ALROSA Q1 2019 IFRS results

Moscow, 17 May 2019 – ALROSA, the world's leader in diamond mining, announces its IFRS financial results for Q1 2019.

- **Revenue** increased by 15% q-o-q to RUB 70 bn, mainly driven by strong sales volumes (up 18% q-o-q). The sales exceeded production by 35% due to increased sales of smaller-size diamond from inventories as polishers' restocked early in 2019. Y-o-y revenue declined by 27% owing to a higher share of small-size rough gem diamonds in sales and lower sales in carats (down 21% y-o-y).
- **EBITDA** grew by 16% q-o-q to RUB 31 bn, supported by top line growth. On a y-o-y basis, EBITDA decreased by 34% as revenue declined.
- **EBITDA margin** remained flat q-o-q at 44% (down 5 pp y-o-y).
- **Free cash flow went up by 81% q-o-q** to RUB 26 bn due to a 40% higher operating cash flow q-o-q and a reduction in capex (down 45% q-o-q). On a y-o-y basis, free cash flow declined by 37%, mainly due to a 35% y-o-y decrease in operating cash flow, despite capex going down by 20% y-o-y due to launch of Verkhne-Munskoye deposit.
- **Net profit grew 3x q-o-q to RUB 24 bn** because of, among other things, the low base of the Q4 2018 net profit (due to one-off factors, including impairment) and the growth in EBITDA. A 27% y-o-y decline was attributable to lower revenue.

RUB bn	Q1 2019	Q4 2018	q-o-q	Q1 2018	y-o-y
Diamond sales, million carats, incl.	10.6	9.0	*18%*	13.4	*(21%)*
gem-quality	7.9	5.3	*50%*	10.1	*(22%)*
industrial	2.7	3.7	*(27%)*	3.2	*(16%)*
Revenue	70.5	61.4	*15%*	96.0	*(27%)*
EBITDA[1]	31.4	26.9	*16%*	47.7	*(34%)*
EBITDA margin	44%	44%	–	50%	*-6 pp*
Net profit	24.1	7.9	*3.0x*	32.9	*(27%)*
Free cash flow[2]	25.9	14.3	*81%*	41.1	*(37%)*
Net debt[3]	33.8	67.4	*(50%)*	18.6	*82%*
Net debt / EBITDA	0.2x	0.4x	–	0.1x	–

Alexey Philippovskiy, ALROSA’s Deputy CEO, commented on the results:

“Following a sizable destocking of small-size rough diamonds at cutters and polishers in 2H 2018, we saw an improved demand for this product early in 2019. This translated in a 18% q-o-q sales growth in Q1, which came at 10.6 m carats; Q1 revenue increased by 15% q-o-q to RUB 70.5 bn. Better operating performance coupled with continuous cost control helped us maintain EBITDA margin at 44%. In absolute terms, EBITDA grew by RUB 4.5 bn to RUB 31.4 bn.

Our free cash flow grew to an impressive RUB 25.9 bn (up 81% q-o-q) on the back of capex reduction by 45% q-o-q (-20% y-o-y) to RUB 3.9 bn and RUB 3.6 bn of working capital release, mainly due to a seasonal decline in rough diamond inventories. As a result, the Company’s leverage slimmed down, with the net debt / EBITDA ratio now standing at 0.2x.

We continued to actively manage our debt portfolio. In early April, Alrosa placed 5-year $500 m Eurobonds with a coupon rate of 4.65% per annum and partially redeemed its Eurobonds due in November 2020 for a total of $400 m.

Fitch, a global credit rating agency, upgraded ALROSA’s credit rating to an investment grade in March highlighting the Company’s leadership in the global diamond market, stronger financial position and higher transparency. Currently, the Company has investment grade credit ratings from three global credit rating agencies.

Based on the Company’s performance in 2018, the Board recommended ALROSA shareholders to approve 2H 2018 dividends of RUB 4.11 per share, or RUB 30.3 bn in total, which is equal to 100% of the free cash flow.”

[1]EBITDA stands for earnings for the last twelve months before interest, income tax, depreciation and amortisation calculated for the past twelve months in accordance with the International Financial Reporting Standards (IFRS).

[2]FCF (free cash flow) is the operating cash flow calculated in accordance with the IFRS net of capital expenditures (posted as Purchase of Property, Plant and Equipment on the consolidated IFRS statement of cash flows).

[3]Net debt is the amount of debt less cash and cash equivalents and bank deposits at each reporting date in accordance with the IFRS.

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Key events in the coming months (*Investor calendar*)

10 June	May 2019 sales results
26 June	Annual General Meeting of Shareholders – 2H 2018 dividend declaration
10 July	June 2019 sales results
18 July	Q2 & 6M 2019 operating results
9 August	July 2019 sales results
The week of 19 August	Q2 & 6M 2019 IFRS results

PUBLICATIONS ARCHIVE

- Q1 2019 IFRS results
- April 2019 sales results
- Q1 2019 trading update
- Presentation – Capital Markets Day 2019

MANAGEMENT DISCUSSION AND ANALYSIS OF ALROSA GROUP FOR Q1 2019

The structure and scope of the report and overview of ALROSA's business are shown in Appendix 4.

