PJSC ALROSA

DISCLOSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 AND INDEPENDENT AUDITOR'S REPORT

CONTENTS

Independent Auditor's Report on the Disclosed Consolidated Financial Statements

[Translation from Russian original]

To the Shareholders of

Public Joint Stock Company ALROSA

Opinion

The accompanying disclosed consolidated financial statements of Public Joint Stock Company ALROSA (hereinafter - "PJSC ALROSA") and its subsidiaries (hereinafter - the "Group"), which comprise the disclosed consolidated statement of financial position as at 31 December 2025, and the disclosed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended, and certain notes to the disclosed consolidated financial statements, including the basis for the preparation of the disclosed statements, are based on the Group's audited consolidated financial statements for the year ended 31 December 2025.

In our opinion, the accompanying disclosed consolidated financial statements of the Group are consistent, in all material respects, with the above audited consolidated financial statements in accordance with the basis for their preparation described in Note 2 of Notes to the disclosed consolidated financial statements for the year ended 31 December 2025.

Disclosed Consolidated Financial Statements

The disclosed consolidated financial statements do not contain all the information required to be disclosed in accordance with IFRS Accounting Standards. Therefore, reading the disclosed consolidated financial statements and the auditor's report thereon does not substitute reading the audited consolidated financial statements and the auditor's report thereon.

Audited Consolidated Financial Statements and Our Opinion Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements of the Group in our report dated 26 February 2026. This opinion also includes key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

Responsibilities of Management for the Disclosed Consolidated Financial Statements

Management is responsible for the preparation of the disclosed consolidated financial statements in accordance with the basis for their preparation described in Note 2 of the Notes to the disclosed consolidated financial statements for the year ended 31 December 2025.

FBK
Audit | Consulting | Law

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the disclosed consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on the procedures performed by us in accordance with ISA 810 (Revised) Engagements to Report on Summary Financial Statements.

Senior Managing Partner
acting on behalf of the audit firm
pursuant to the Charter

Elena Olegovna Sarafanova
Audit qualification certificate dated 18 October 2019
No. 06-000528, registration number 21906078276

Engagement partner
on the audit resulting in this
auditor's report

Ildar Ravilevich Safiulin
Audit qualification certificate dated 23 August 2011
No. 01-000042, registration number 22006037114

ОБЩЕСТВО С ОГРАНИЧЕННОЙ ОТВЕТСТВЕННОСТЬЮ ФИНАНСОВЫЕ И БУХГАЛТЕРСКИЕ КОНСУЛЬТАНТЫ
ФБК
Г.Р. № 484583
г. МОСКВА

Date of the auditor's report: 26 February 2026

Audited entity

Name:

Public Joint Stock Company ALROSA (PJSC ALROSA).

Address of the legal entity within its location:

6, Lenin Street, Mirny, Republic of Sakha (Yakutia), 678175, Russian Federation.

State registration:

The registration entry was made in the Unified State Register of Legal Entities on 17 July 2002 under primary state registration number 1021400967092.

Auditor

Name:

FBK, LLC.

Address of the legal entity within its location:

44 Myasnitskaya St, Bldg 2, Moscow, 101000, Russian Federation.

State registration:

The registration entry was made in the Unified State Register of Legal Entities on 24 July 2002 under primary state registration number 1027700058286.

Primary number of registration entry in the register of auditors and audit organizations of the Self-regulatory organization of auditors Association «Sodruzhestvo» 11506030481.

(in millions of Russian roubles, unless otherwise stated)

DISCLOSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2025	31 December 2024
ASSETS			
Non-current Assets			
Goodwill	5.1	1,439	1,439
Intangible assets		4,450	3,310
Property, plant and equipment	8	310,543	302,848
Right-of-use assets	9	4,022	2,787
Deferred tax assets	19	2,079	1,191
Long-term accounts receivable	11	84	294
Total Non-current Assets		**322,617**	**311,869**
Current Assets			
Inventories	10	250,840	230,991
Prepaid current income tax		268	2,016
Trade and other receivables	11	13,451	13,381
Bank deposits	6	73,519	7,589
Cash and cash equivalents	7	38,787	81,127
		376,865	**335,104**
Assets of a disposal group held for sale	5.3	-	1,986
Investment in an associate held for sale	5.3	-	9,776
Total Current Assets		**376,865**	**346,866**
Total Assets		**699,482**	**658,735**
EQUITY			
Share capital	12	12,473	12,473
Share premium		10,431	10,431
Treasury shares	12	(258)	(258)
Retained earnings and other reserves	12	383,794	348,337
Equity attributable to owners of PJSC ALROSA		**406,440**	**370,983**
Non-Controlling Interest	31	**274**	**(2,030)**
Total Equity		**406,714**	**368,953**
LIABILITIES			
Non-current Liabilities			
Long-term debt and loans and other financial liabilities	13	108,647	128,704
Provision for pension obligations	17	3,614	3,879
Other provisions	15	23,907	18,150
Deferred tax liabilities	19	10,148	10,210
Government grants	16	2,147	2,085
Other non-current liabilities		7,305	270
Total Non-current Liabilities		**155,768**	**163,298**
Current Liabilities			
Short-term debt and loans and other financial liabilities	14	92,050	67,927
Trade and other payables	18	33,386	46,038
Income tax payable		784	422
Other taxes payable	19	9,482	10,638
Dividends payable	13	1,298	1,296
		137,000	**126,321**
Liabilities related directly to assets of a disposal group held for sale	5.3	-	163
Total Current Liabilities		**137,000**	**126,484**
Total Liabilities		**292,768**	**289,782**
Total Equity and Liabilities		**699,482**	**658,735**

Signed on 26 February 2026 by the following members of management:

Pavel A. Marinychev
Chief Executive Officer –
Chairman of the Management Board

Elena I. Glazunova
Chief Accountant

The accompanying notes form an integral part of these disclosed consolidated financial statements.

