00	£21,431,638.00
Paper/board	Reprocessor	£1,356,370.24	£179,784.00	£1,201,485.33	£141,980.80	£1,558,791.00	£0.00	£4,438,411.37
Paper/board	Exporter	£829,393.71	£2,628,588.63	£6,874,093.97	£205,286.49	£125,314.44	£199,088.36	£10,861,765.60
Plastic	Reprocessor	£29,780,416.67	£11,331,482.25	£14,211,080.51	£1,611,997.64	£3,198,437.81	£342,055.77	£60,475,470.65
Plastic	Exporter	£11,237,001.08	£17,776,940.84	£25,164,854.83	£1,392,301.27	£2,248,657.82	£355,763.46	£58,175,519.30
Steel	Reprocessor	£3,406,267.00	£0.00	£1,106,327.50	£143,886.25	£17,129.50	£258,687.00	£4,932,297.25
Steel	Exporter	£2,038,458.92	£682,914.65	£2,266,740.85	£247,347.64	£369,322.67	£48,734.12	£5,653,518.85
Wood	Exp & Rep	£1,269,713.80	£734,365.69	£79,458.81	£65,198.64	£52,775.30	£16,929.25	£2,218,441.49
Total		£92,629,340.29	£107,968,586.39	£64,407,922.56	£6,263,975.31	£17,481,915.46	£3,205,947.26	£291,957,687.27

* Data for glass other and wood has not been split by operator type as release of this data will breach EIR Regulation 12(5)(e) - the confidentiality of commercial or industrial information where such confidentiality is provided by law to protect a legitimate economic interest.

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