MAJOR DEVELOPMENTS IN Q1 2019 AND AFTER THE REPORTING DATE

April 2019: The Supervisory Board recommended that the General Meeting of Shareholders approve 2H 2018 dividends of RUB 4.11 per share, or RUB 30.3 bn in total (please see the press release).

April 2019: The Company placed 5-year $500 m Eurobonds with a coupon rate of 4.65% per annum and partially redeemed its Eurobonds due in November 2020 for a total of $400 m (please see the press release).

April 2019: The Company launched diamond production at Zaria pipe, with its expected life exceeding ten years (please see the press release).

March 2019: Fitch, a global credit rating agency, upgraded ALROSA's credit rating to BBB- with a stable outlook.

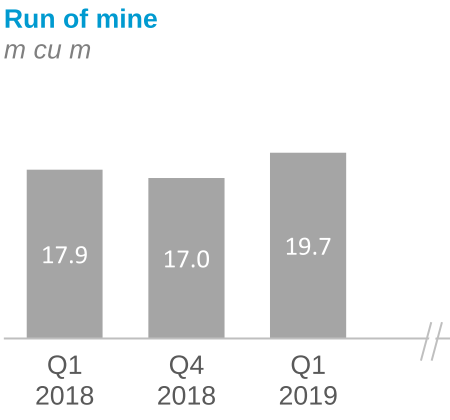
February 2019: Moody's, a global credit rating agency, upgraded ALROSA's credit rating to Baa2 with a stable outlook.

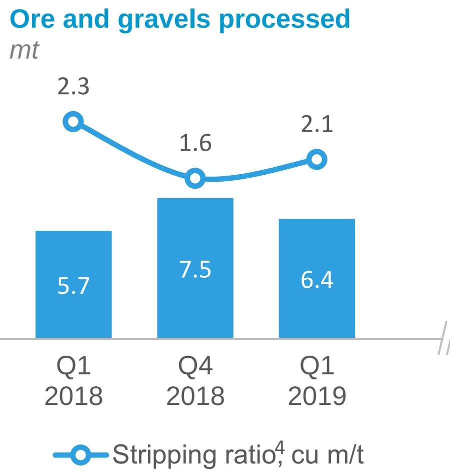
ROUGH AND POLISHED DIAMOND MARKET OVERVIEW

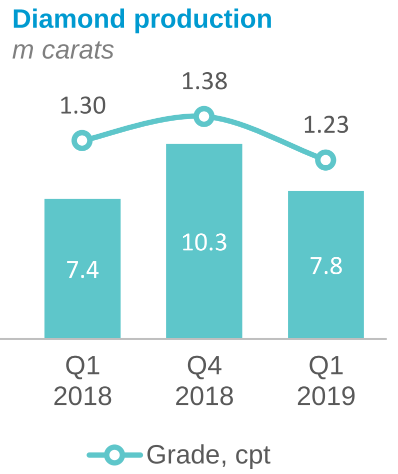
- In Q1 2019, the diamond market performed weaker than usual for that part of the year mainly due to lower jewellery sales during the Christmas season. All the key consumption markets for diamond jewellery saw mixed performance in Q1 2019.
- India's cutting and polishing industry experienced temporary liquidity problems after local banks toughened loan security and repayment terms.
- As dealers and retailers were restocking their supplies after the holiday season, demand for small- and medium-size rough diamonds was gradually reviving throughout Q1 2019.

Hereinafter, data on Q1 2019 production, sales, prices, and inventories is preliminary and may be updated. Data on the diamond market is the Company's estimate.

OPERATING HIGHLIGHTS





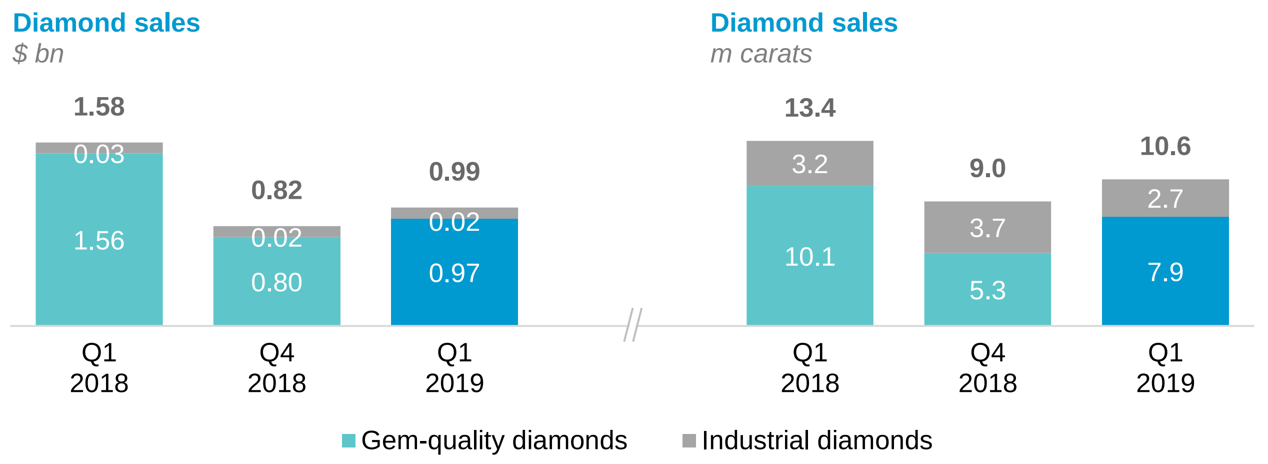


- **In Q1 2019, run-of-mine ore** was up 16% q-o-q (10% y-o-y) to 19.7 m cu m, mostly due to seasonal production growth at alluvial deposits (gravel extracted is processed in summer) and implementation of design solutions at Severalmaz.