(in millions of Russian roubles, unless otherwise stated)

DISCLOSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Revenue	20	235,089	239,067
Income from government grants	16	6,040	5,005
Cost of sales	21	(175,229)	(157,482)
Royalty	19	(1,209)	(1,209)
Gross profit		**64,691**	**85,381**
General and administrative expenses	22	(20,762)	(20,348)
Selling and marketing expenses	23	(6,838)	(7,734)
Other operating income	24	36,521	11,937
Other operating expenses	25	(40,786)	(38,701)
Operating profit		**32,826**	**30,535**
Finance income	26	42,020	24,743
Finance costs	27	(36,557)	(36,674)
Share of net profit of associates and joint ventures	5.2	2,518	13,899
Profit before income tax		**40,807**	**32,503**
Income tax	19	(4,568)	(13,257)
Total profit for the year		**36,239**	**19,246**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligations, net of deferred income tax	17, 19	260	161
Total items that will not be reclassified to profit or loss		**260**	**161**
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences, net of deferred income tax		99	97
Total items that may be reclassified subsequently to profit or loss		**99**	**97**
Total other comprehensive income for the year		**359**	**258**
Total comprehensive income for the year		**36,598**	**19,504**
Profit attributable to:			
Owners of PJSC ALROSA		36,230	21,162
Non-controlling interest	31	9	(1,916)
Profit for the year		**36,239**	**19,246**
Total comprehensive income attributable to:			
Owners of PJSC ALROSA		35,935	21,532
Non-controlling interest		663	(2,028)
Total comprehensive income for the year		**36,598**	**19,504**
Basic and diluted earnings per share for profit attributable to the owners of PJSC ALROSA (in Russian roubles)	12	**5.02**	**2.93**

(in millions of Russian roubles, unless otherwise stated)

DISCLOSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Net Cash Inflow from Operating Activities	**28**	**35,802**	**41,270**
Cash Flows from Investing Activities			
Purchase of property, plant and equipment and intangible assets		(49,419)	(58,915)
Proceeds from sales of property, plant and equipment and intangible assets		122	47
Purchase of license for the development of a gold deposit	8	-	(5,440)
Interest received		2,398	4,671
Proceeds from disposal of subsidiaries, net of cash disposed	5.3	2,506	677
Proceeds from sale of investments in associates	5.3	15,942	1,010
Proceeds from assignment of rights of claim to receivables for dividends from an associate	5.3	19,019	-
Cash transfer to deposit accounts		(166,930)	(134,153)
Cash received from deposit accounts		96,682	186,291
Government grants for investing activities		90	90
Net Cash Outflow used in Investing Activities		**(79,590)**	**(5,722)**
Cash Flows from Financing Activities			
Repayments of loans		(29,177)	(25,140)
Loans received		49,147	72,187
Lease liability payments		(821)	(708)
Contribution of a minority shareholder to the subsidiary's share capital		186	-
Interest paid		(18,130)	(7,034)
Dividends paid	13	(12)	(32,536)
Dividends paid to non-controlling shareholders	13	-	(7)
Returns on unclaimed dividends	13	13	1,264
Net Cash Inflow received from Financing Activities		**1,206**	**8,026**
Net (Decrease) / Increase in Cash and Cash Equivalents		**(42,582)**	**43,574**
Cash and cash equivalents at the beginning of the year		81,601	36,437
Effect of exchange rate changes on cash and cash equivalents		(232)	1,590
Cash and Cash Equivalents at the End of the Year	**7**	**38,787**	**81,601**

(in millions of Russian roubles, unless otherwise stated)

DISCLOSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of PJSC ALROSA							
	Number of shares outstanding	Share capital	Share premium	Treasury shares	Other reserves (note 12)	Retained earnings	Total	Non-controlling Interest (note 31)	Total equity
Balance at 1 January 2024	**7,212,635,830**	**12,473**	**10,431**	**(258)**	**(20,646)**	**379,854**	**381,854**	**5**	**381,859**
Comprehensive income									
Profit for the year	-	-	-	-	-	21,162	21,162	(1,916)	19,246
Other comprehensive income	-	-	-	-	370	-	370	(112)	258
Total comprehensive income for the year	-	-	-	-	**370**	**21,162**	**21,532**	**(2,028)**	**19,504**
Transactions with owners									
Dividends (note 12,13)	-	-	-	-	-	(32,529)	(32,529)	(7)	(32,536)
Returns of unclaimed dividends (note 13)	-	-	-	-	-	126	126	-	126
Total transactions with owners	-	-	-	-	-	**(32,403)**	**(32,403)**	**(7)**	**(32,410)**
Balance at 31 December 2024	**7,212,635,830**	**12,473**	**10,431**	**(258)**	**(20,276)**	**368,613**	**370,983**	**(2,030)**	**368,953**
Balance at 1 January 2025	**7,212,635,830**	**12,473**	**10,431**	**(258)**	**(20,276)**	**368,613**	**370,983**	**(2,030)**	**368,953**
Comprehensive income									
Profit for the year	-	-	-	-	-	36,230	36,230	9	36,239
Other comprehensive income	-	-	-	-	(295)	-	(295)	654	359
Total comprehensive income for the year	-	-	-	-	**(295)**	**36,230**	**35,935**	**663**	**36,598**
Transactions with owners									
Disposal of an associate (note 5.3, 12)	-	-	-	-	(1,380)	-	(1,380)	-	(1,380)
Disposal of a subsidiary (note 5.3, 12)					902		902	1,410	2,312
Non-controlling interest recognised on acquisition of a subsidiary	-	-	-	-	-	-	-	231	231
Total transactions with owners	-	-	-	-	**(478)**	-	**(478)**	**1,641**	**1,163**
Balance at 31 December 2025	**7,212,635,830**	**12,473**	**10,431**	**(258)**	**(21,049)**	**404,843**	**406,440**	**274**	**406,714**

