

NEV SALES ROSE 90% Y/Y IN THE FIRST QUARTER OF 2022

Quarterly NEV sales in the major markets, '000 units



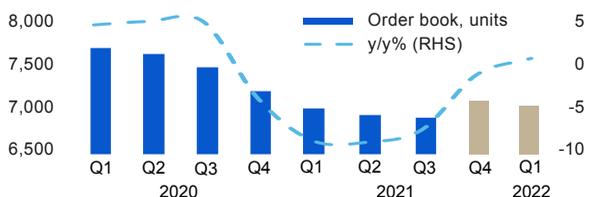
Despite falling marginally q/q, NEV sales from the major markets in 2022 Q1 were up by more than 90% y/y.

NEV demand remains high with more than 2 million units sold in the first quarter.



AEROSPACE RECOVERY CONTINUES BUT AT RISK FROM WAR IN UKRAINE

Airbus' order book, units



Positive signs from the aerospace sector continue.

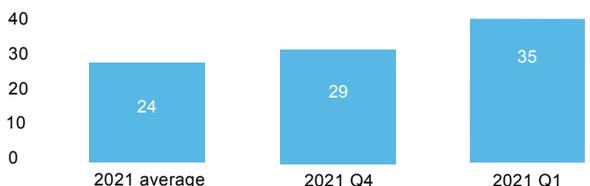
Airbus' turnaround was cemented in 2021 Q4 and maintained momentum in 2022 Q1 as the order book grew y/y for the first time since 2020 Q3.



However, the pace of recovery is at risk from the impacts of the war in Ukraine and associated high oil prices.

PRICES RISE AND APPROACH \$40 /LB FOR THE FIRST TIME SINCE MID-2018

Cobalt metal prices*, \$/lb (nominal)



In early 2022, prices continued to rise due to strong demand and tight conditions.



The start of the war in Ukraine created uncertainty – prices rose by more than \$3 /lb in early March.



European metal prices averaged \$35 /lb in Q1 and finished the quarter just short of \$40 /lb, a level last seen in June 2018.

THE WAR IN UKRAINE: RISKS TO THE COBALT OUTLOOK

There is a great deal of uncertainty around the short, medium and long term impacts of Russia's invasion of Ukraine. The table below identifies the key risks to the outlook, their impact and probability. Price risks are likely to the upside.

MACRO RISK	MARKET IMPACT	PRICE IMPACT	PROBABILITY
Oil price rises increase aerospace costs	Commercial airfares increase and aerospace recovery slows	Low: aerospace accounts for a small proportion of total demand and has been weak throughout the Covid-19 pandemic	Low-medium
Oil price rises increase freight costs	Elevated bunker fuel prices cause further issues for logistics and supply chains	Moderate: supply chains are constrained for longer, prolonging market tightness and keeping payables elevated	Low-medium
Fuel prices push up total cost of ownership of ICEs	High ICE fuel prices could incentivise faster EV adoption, although EVs are more expensive than ICEs and face pressure from high raw material prices	Moderate: higher EV adoption rates would push demand growth even higher and likely widen market deficits during the forecast period. Greater electricity demand could also increase EV total cost of ownership (lesser extent than oil prices for ICE)	Low
Automotive supply chain disruption	Supply chain constraints globally and particularly in Europe have limited access to auto components. Ukraine is also a major producer of wire harnesses	Low: total automotive production is lower than expectations in Europe and other regions due to supply chain disruption from the war and Covid-19 lockdowns in China. EV production is also being affected but not as significantly as ICEs	Low
Stakeholders avoid Nornickel material (self-sanctions)	Some market stakeholders avoided Nornickel material in March in case of sanctions or other complications	Low: prices rose by around \$3 /lb in March (tighter market conditions & general uncertainty) but this impact has now subsided. The concern around potential sanctions has eased	Low-medium
Nornickel or Vladimir Potanin sanctioned	Market conditions tighten as volumes cannot be traded	Low-moderate: Nornickel accounts for around 3% of global cobalt supply. Volumes may be sold to China	Low

DATA: CRU's Cobalt Market Outlook. Note: ICE = internal combustion engine; Vladimir Potanin is the President of Nornickel.