Production: 7.8 m carats

- **In Q1 2019, diamond production** declined 24% q-o-q to 7.8 m carats, mostly due to a decrease in the output at the International and Aikhal underground mines and the Jubilee pipe.
- **In Q1 2019, a 5% y-o-y growth of diamond production** was driven by an increase in ore processing at the Botuobinskaya pipe, gradual ramp-up at the Udachny underground mine, launch of production at the Verkhne-Munskoye deposit, and an increase in the output at Severalmaz due to processing of higher-grade ore.
- **The stripping ratio[4] in Q1 2019** increased 30% q-o-q to 2.1 cu m/t, mostly due to a seasonal decline in gravel processing at Mirny Division's alluvial deposits, increase in stripping operations at Almazy Anabara deposits following a larger share of deposits located in riverbeds, and an increase in stripping operations at the Arkhangelskaya pipe. The stripping ratio decreased 7% y-o-y mainly on the back of completed stripping operations at the Verkhne-Munskoye deposit. In 2018, the average stripping ratio was 1.2 cu m/t.
- **In Q1 2019, the average grade** decreased 11% q-o-q (down 5% y-o-y) to 1.23 cpt as a result of less high-grade ore processed from the International and Aikhal underground mines and a larger share of lower-grade (0.62 cpt) ore and gravels processed at Udachny deposits.

[4] *The stripping ratio is calculated as rock moved in cubic metres (less pre-stripping) divided by ore and gravels processed (in tonnes).*



Sales: 10.6 m carats

- **In Q1 2019, diamond sales (ex. polished diamonds)** grew by 1.6 m carats q-o-q to 10.6 m carats (up 18% q-o-q), including gem-quality diamonds up by 2.6 m carats q-o-q to 7.9 m carats (up 50% q-o-q), due to increased small-size diamond sales driven by seasonal restocking by dealers and retailers.
- **The 22% y-o-y decrease in gem-quality diamond sales** ensued from the high base of the previous year, when consumers were stocking up following a long-term slowdown in demand. The 27% q-o-q decline in industrial diamond sales to 2.7 m carats reduced their share to 26%.

Inventories: 14.3 m carats

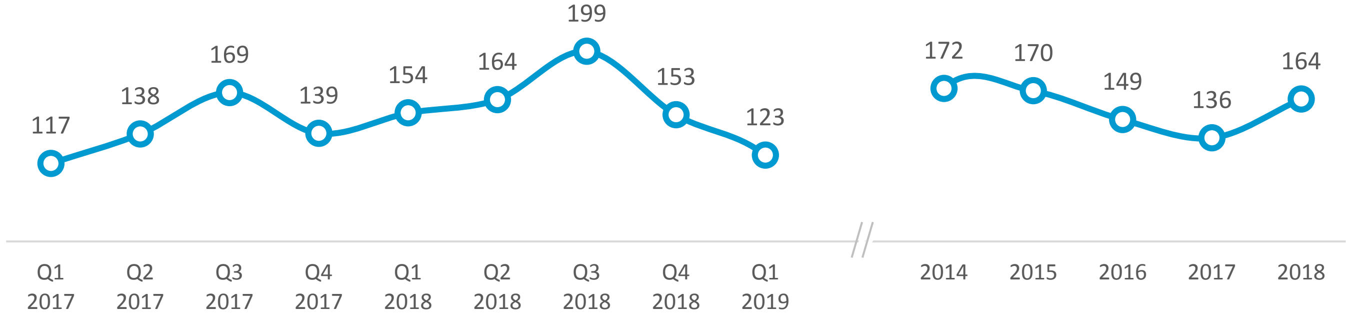
- **In Q1 2019, diamond inventories (14.3 m carats as at Q1 end)** shrank 2.7 m carats as output decreased 24% q-o-q while sales in carats grew 18% q-o-q. As compared to the previous year, inventories went up by 2 m carats (up 16% y-o-y).

Total sales: $1 bn
Diamond sales: $988 m

- **Total sales in Q1 2019 amounted to $1,004 m**, including $988 m (up 20% q-o-q) in diamond sales (ex. polished diamonds), with an 18% q-o-q sales growth in carats due to a larger share of small-size diamonds. Q1 2019 sales in value terms declined 37% y-o-y, while sales in carats fell by 21% y-o-y.
- **Gem-quality diamond sales** in value terms increased 21% q-o-q to $969 m as sales in carats surged 50%, but the average realised price decreased in Q1 2019. As compared to the previous year, sales in value terms shrank 38% on the back of a 22% y-o-y decline in sales in carats.
- **In Q1 2019, polished diamond sales** amounted to $16.4 m (down 23% q-o-q and 31% y-o-y).
- **In Q1 2019, average realised prices of gem-quality diamonds fell 19% q-o-q** (20% y-o-y) to $123/ct due to a larger share of small-size diamonds and lower prices mostly for medium-size diamonds.