1. ACTIVITIES

The core activities of Public Joint Stock Company ALROSA ("the Company") and its subsidiaries ("the Group") are exploration and extraction of diamond reserves as well as the cutting and marketing and distribution of rough and polished diamonds. The Company was registered on 13 August 1992 in the Republic of Sakha (Yakutia), which is located within the Russian Federation.

The Group operates mining facilities in Mirny, Udachny, Aikhal, Nyurba district and Anabar district of the Republic of Sakha (Yakutia) (located in Eastern Siberia) and the Arkhangelsk Region. Licenses for the Group's major diamond deposits expire between 2025 and 2048. Management believes the Group will be able to extend the licenses' terms after they expire.

As at 31 December 2025 and 31 December 2024 the Company's principal shareholders were: the Russian Federation (33.0 per cent of shares) represented by the Federal Agency for State Property Management and the Republic of Sakha (Yakutia) (25.0 per cent of shares) represented by the Ministry of the Property and Land Relations of the Republic of Sakha (Yakutia). Therefore the total share of the state is above 50%.

The Company is registered and has its principal operating office at 6, Lenin Street, Mirny, Mirninsky ulus, 678175, Republic of Sakha (Yakutia), Russia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS

(a) Basis of presentation

These disclosed consolidated financial statements have been prepared by the Group's management on the basis of the consolidated financial statements as at 31 December 2025 year and for the year then ended, prepared by the Group's management in accordance with IFRS® Accounting Standards, by excluding information, the disclosure of which is likely to cause damage to the Group and (or) its counterparties (hereinafter – "sensitive information"). In this regard, these disclosed consolidated financial statements have been prepared by the Group's management in full compliance with the requirements for the summary consolidated consolidated financial statements formulated by the International Standard on Auditing (ISA) 810 (Revised) "Engagements to Report on Summary Financial Statements" ("ISA 810").

The decision to prepare the disclosed consolidated financial statements was made by the Group's management on the basis of part 8 of article 7 of the Federal Law "On Consolidated Financial Statements" and Decree of the Government of the Russian Federation No. 1490 dated 13 September 2023 "On the Specifics of Disclosure of Consolidated Financial Statements" (hereinafter – "Decree No. 1490 dated 13 September 2023"). The composition of sensitive information was determined by the Group's management of the Group on the basis of Decree No. 1490 dated 13 September 2023 and Decree of the Government of the Russian Federation dated 4 July 2023 No. 1102 dated 4 July 2023 "On the Specifics of Disclosure and (or) Provision of Information Subject to Disclosure and (or) Provision in Accordance with the Requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market" (hereinafter – "Decree No. 1102 dated 4 July 2023").

The disclosed consolidated financial statements do not contain all the necessary information, the disclosure of which is required to provide a complete set of consolidated financial statements of the Group in accordance with IFRS Accounting Standards.

These disclosed consolidated financial statements have been prepared for the purpose of presenting the consolidated financial position and consolidated financial performance of the Group the disclosure of which does not prejudice the Group and (or) its counterparties. As a consequence, these disclosed consolidated financial statements may not be suitable for another purpose.

Based on Decree No. 1102 dated 4 July 2023, the following notes were completely or partially excluded from the disclosed consolidated financial statements:

- paragraph (aa) Critical accounting estimates and judgements of note 2 "Summary of significant accounting policies and critical estimates and judgements";
- note 5 "Group structure and investments";
- note 6 "Bank deposits";
- note 20 "Revenue";
- note 30 "Related party transactions";
- note 31 "Non-controlling interest";
- note 32 "Segment information".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Basis of presentation (continued)

If there are any additional clarifications, changes or specifications of the requirements for disclosed information, including from the Central Bank of the Russian Federation, the Group will assess their impact on the composition and content of the disclosed information without causing damage to the Group and (or) its counterparties.

Group companies incorporated in Russia maintain their statutory accounting records and prepare statutory financial reports in accordance with the Federal Law on Accounting,the Regulation on Accounting and Reporting in the Russian Federation, as well as applicable Russian Accounting Regulations (“RAR”) and Federal Accounting Standards (“FAS”) (hereinafter together – “RAS”). Their functional currency is the Russian Rouble (“RR”). The Group companies incorporated in other countries maintain their statutory accounting records and prepare statutory financial reports in accordance with the legislation of the relevant countries and in the appropriate functional currency.

