

Regarding Electricity (power) surcharge

Copenhagen Malmö Port AB has 1st of January 2023 introduced a new electricity (power) surcharge applicable for all operational charges.

	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Surcharge DK	1.0%			
Surcharge SE	4.0%			

Regarding Electricity (power) surcharge is announced in documents “*Letter accompanying the 2023 pricelist*” as of September 29 2022 and “*Pricelist 2023*”. Both documents can be found on www.cmpport.com under *Terminals* and *Rates*.

See the following pages for information on why a surcharge has been introduced, what it is, and the method we use to arrive at the level applicable.

Why an Electricity (power) surcharge?

The Danish and Swedish economies are bracing for tough times:

- Inflation levels in Denmark and Sweden are at levels that haven’t been seen for more than 30-40 years.
- In Denmark, inflation is running at 9.9%¹. In Sweden, the latest annual inflation is 9.0%²
- Diesel, gas, and electricity prices are likewise surging.
- The cost of building materials has been elevated for some time.
- Interest rates are being lifted to taper inflation.

These elements impact CMP’s business in more than one way:

On the one hand, the cost of labour, materials, maintenance costs, the cost of land, and the cost price of new investments are all going up. The cost of running our machinery – whether they are electric or running on bio- or fossil fuels – is now around 60% higher than in 2021.

On the other hand, high inflation is often followed by a recession as consumers and businesses hold back spending. This is supported by consumer confidence which is now lower than at the time of the financial crisis of 2009³.

With these considerations, we take the update of the 2023 pricelist seriously – which also includes an Electricity (power) surcharge. The cost increases must be recovered in our revenues and since we are bearish on volumes in general, price increases are the only option.

Consequently – in addition to charge increases of 4-7% below current inflation – CMP has introduced electricity (power) surcharge.

¹ <https://www.dst.dk/da/Statistik/nyheder-analyser-publ/nyt/NytHtml?cid=39934> (August 2022)

² <https://www.scb.se/hitta-statistik/sverige-i-siffror/samhallets-ekonomi/inflation> (August 2022)

³ <https://data.oecd.org/leadind/consumer-confidence-index-cci.htm> (August 2022)

What is the Electricity (power) surcharge?

The electricity (power) surcharge is introduced as of 1st of January 2023. This surcharge will vary with the cost of electricity in the electricity sectors DK2 and SE4. The surcharge will apply to all operational charges and enable us to recover cost increases above the electricity costs in 2021. The surcharge will be applied to all operational charges regardless of whether a specific operation is directly linked to electricity consumption. This approach is applied to share the increased cost among our customers. The surcharge level is adjusted quarterly and will revert to 0% as soon as the cost of electricity is back at normal levels.

How we arrive at the level of Electricity (power) surcharge?

An electricity (power) surcharge applies to all handling (operational) charges. The surcharge is based on the official price for kWh in the electricity sector DK2 in Denmark and SE4 in Sweden.

The electricity prices are available on:

For Denmark:

<https://www.nordpoolgroup.com/en/Market-data1/Dayahead/Area-Prices/DK/Monthly/?view=table>

Please select DK2 and currency DKK to see the development in official prices for kWh.

For Sweden:

<https://www.nordpoolgroup.com/en/Market-data1/Dayahead/Area-Prices/SE/Monthly/?view=table>

Please select SE4 and currency SEK to see the development in official prices for kWh.

The surcharge is updated quarterly prospectively basis the average of previous three months period with one month's lag (e.g. the surcharge for Q1 (Jan-Mar) 2023 is determined basis the average kWh price for the period Sept-Nov in 2022).

Based on a calculated 3-month average of official electricity price, the Electricity (power) surcharge for Denmark and Sweden is settled based on tables below:

Electricity (power) surcharge in Denmark will follow table below:

Electricity (power) surcharge applicable to all handling (operational) charges

Electricity price DKK / kWh	0,0- 0,5	0,5- 1,0	1,0- 1,5	1,5- 2,0	2,0- 2,5	2,5- 3,0	3,0- 3,5	3,5- 4,0	4,0- 4,5	Etc
Surcharge %	0,0	0,0	0,0	1,0	2,0	3,0	4,0	5,0	6,0	Etc

Please refer to "Electricity (power) surcharge applicable to all handling (operational) charges" under the terms and conditions

Electricity (power) surcharge in Sweden will follow table below:

Electricity (power) surcharge applicable to all handling (operational) charges

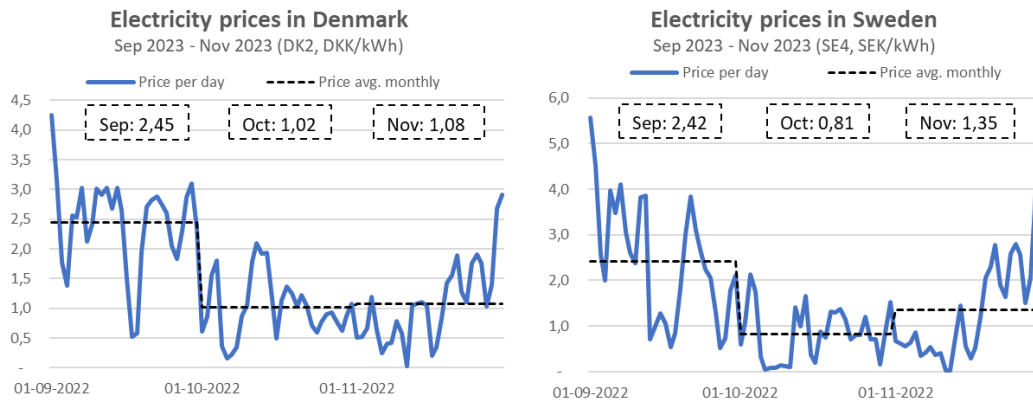
Electricity price SEK / kWh	0,0- 0,5	0,5- 1,0	1,0- 1,5	1,5- 2,0	2,0- 2,5	2,5- 3,0	3,0- 3,5	3,5- 4,0	4,0- 4,5	Etc
Surcharge %	0,0	0,0	2,0	4,0	6,0	8,0	10,0	12,0	14,0	Etc

Please refer to "Electricity (power) surcharge applicable to all handling (operational) charges" under the terms and conditions

How to calculate of Q1 Electricity (power) surcharge?

Q1 2023 calculation of Electricity (power) surcharge based on:

1) Development of electricity prices in Denmark and Sweden:



2) Calculation of 3-month average and surcharge:

- Copenhagen: $(2,45 + 1,02 + 1,08)/3 = 1,51$ DKK / kWh (3-month average)
Based on this average: surcharge in Q1 2023: 1%
- Malmo: $(2,42 + 0,81 + 1,35)/3 = 1,53$ DKK / kWh (3-month average)
Based on this average: surcharge in Q1 2023: 4%

Consequently, for Q1 2023 Electricity (power) surcharge:

- Copenhagen +1%, which applies to all operational charges
- Malmo: +4%, which applies to all operational charges