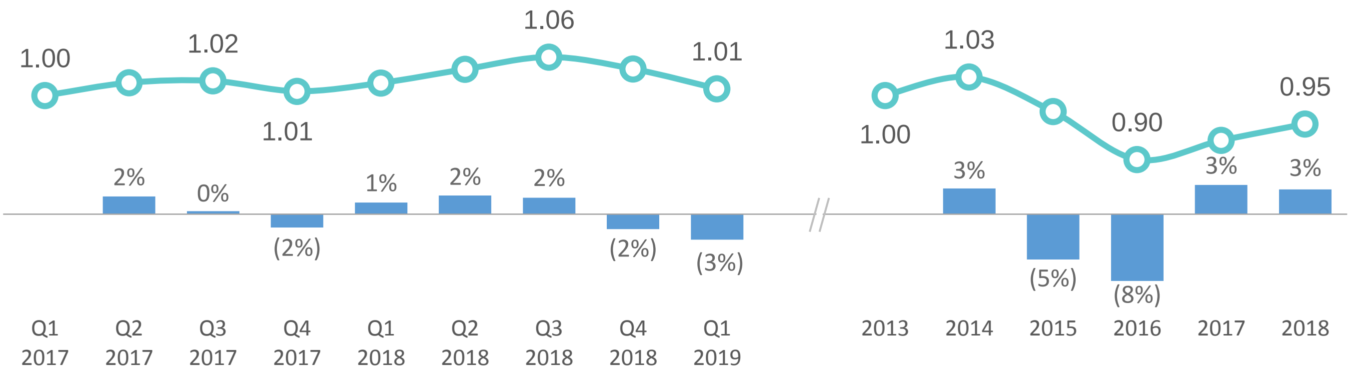
Average selling prices for gem-quality diamonds

$/ct



- **Q1 diamond price index** was down 3.1%.

Gem-quality diamond price indices



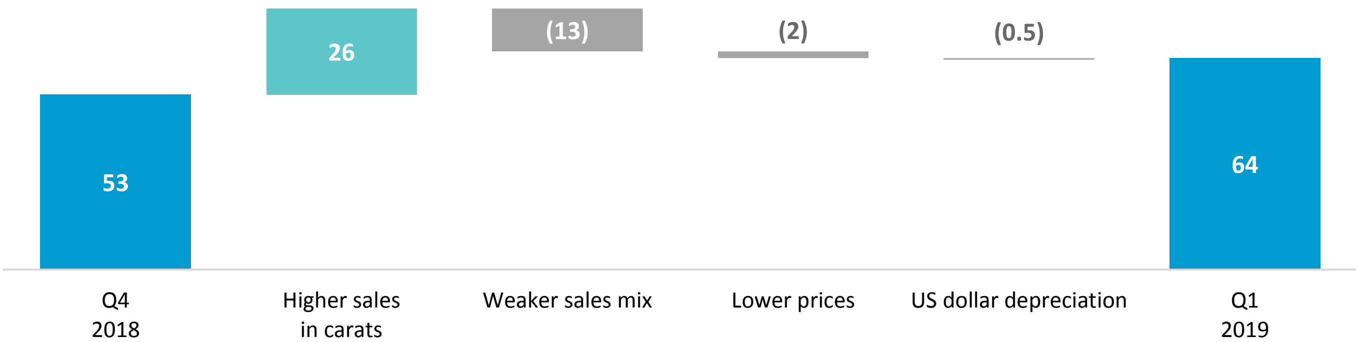
KEY FINANCIAL HIGHLIGHTS

Revenue

Revenue: RUB 70.5 bn

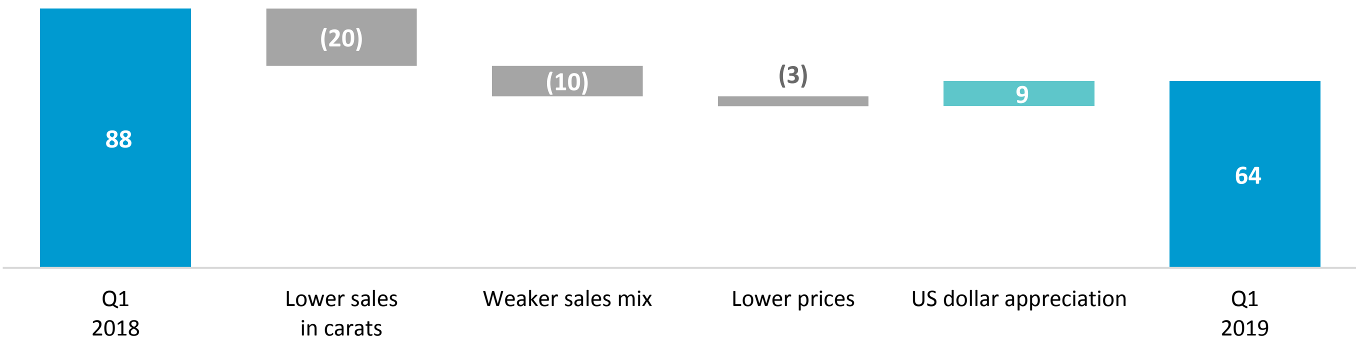
- **In Q1 2019, revenue increased by 15% q-o-q** to RUB 70.5 bn as a result of higher rough diamond sales supported by rising sales in carats. As compared to the previous year, revenue declined by 27% due to a weaker sales mix and lower sales in carats (down 21% y-o-y).