The official US dollar to RR exchange rates as determined by the Central Bank of the Russian Federation were RR 78.2267 and RR 101.6797 per US$ 1 as at 31 December 2025 and 31 December 2024, respectively. The official Euro to RR exchange rates as determined by the Central Bank of the Russian Federation were RR 92.0938 and RR 106.1028 per EUR 1 as at 31 December 2025 and 31 December 2024, respectively. The official Chinese Yuan to RR exchange rates as determined by the Central Bank of the Russian Federation were RR 11.1592 and RR 13.4272 per Chinese Yuan 1 as at 31 December 2025 and 31 December 2024, respectively.

(b) Changes in IFRS/IAS Accounting Standards

In 2025 the Group adopted all IFRS Accounting Standards, amendments and interpretations which became effective as at 1 January 2025 and which were relevant to its operations.

The following amended Standards became effective for the Group from 1 January 2025, but did not have material impact on the Group.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

On 20 August 2024, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates. The amendments introduce and clarify the definition of an exchangeable currency.

The amendments clarify:

- that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations;
- currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency;
- that the guidance in the standard has not changed when several exchange rates are available, however, the requirement that, if exchangeability between two currencies is temporarily lacking, the rate used is the first subsequent rate at which exchanges could be made, has been removed. These cases will require an estimation of the spot exchange rate;
- requirements to disclosure have been supplemented. An entity shall disclose information about:
  - the nature and financial effects of the currency and its impact on the financial statements;
  - the spot exchange rate used;
  - the estimation process;
  - the risks to which the entity is exposed because of the currency not being exchangeable into the other currency.

New standards and interpretations

A number of new standards and interpretations have been issued that are mandatory for annual periods beginning on or after 1 January 2026, and which the Group has not early adopted.

The Group does not expect that the adoption of these amendments will have a material impact on its disclosed consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Changes in IFRS/IAS Accounting Standards (continued)

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments resolve the conflict between the requirements of IFRS 10 and IAS 28 concerning sales or contributions of assets by an investor to an associate or a joint venture.

In December 2015, the IASB deferred the effective date of the amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an investor and its associate or joint venture indefinitely until the completion of its research project on the equity method of accounting.

The amendments were issued in September 2014 and apply for the annual periods beginning on or after a date to be inserted by the IASB. Earlier application is permitted.

Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments

On 30 May 2024, the IASB issued amendments to the classification and measurement requirements for financial instruments in IFRS 9. The amendments were a response to feedback and comments on IFRS 9 Financial Instruments left by users following its implementation and application.The amendments refer to the following issues.

- Classification of financial assets:

  - The amendments clarify the classification of financial assets with links to environmental, social, governance (ESG) and similar targets: ESG-linked features in loans may affect whether loans are measured at amortised cost or fair value. The amendments clarify how contractual cash flows on such loans should be assessed.
  - The amendments enhance the description of the term ‘financial assets with non-recourse features’. A financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
  - Characteristics of contractually linked instruments have been given. The amendments provide examples to show that transactions with multiple contractually linked instruments are, in fact, lending arrangements providing enhanced guarantees to creditors.
- Derecognition of financial liabilities settled through an electronic payment system: because a transfer through an electronic payment system can take several business days, an entity is permitted to deem the financial liability to be discharged from the date the transfer is sent.

The amendments also addressed IFRS 7 Financial Instruments: Disclosures. Additional requirements were introduced to the disclosures of investments in equity instruments designated at fair value through other comprehensive income and of contractual terms that could change the amount of contractual cash flows.

The amendments shall apply to annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted of only the amendments to the classification of financial assets.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity

In December 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. These contracts enable companies to use energy from natural sources (wind, sun, etc.). However, these contracts expose an entity to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions, in particular, the weather. The current requirements of IFRS 9 Financial Instruments may not fully show the impact of such contracts on the financial performance of entities. The amendments introduce and clarify the definition of an exchangeable currency.

The amendments:
- enhance the description of the term ‘contracts referencing nature-dependent electricity’;
- clarify the application of the own-use requirement in IFRS 9 to contracts referencing nature-dependent electricity;
- introduce amendments to the hedge accounting requirements.

The amendments permit entities to designate as the hedged item a variable nominal amount of forecast electricity transactions that is aligned with the variable amount of nature-dependent electricity expected to be delivered by the generation facility.

The document provides an example, illustrating the application of the clarified hedge accounting requirements to contracts referencing nature-dependent electricity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Changes in IFRS/IAS Accounting Standards (continued)

The amendments shall apply to annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

IFRS 18 Presentation and Disclosures in Financial Statements

In April 2024, the IASB issued its new IFRS Accounting Standard to improve reporting of financial performance. The new standard IFRS 18 Presentation and Disclosures in Financial Statements will replace IAS 1 Presentation of Financial Statements.

IFRS 18 introduces new categories of income and expenses, e.g. operating, investing and financing, and requires all entities to present new sub-totals, including operating profit or loss and profit or loss before financing and income taxes.

The standard requires an entity to present notes to disclosures that are related to the statement of profit or loss and are management-defined performance measures (MPMs) (including reconciliation of such measures with the measures and subtotals defined by IFRS 18 or with the measures required in accordance with IFRS Accounting Standards).

IFRS 18 provides enhanced guidance on grouping information and on whether specific information should be presented in the primary financial statements or in the notes. Also, IFRS 18 introduces some other limited changes concerning the statement of cash flows, and other changes.

The standard shall be effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted and this fact is required to be disclosed.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

On 9 May 2024, the IASB published a new standard IFRS 19 Subsidiaries without Public Accountability: Disclosures.

