

Subject: Temporary electricity surcharge from 1 February 2022

Dear Valued Customer,

Scandicast policy is to have a 2 year fixed-price electricity contract. Our last fixed price contract (51 EUR/MWh) expired July 1, 2021. At that time, we assessed the offer prices and found them too high and agreed on a temporary contract for the purchase of electricity at NordPool LV hourly prices.

Scandicast budgeted electricity price for 2022 is 110 EUR/MWh and this price was included in our last price increase. During November / December we have seen extreme electricity prices, and this has caused losses at the foundry. We also expect to see similar price levels during the coming months.

In order to ensure the operation of the company and the delivery of products in the coming months, we are forced to introduce an additional electricity surcharge, which will take effect from February 1 and will be applied for all invoices from this date. The electricity surcharge will be removed when we have succeeded to secure a new 2 year fixed-price electricity contract at acceptable level (110 EUR/MWh or below).

As a customer you must consider if it's possible to postpone orders to springtime.

The electricity surcharge will be calculated according to the following formula :

$$\text{El. Surcharge} = \text{Invoiced kilos} * \text{Electricity consumption per kilo casting} * (\text{Actual price} - \text{Base price})$$

- Total electricity consumption per kilo castings 2,55 kWh/kg
- Base price electricity (no surcharge) 0,11 EUR/kWh
- Actual price electricity
- Nord Pool's actual average monthly electricity prices for the previous month (Business days from 7.00 am to 11 pm)

The customer will be credited if the Actual price is lower than Base price.

For more information on electricity surcharge, visit our webpage: www.scandicast.com/electricity

Scandicast is sorry for this additional surcharge, but we don't have any other options. We really hope that the materials and energy markets will stabilize the coming months.

Thank you for your understanding and cooperation.

Best regards,

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