Drivers affecting revenue from gem-quality diamond sales (RUB bn)



- **Revenue from rough diamond sales in Q1 2019 went up to RUB 66 bn (up 18% q-o-q)**, including revenue from gem-quality diamond sales – RUB 64 bn, mainly due to rising sales in carats (up 18% q-o-q), while the average selling price of gem-quality diamonds declined (down 19% q-o-q).

Drivers affecting revenue from gem-quality diamond sales (RUB bn)

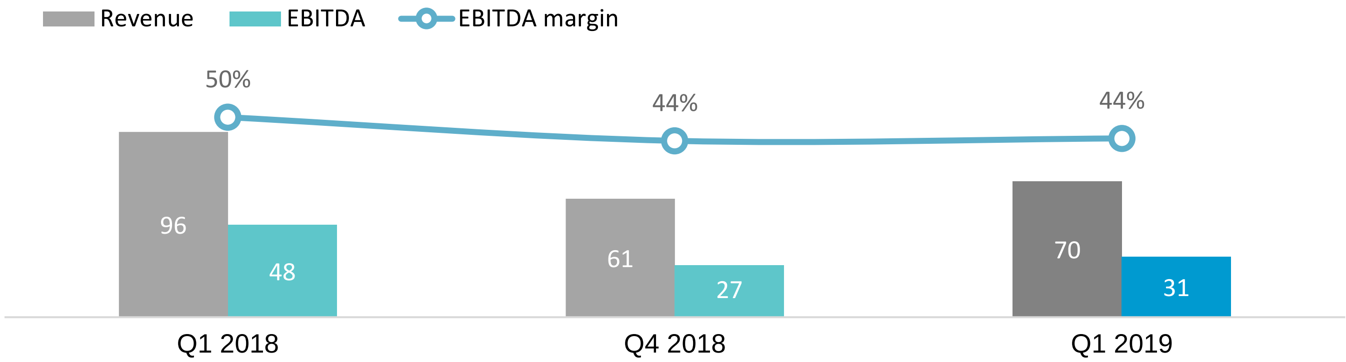


- **A 28% y-o-y decline of revenue from rough diamond sales** was attributable to lower sales in carats (down 21% y-o-y) and a weaker sales mix.
- **In Q1 2019, other revenue decreased by 14% q-o-q to RUB 3.3 bn** predominantly as a result of a seasonal decline in transportation business revenue (lower passenger traffic after New Year holidays). A 10% decline y-o-y is attributable to divestment of the Group's gas assets.
- **In Q1 2019, subsidies amounted to RUB 1 bn (down 43% q-o-q and 11% y-o-y)**. A 43% decline q-o-q is mainly due to lower electricity subsidies after Vilyuiskaya HPP-3 tapped into the wholesale market, as well as lower missing revenue previously subsidised by the Republic of Sakha (Yakutia). An 11% decline y-o-y

is attributable to a seasonal reduction in subsidies for housing and utilities maintenance.

- **Sales costs in Q1 2019 expanded to RUB 39.1 bn (up 14% q-o-q)** mostly due to rising sales in carats (up 18% q-o-q). On a y-o-y basis, total costs shrank by RUB 8.1 bn (down 17% y-o-y).

EBITDA (RUB bn)



EBITDA: RUB 31.4 bn

- **EBITDA in Q1 2019 went up to RUB 31.4 bn (up 16% q-o-q)** as sales in carats added RUB 25.8 bn (up 18% q-o-q), with a larger share of small-size diamonds (down RUB 13.1 bn). On a y-o-y basis, EBITDA decreased by 34% as sales in carats fell by 21% y-o-y (down RUB 20.7 bn, without the impact of lower COGS (down RUB 12 bn)) and the sales mix got weaker (down RUB 9.8 bn).
- **FX rate impact** in Q1 2019 was marginally negative for EBITDA q-o-q (RUB 0.4 bn) and positive y-o-y (RUB 8.2 bn).

EBITDA margin: 44%

- **EBITDA margin in Q1 remained flat q-o-q at 44%**. On a y-o-y basis, EBITDA margin dropped by 6 pp as total revenue declined by 27% y-o-y.

EBITDA

RUB m	**Q1 2019**	**Q4 2018**	**Q1 2018**
Operating profit	23,598	14,428	41,391
Depreciation and amortisation	6,575	4,449	6,008
Adjustments (see financial statements in Excel)	1,179	8,042	343
EBITDA	**31,352**	**26,920**	**47,742**

Net profit: RUB 24.1 bn

- **In Q1 2019, net profit grew by 3.0x q-o-q to RUB 24.1 bn** on the back of stronger EBITDA, RUB 7.8 bn of losses recognised as other operating expenses in Q4 2018 following PPE impairment caused by the Mir underground mine accident, and the revaluation of assets and liabilities driven by exchange rate fluctuations. **A 27% y-o-y decline in net profit** was attributable to lower revenue and operating profit.