In accordance with the standard eligible subsidiaries can apply reduced disclosure requirements in their own consolidated, separate or individual financial statements.

A subsidiary can apply IFRS 19 if it does not have public accountability and its parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. It is assumed that a subsidiary does not have public accountability if it does not hold equity or debt instruments traded in a public market and if it does not hold assets in a fiduciary capacity for a broad group of outsiders.

Financial statements under IFRS 19 are not deemed as financial statements complying with IFRS Accounting Standards, the only difference is the extent of disclosure. The principles of measurement, recognition and presentation of the elements of financial statements do not differ from the full version of IFRS Accounting Standards.

An entity may elect to apply IFRS 19 more than once. An entity that elects to apply IFRS 19 may later revoke that election.

The standard shall be effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted and this fact is required to be disclosed.

(c) Principles of consolidation

The Group comprises the parent Company and its subsidiaries. All transactions, balances and unrealised gains on transactions between Group companies are eliminated, unrealised losses are also eliminated unless the cost cannot be recovered. The accounting policies of the subsidiaries, associates and joint ventures are conformed to those of the Company.

Subsidiaries are those investees, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than a majority of the voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of an investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Principles of consolidation (continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of all subsidiaries including those purchased from parties under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The Group measures a non-controlling interest on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value. The Group applies the acquisition method on transactions under common control.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of any non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill"is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements, but excluding acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

A non-controlling interest is the portion of the net results and of the equity of a subsidiary attributable to interests which are not held, directly or indirectly, by the Company. A non-controlling interest forms a separate component of the Group's equity.

Purchases and sales of non-controlling interests. The Group applies the economic entity model to account for transactions with holders of non-controlling interest in transactions that do not result in a loss of control. Any difference between the consideration transferred and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognises the difference between sales consideration and the carrying amount of a non-controlling interest sold as a capital transaction in the disclosed consolidated statement of changes in equity.

If a business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20.0 and 50.0 per cent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii) all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of profit of associates.

However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including anyunsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Goodwill

Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment.

The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. The carrying value of a cash-generating unit containing goodwill is compared to the recoverable amount, which is the higher of the value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

In case of disposal of an operation within a cash generating unit to which goodwill has been allocated, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and measured on the basis of the relative values of the operation disposed and the portion of the cash-generating unit retained.

(e) Intangible assets

The Group's intangible assets mainly consist of licenses for software products purchased under the import substitution programme and costs for the development of automated accounting systems.

Intangible assets acquired separately or internally generated are initially recognised at actual cost. Development costs directly related to identifiable and unique software controlled by the Group are recognised as intangible assets if the amount of additional economic benefits is expected to exceed the costs. Capitalized costs include the cost of remuneration for employees of the software development team and an appropriate share of overhead costs. All other costs related to the software (for example, its maintenance) are expensed as incurred.

The historical cost of intangible assets acquired in a business combination is their fair value as at the acquisition date. Following initial recognition, intangible assets are carried at actual cost less accumulated depreciation and accumulated impairment losses.

Intangible assets whose useful lives (Ul) can be determined are amortised on a straight-line basis over an estimated useful life of 2 to 10 years on average and assessed for impairment each time whenever the indicators of impairement exist.

The amortisation period and amortisation method of an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Amortisation charges on intangible assets with finite useful lives are recognised in the disclosed consolidated statement of profit or loss in the expense category that corresponds to the function of a particular intangible asset.

An intangible asset is derecognised upon its disposal (i.e., on the date when the recipient of the asset gains control over it) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset is included in other operating income or expenses in the disclosed consolidated statement of profit or loss.

(f) Property, plant and equipment

The cost of property, plant and equipment comprises costs incurred in developing areas of interest as well as costs related to the construction and acquisition of property, plant and equipments used to operate them.

Property, plant and equipment are carried at historical cost of acquisition or construction and adjusted for accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost of replacing major parts or components of property, plant and equipment items is capitalised and the replaced part is retired. Costs of minor repairs and day-to-day maintenance are expensed when incurred.

Expenditures related to geophysical analysis and exploration are expensed until it is determined to be probable that economically viable reserves exist. Exploration costs are included in other operating expenses. All expenses incurred subsequently are considered as development costs and are capitalised as part of property, plant and equipment. They are depreciated from the date of commencement of mining activities at the exact area of interest. Depreciation of these development costs is calculated on a units of production basis for each area of interest. Depreciation charges are based on proved and probable reserves. Depreciable amount includes future development costs to extract all reserve base from the mine.

(in millions of Russian roubles, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(f) Property, plant and equipment (continued)

Stripping costs incurred during the production phase of an open pit or those related to future periods are capitalised as part of property, plant and equipment and depreciated subsequently on a units of production basis to match the economic benefits derived from them. The Group recognises a stripping activity asset if, and only if, all of the following criteria are met:

- it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the Group;
- the Group can identify the component of the ore body for which access has been improved;
- the costs relating to the stripping activity associated with that component can be measured reliably.

Gains or losses on disposals are determined by comparing the disposal proceeds with the net book value amount and are recognised in profit or loss.

At the end of each reporting period, management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less selling expenses and its value in use, the carrying amount is reduced to the recoverable amount and the difference is recognised as an expense (impairment loss) in profit or loss in the period when the reduction is identified. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's recoverable amount.

Borrowing costs are capitalised as part of the cost of qualifying assets during the period of time that is required to construct and prepare the asset for its intended use.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up shall be included in profit or loss when the compensation becomes receivable.

Classification of production licenses. Management treats the cost of production licenses as an integral part of the acquisition cost of tangible mining properties; accordingly, production licenses are included in property, plant and equipment in these disclosed consolidated financial statements. As at 31 December 2025 the net book value of production licenses included in property, plant and equipment is RR'mln 8,000 (31 December 2024: RR'mln 8,086).

Depreciation. Property, plant and equipment are depreciated from the date when they are ready for the commencement of commercial mining activities.

Depreciation of buildings and land improvements related to extraction of minerals is calculated on a units of production basis for each ore deposit. For the purpose of the calculation management uses information with respect to ore reserves on the basis of independent resource engineer's report. In situations where it is known that future development costs will be needed to extract all resource base of the mine, they are included in depreciable amount. Depreciation of production licenses is calculated on a units of production basis. Depreciation of other assets is calculated on a straight-line basis over their estimated useful life.

Summary of useful lives and alternative basis for depreciation:

	Assets related to extraction of minerals		**Other assets**	
	31 December 2024	**31 December 2025**	**31 December 2024**	**31 December 2025**
Buildings	Units of production	Units of production	5-100 years	5-97 years
Land improvements	Units of production	Units of production	3-50 years	3-50 years
Production licenses	Units of production	Units of production	-	-
Plant and equipment	3-20 years	3-20 years	3-20 years	3-20 years
Transport	3-22 years	3-26 years	3-22 years	3-26 years
Other	3-25 years	3-25 years	3-25 years	3-25 years

The average depreciation rate for the property, plant and equipment depreciated on a units of production basis was 9.01 per cent in the year ended 31 December 2025 (year ended 31 December 2024: 8.52 per cent).

Local infrastructure assets. Local infrastructure assets constructed or purchased by the Group (including dwelling houses for the Group's employees located in the areas of the Group's production activity) are included in the disclosed consolidated financial statements at historical cost and depreciated during their useful lives as set out above. These assets are an integral part of the Group's production activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(g) Provisions

Provisions for liabilities are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

The provision for land recultivation is determined based on the present value of future costs of constructive obligations required to restore sites of mining and other operations in accordance with the terms of the license agreements in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration of affected areas. The initial provision for land recultivation together with any changes in estimation is recorded in the disclosed consolidated statement of financial position, with a corresponding amount recorded as part of property, plant and equipment in accordance with IAS 16 “Property, Plant and Equipment”.

The Group assesses the provision for land recultivation at each reporting date. Significant estimates and assumptions are made in determining the provision for land recultivation as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent and costs of land recultivation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the reporting date represents management’s best estimate of the present value of the future land recultivation costs required.

Changes in the present value of the provision for land recultivation resulting from the passage of time are reflected in profit or loss in each period under finance costs. Other changes in the provision relating to a change in the discount rate applied, in the expected pattern of settlement of the obligation or in the estimated amount of the obligation are treated as a change in accounting estimate in the period of the change. The effects of such changes are added to, or deducted from, the carrying amount of the related asset.

(h) Inventories

Inventories of diamonds, extracted ore and sands, gold, mining and construction stores and other materials are valued at the lower of cost or net realisable value in the disclosed consolidated financial statements. The cost of inventory is determined using the weighted average cost formula.

The value of extracted ore and sands is calculated using the quantities determined based on surveyors’ measurements of the volumes of ore and sands remaining at the period end. The cost of inventories includes costs directly attributable to mining the diamonds, extracting the ore, sands and gold, and those directly attributable to bringing mining and construction stores and consumable supplies to their present location and condition. Net realisable value is the estimated selling price that under comparable circumstances is determined by the Group, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Financial instruments – key definitions

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is quoted price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the Group. This is the case even if a market’s normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(i) Financial instruments – key definitions (continued)

Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost (AC) is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus or minus accrued interest, and for financial assets less any allowance for expected credit losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the disclosed consolidated statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument.

The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired financial assets at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

Financial instruments – initial recognition. Financial instruments at fair value through profit or loss (FVTPL) are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at fair value through other comprehensive income (FVOCI), resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Group commits to buy or sell a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

The Group classifies financial assets in the following measurement categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income;
- financial assets at fair value through profit or loss.

Debt instruments are classified by category, depending on the business model for managing financial assets and on whether the contractual cash flows are payments to the principal debt and interest:

- debt instruments, where the cash flows represent solely payments of principal and interest, are measured by the Group at amortised cost;
- debt instruments, where the cash flows represent solely payments of principal and interest and are held in a portfolio, are measured at fair value through other comprehensive income, if the Group holds the instruments to collectcontractual cash flows and sells assets;
- other financial assets are measured at fair value through profit or loss.

Investments in equity instruments are measured at fair value. As the equity instruments of the Group are held for trading, changes in fair value are presented in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(i) Financial instruments – key definitions (continued)

Financial assets – classification and subsequent measurement: business model. The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business models and measured at FVTPL.

A business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed.

Financial assets – classification and subsequent measurement: cash flow characteristics. Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI test is performed on initial recognition of an asset and it is not subsequently reassessed.

Financial assets measured at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objectives is to hold assets in order to collect contractual cash flows, not for sale before the contractual repayment date due to changes in the fair value;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

The Group measures cash and cash equivalents, bank deposits, trade and other receivables, loans issued as financial assets measured at amortised cost.