LIQUIDITY, WORKING CAPITAL AND CAPITAL EXPENDITURE

Cash flows

- **Cash and cash equivalents and 90+ days deposits** grew by RUB 28.6 bn to RUB 67.8 bn in Q1 2019, due to stronger free cash flow. This level of liquidity is needed to maintain a minimum liquidity pool of RUB 25 bn (in line with the corporate financial policy) and sufficient liquidity for the 2H 2018 dividend payout.

Operating activity

- **In Q1 2019, operating cash flow rose to RUB 29.7 bn (up 40% q-o-q)** on the back of higher profitability (up 16% q-o-q) and changes in working capital.

Analysis of changes in working capital investments

Working capital

RUB m	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Diamond inventories	42,472	49,587	41,567	30,646	33,424
Ore inventories	16,806	14,032	12,505	19,628	15,662
Supplies	27,161	29,000	32,941	30,305	24,781
Trade and other receivables (excl. interest receivable)	17,894	17,911	21,683	22,727	19,108
Prepaid taxes other than income tax	229	300	261	1,248	2,751
Accounts payable to employees	(12,198)	(12,591)	(10,694)	(10,541)	(11,579)
Trade and other payables (excl. interest payable)	(6,264)	(7,310)	(7,893)	(9,543)	(6,740)
Other taxes payable	(7,385)	(8,585)	(5,347)	(5,966)	(7,028)
Working capital	**78,715**	**82,344**	**85,023**	**78,504**	**70,379**

- **Q1 2019 working capital was down by 4% q-o-q (down RUB 3.6 bn)** as a result of:
  - seasonal decrease in rough diamond inventories by RUB 7.1 bn (down 14% q-o-q) driven by sales from inventories;
  - seasonal rise in ore inventories by RUB 2.8 bn (up 20% q-o-q) at alluvial deposits (mainly those operated by Almazy Anabara);
  - decrease in supplies by RUB 1.8 bn (down 6% q-o-q) following destocking of materials and fuel, mainly Arctic diesel fuel, accumulated for the winter period;
  - decrease in trade and other payables by RUB 1 bn (down 14% q-o-q) as part of the Company's contractual obligations;
  - decrease in other taxes payable by RUB 1.2 bn (down 14% q-o-q) following the payment of MET (down RUB 0.5 bn), personal income tax (down RUB 0.4 bn) and VAT (down RUB 0.3 bn) payable to budgets of different levels.
  - **In Q1 2019, working capital grew by 12% y-o-y (up RUB 8.3 bn)**, which was mainly attributable to ramping up rough diamond inventories by RUB 9.0 bn (up 27% y-o-y) as inventories in carats expanded by 16% y-o-y.

Free cash flow

RUB m	Q1 2019	Q4 2018	Q1 2018
EBITDA	**31,352**	**26,919**	**47,742**
Changes in working capital	3,628	2,028	12,893
Income tax paid	(5,064)	(4,852)	(10,934)
Other	(180)	(2,787)	(3,749)
Operating cash flow	**29,737**	**21,308**	**45,952**
Purchase of property, plant and equipment	(3,876)	(7,025)	(4,844)
Free cash flow	**25,861**	**14,283**	**41,108**

FCF: RUB 25.9 bn

FCF in Q1 2019 went up by 81% q-o-q to RUB 25.9 bn on the back of stronger operating cash flow amid reduction in investments. On a y-o-y basis, free cash flow declined by 37%, mainly due to a 35% y-o-y decrease in operating cash flow, despite capex going down by 20% y-o-y due to launch of Verkhne-Munskoye deposit.

Investing activities

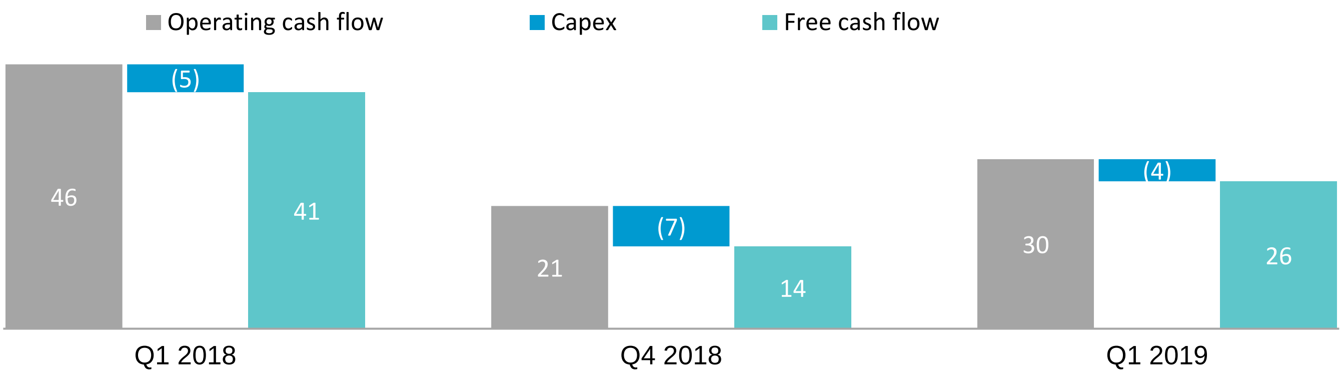
Cash outflow from investing activities was driven by RUB 3.9 bn in capital expenditures.

Cash inflow from investing activities in Q1 2019 was driven by:

– disposal of non-core assets for a total of RUB 1.6 bn (the most significant transaction included the public auction sale of a 100% stake in JSC Golubaya Volna Resort for RUB 1.21 bn);
– disposal of property, plant and equipment by LLC Innovation Centre Bourevestnik for a total of RUB 1.6 bn.

Net outflow, including available cash placed in bank deposits, amounted to RUB 40.8 bn.

Capex and free cash flow (RUB bn)



Investment: RUB 3.9 bn

- **In Q1 2019, investment in the core business fell by 45% q-o-q (down 20% y-o-y) to RUB 3.9 bn** mainly as a result of a seasonal decline in investments in technical renovation and upgrade (down 68% q-o-q) and a decrease in expansion capex associated with the Verkhne-Munskoye deposit.

Financing activities

Total debt: $1.6 bn

- **Total debt for Q1 2019 was up to $1,569 m (up 2% q-o-q)** (a decrease in the rouble equivalent to RUB 101.6 bn (down 5% q-o-q) mainly reflecting an impact of a revaluation caused by rouble appreciation).
  ALROSA's debt mainly consists of $894 m Eurobonds due in November 2020. On 9 April, the Company completed the placement of 5-year $500 m Eurobonds with a coupon rate of 4.65% per annum. The proceeds from the placement were used to redeem part of Eurobonds due in November 2020 for a total of $400 m. Therefore, the outstanding principal amount which remains due in November 2020 is $494 m.

  Interest payments in Q1 2019 were down by 13% q-o-q to RUB 1.8 bn. A 28% y-o-y increase was attributable to the repayment of bank loans in Q1 2019 and the rouble depreciation against the US dollar.

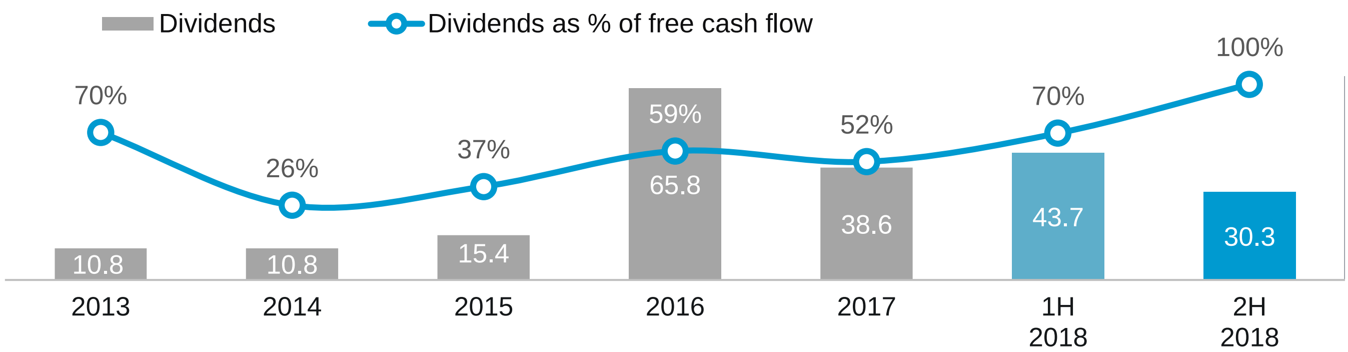
Net debt

RUB m	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Long-term borrowings	59,688	64,974	63,474	63,798	58,707
Short-term borrowings	41,901	41,687	22,547	63	99
Cash and cash equivalents	16,230	27,437	49,403	52,674	40,221
Bank deposits	51,590	11,784	15	5,160	15
Net debt	**33,769**	**67,440**	**36,603**	**6,027**	**18,570**

Net debt: $0.5 bn

- **Net debt in Q1 fell to RUB 33.8 bn (down 50% q-o-q)** mainly due to a stronger free cash flow.
- **As at 31 March 2019, net debt / EBITDA** was 0.2x (0.4x at the beginning of 2019).

Dividend payments (RUB bn)



- **2H 2018 dividends.** On 23 April, ALROSA's Supervisory Board recommended ALROSA shareholders to approve 2H 2018 dividends of RUB 30.3 bn, or RUB 4.11 per share, which is equal to 100% of the free cash flow for 2H 2018. Thus, the total FY2018 dividends, including those paid for 1H 2018, might amount to RUB 73.9 bn, or RUB 10.4 per share, resulting in all-time record dividends in Company's history. The General Meeting of Shareholders is scheduled for 26 June 2019.

SOME OF THE FACTORS IMPACTING THE COMPANY'S OPERATING AND FINANCIAL PERFORMANCE

Macroeconomic environment

As the Group exports its products to Europe and elsewhere and raises a substantial amount of foreign currency borrowings, while the bulk of its expenses is denominated in roubles, it is exposed to a foreign exchange risk arising chiefly from the fluctuations in the RUB/USD rate and, to a lesser degree, in the RUB/EUR rate.