Financial assets measured at fair value through other comprehensive income

In this category the Group includes financial instruments that are retained within a business model that involves the management of assets both for the purpose of obtaining contractual cash flows and for the purpose of selling those assets. The Group classifies financial assets at fair value through other comprehensive income according to the following factors:

- the purpose of the financial asset to receive of cash flows fromsales;
- the threshold amount for sale is not determined.

As at 31 December 2025 and 31 December 2024 the Group didn't have any financial assets measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss

The Group measures financial instruments as held within a business model whose objective is to hold assets in order to collect contractual cash flows considering the following factors:

- the purpose of the financial asset is to maximize cash flows due to sales;
- the management measures the assets according to fair values;
- the financial asset is included into the trading portfolio of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(i) Financial instruments – key definitions (continued)

In this category the Group includes financial instruments that are part of the Group's trading portfolio.

Expected credit losses

The Group assesses, on a forward-looking basis, expected credit losses (ECL) for debt instruments measured at AC and for the exposures arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises an allowance for credit losses at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC, bank deposits, trade and other receivables and loans issued are presented in the disclosed consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate allowance for ECL is recognised as a liability in the disclosed consolidated statement of financial position.

The Group assesses expected credit losses (ECL) associated with its financial assets carried at amortised cost taking into account the probability of default and loss given default ratio. The Group applies its professional judgement for development of the assumptions and selection of the information sources for calculation of expected credit losses. In doing so, it takes into account the past experience as well as current market situation and forecasts as at each reporting date. A default on a financial asset takes place in cases when the counterparty does not make payments under the contract within 90 days after the due date.

The Group uses a portfolio approach for financial receivables based on the related credit risk. Each portfolio is determined based on the client type and initial credit period.

For assets with expected life of more than one year, the Group takes into account any significant increase in credit risk at each balance sheet date, comparing the default risk of the asset at the reporting date with the risk of default on the asset at the date of initial recognition. A significant increase in credit risk occurs when the counterparty does not make payments under the contract within 30 days after the due date, and also based on the such factors as changes in external credit ratings and information about other negative events affecting the counterparty's ability to make a payment.

Financial assets are written off when there are no reasonable expectations of recovering the financial assets. Assets that are impossible to sell and for which all necessary procedures have been completed with the purpose of full or partial recovery and the final amount of the loss is determined are written off against the allowance for ECL. Subsequent recoveries of amounts previously written off are allocated to the allowance for ECL in profit or loss.

The Group applies a simplified approach for impairment of trade receivables.

To assess the expected credit loss on loans given and bank deposits the Group applies the expected credit losses model in accordance with a "three stage" approach which is based on the change in credit quality of financial assets since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12-Month ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 3 for a description of how the Group determines when a SICR has occurred.

If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in note 3. For financial assets that are purchased or originated credit-impaired financial assets ("POCI Assets"), the ECL is always measured as a Lifetime ECL. Note 3 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

Financial assets – derecognition

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(i) Financial instruments – key definitions (continued)

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts.

Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks on demand deposits and deposits with maturity at the date of inception of less than three months, which are considered by the Group at the time of deposit to have minimal fair value and default risks.

Cash and cash equivalents are carried at amortised cost using the effective interest method.

(k) Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of the receivables from customers or (b) delivery of the goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the disclosed consolidated statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods borrowings are stated at amortised cost using the effective interest rate method; any difference between the amount at initial recognition recognised in the disclosed consolidated financial statements and the redemption amount is recognised as interest expense over the period to maturity of the borrowing.

Borrowing costs (the interest) directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the costs of those assets.

The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Group’s average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(m) Pension and other post-retirement benefits

In the normal course of business the Group contributes to the Russian Federation state pension fund on behalf of its employees. Mandatory contributions to the Russian Federation state pension fund, which is a defined contribution plan, made on behalf of employees directly involved in production of diamonds, are included within wages, salaries and other staff costs in the cost of production and apportioned between work-in-process (inventory of diamonds and ores and sands) and the cost of sales. Mandatory contributions to the Russian Federation state pension fund made on behalf of other employees, are expensed as incurred and included within wages, salaries and other staff costs in general and administrative expenses and selling and marketing expenses.

Starting from 1 July 2017 in accordance with the changes in the pension plan the Group finances non-state pensions together with the employees on parity terms.

A non-parity pension program remained in force till 1 July 2017. According to the program the Group has liability within defined benefit pension plan. The pension obligation is measured at the present value of the estimated future cash outflows using the interest rates on governmental securities, which have the terms to maturity approximating the terms of the related liability. Actuarial remeasurements arising mainly from experience adjustments or changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise.

Joint stock company “NPF GAZFOND Pensionnye Nakopleniya” (until April 2024 - Joint stock company “Non-state Pensionary Fund “Almaznaya osen”) administers the Group’s defined benefit plan. The amount of pension benefit that an employee will receive on retirement is usually dependent on one or more factors such as age, years of service and average salary for the year, chosen by employee. The liability recognised in the disclosed consolidated statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation less the fair value of plan assets, adjusted for unrecognised actuarial gains or losses.

(n) Trade and other payables

Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

(o) Accounting for lease liabilities and right-of-use assets

Right-of-use assets are measured at initial cost and depreciated on a straight-line basis over the shorter of the lease term and the useful life of the right-of-use asset. The initial cost of a right-of-use asset consists of the amount of initial measurement of lease liability, adjusted by any lease payments made to the lessor at or before the commencement date and initial direct costs. The right-of-use assets are subsequently measured at cost, less accumulated depreciation and any accumulated impairment losses.