The table below shows rouble to euro and US dollar exchange rates as determined by the Central Bank of the Russian Federation as at specific dates:

RUB m	31 March 2019	31 December 2018	30 September 2018	30 June 2018	31 Mach 2018
RUB/USD	64.7347	69.4706	65.5906	62.7565	57.2649
RUB/EUR	72.7230	79.4605	76.2294	72.9921	70.5618

The table further shows average RUB/USD and RUB/EUR exchange rates for the periods under review:

	Q1 2019	Q4 2018	Q1 2018
Average RUB/USD exchange rate for the period	65.7430	66.5176	56.8149
Average RUB/EUR exchange rate for the period	74.6839	75.9391	69.9557

APPENDICES

Appendix 1. Key financial metrics

RUB bn	Q1 2019	Q4 2018	q-o-q	Q1 2018	y-o-y
Revenue, incl.:	**70.5**	**61.4**	***15%***	**96.0**	***(27%)***
revenue from diamond sales	66.0	55.8	*18%*	91.2	*(28%)*
other revenue	3.3	3.8	*(14%)*	3.7	*(10%)*
subsidies	1.0	1.7	*(43%)*	1.1	*(11%)*
Costs, incl.:	**(39.1)**	**(34.4)**	***14%***	**(47.3)**	***(17%)***
production costs	(18.3)	(21.9)	*(16%)*	(17.3)	*6%*
non-production costs	(20.8)	(12.6)	*66%*	(30.0)	*(31%)*
EBITDA	**31.4**	**26.9**	***16%***	**47.7**	***(34%)***
EBITDA margin	44%	44%	–	50%	-6 pp
Depreciation and amortisation	(6.6)	(4.4)	*48%*	(6.0)	*9%*
Financial income/(expenses)	(5.3)	(5.1)	*4%*	(0.3)	*21x*
Other income/(expenses)	11.0	(7.4)	–	0.4	*27x*
Income tax	(6.5)	(2.1)	*3.1x*	(9.0)	*(28%)*
Net profit	**24.1**	**7.9**	***3.0x***	**32.9**	***(27%)***
Net profit margin	34%	13%	*21 pp*	34%	–
Free cash flow	**25.9**	**14.3**	***81%***	**41.1**	***(37%)***
Net debt	**33.8**	**67.4**	***(50%)***	**18.6**	***82%***
Net debt / EBITDA	**0.2x**	**0.4x**	**–**	**0.1x**	**–**

Appendix 2. Revenue by customer geography

	Q1 2019	Q4 2018	Q1 2018
Belgium	44%	44%	47%
Russia	17%	18%	13%
India	13%	14%	15%
United Arab Emirates	12%	9%	10%
Israel	7%	10%	9%
China	5%	4%	4%
Other	2%	1%	2%

Appendix 3. Per unit costs

RUB '000 / cu m	Q1 2019	Q4 2018	q-o-q	Q1 2018	y-o-y
Wages, salaries and other staff costs	0.62	0.78	*(21%)*	0.57	*9%*
Fuel and energy	0.20	0.20	*4%*	0.18	*11%*
Materials	0.13	0.22	*(40%)*	0.14	*(3%)*
Services and transport	0.10	0.17	*(38%)*	0.13	*(18%)*
Other	0.01	0.02	*(25%)*	0.02	*(28%)*
Total	1.07	1.38	*(22%)*	1.03	*4%*

Appendix 4. Structure (perimeter) of the report and overview of ALROSA's business

The report is a review of the financial condition of ALROSA Group (the "Group") for Q1 2019 compared to previous periods, and also of material factors that may influence the Group's future operations.

The Group's financial and operating details include PJSC ALROSA and its subsidiaries, associates and JVs. The report is published quarterly based on a schedule required for the Group's consolidated financial statements.

The report contains forward-looking statements subject to risks and uncertainties. As a result of a variety of factors, the Group's actual results may differ materially from future results projected by the forward-looking statements.

About the Company

The key strategic business of ALROSA (the "Company") and its subsidiaries (jointly, the "Group") is diamond mining and sales, prospecting and appraisal of diamond deposits, and production and sales of polished diamonds and diamond powders. As the industry's leader, the Group accounts for one third of all reserves worldwide and over 25% of global diamond mining.

The Group operates in two Russian regions – the Republic of Sakha (Yakutia) and Arkhangelsk Region, and in Africa through its associates and joint ventures.

The Group maintains and expands its resources and reserves by engaging in targeted exploration activities in line with a long-term development programme until 2024. The Group invests in geological exploration and prospecting of new potential diamond deposits while also carrying out follow-up exploration at existing assets. The Group conducts prospecting and appraisal in Russia and Africa.

While maintaining a focus on diamond mining, the Group is committed to a social policy based on social responsibility of businesses and relations with government agencies and local authorities that benefit all stakeholders in the regions of operations. The Group undertakes initiatives to mitigate its environmental footprint and ensure sustainable use of resources, all compliant with international environmental protection and safety standards.