A lease liability is initially recognised at the present value of lease payments that are not paid by the commencement date and is subsequently measured at amortised cost, recognising interest expenses within finance costs in the Disclosed Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The carrying amount of a lease liability is remeasured to reflect any reassessment, lease modification, or revised in-substance fixed lease payments. Reassessment of the lease liability takes place if the cash flows based on the original terms and conditions of the lease agreement are changed. Lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. Any remeasurement of the lease liability based on situations described above results in a corresponding adjustment to the right-of-use asset. Any change that is triggered by a clause that is already part of the original lease contract, including changes due to a market rent review clause or the exercise of an extension option, is a reassessment. The effective date of the modification is the date when the parties agreed to the modification of the lease.

Accounting for periodical repair and technical maintenance costs of aircrafts

At the commencement date of the lease the lessee estimates the cost of regular overhaul which forms the working life of the aircraft when it is returned, and recognises this amount as right-of-use asset in correspondence with a provision to restore the underlying asset to the state that is required in accordance with the lease terms of the aircraft. A right-of-use asset is depreciated using the straight-line method over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(o) Accounting for lease liabilities and right-of-use assets (continued)

The provision for repair and maintenance on return of aircraft to the lessor is revaluated on a regular basis and changes in the carrying amount of the provision are recognised in correspondence with the relevant right-of-use asset. The provision is recognised at present value using the discount rate method.

When carrying out repair works the utilisation of the previously created provision is accounted for in correspondence with the repairs settlements accounts. The amount of excess or underutilisation of the provision is recognised in income / expenses of the period.

Accounting for HFM (heavy form of maintenance) provision

According to certain aircraft lease agreements the Group regularly makes payments to the lessor's aircraft maintenance provision for "heavy forms of maintenance" specified in the lease agreement during the lease period. After carrying out relevant repairs the Group makes an enquiry to the lessor for the reimbursement of such expenses and receives partial or full compensation from the lessor depending on the various conditions.

Accounting for HFM depends on the terms of the lease contract:

1. Payments for the regular overhauls which will be reimbursed during the lease term

A financial asset is recognised when the respective payment to maintenance is made and is initially measured at the present value of future reimbursement payments, the amount of the discount is recognised directly in the period expenses. Over its life period the financial asset is increased by interest accruals to its nominal amount to be returned by the lessor to the lessee using the effective interest method.

When reimbursement is received the refund amount is offset against the financial asset. If the amount of the eimbursement received is less than the carrying amount of financial asset, the Group estimates the probability of the return of the residual part of the provision and if the balance is not expected to be received it is written off as a variable payment in the expenses of the period.

2. Payments to the provision not expected to be reimbursed as HFM will be performed by the lessor or other lessee after the lease term

Payments to the provisionwhich are not returned to the lessee should be accounted for as any other lease payments under *IFRS 16* "*Leases*".

Disclosure in the disclosed consolidated financial statements

Right-of-use assets are represented in "Right-of-use assets" in the Disclosed Consolidated Statement of Financial Position, long-term lease liabilities and the current portion of lease liabilities are represented in "Long-term debt and other financial liabilities" as a part of non-current liabilities and "Short-term debt and other financial liabilities" as a part of current liabilities in the Disclosed Consolidated Statement of Financial Position. Interest expenses are presented in "Finance costs" in the Disclosed Consolidated Statement of Profit or Loss and Other Comprehensive Income, depreciation of right-of-use assets is represented in "Cost of sales", "General and administrative expenses", "Selling and marketing expenses" in the Disclosed Consolidated Statement of Profit or Loss and Other Comprehensive Income. Total cash outflow related to lease liabilities is represented in "Net cash flow from financing activities" in the Disclosed Consolidated Statement of Cash Flows.

Short-term lease (with a lease term of 12 months or less) as well as lease of low-value assets are recognised as an expense in the Disclosed Consolidated Statement of Profit or Loss and Other Comprehensive Income over the lease term.

(p) Share-based payments

The Group operates a compound equity-settled and cash-settled share-based compensation plan with zero equity component, under which the Group receives services from employees as consideration for equity instruments (shares) of the Group. Services, received in exchange for cash-settled share-based payments, are recognised at the fair value of the liability incurred and are expensed when consumed. The liability is re-measured at each reporting date to its fair value, with all changes recognised immediately in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(q) Equity

Share capital. Share capital consists of ordinary shares, which are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in the disclosed consolidated statement of changes in equity.

Treasury shares. Where the Group entities purchase the Company's equity share capital, the consideration paid, including any attributable incremental costs, is deducted from total equity as treasury shares until they are re-sold. Where such shares are subsequently sold, any consideration received, net of income tax, is included in equity. Treasury shares are recorded at weighted average cost. The excess of the cost of purchasing or selling shares over the nominal value of shares is recorded in retained earnings.

Reserves. Changes in ownership in subsidiaries are recorded as reserves.

Dividends. Dividends are recognised as a liability and deducted from equity at the end of the reporting period only if they are approved at the General Meeting of Shareholders on or before the end of the reporting period.

(r) Revenue recognition

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Revenue from sale of diamonds and other goods are recognised when control of the good has been transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. The majorityof contracts contain full prepayment condition.

A receivable is recognised when goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from rendering of transport and other services is recognised in disclosed consolidated financial statements in the period when the services are rendered. The Group provides services under fixed-price contracts. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Liabilities under contracts with customers are represented by advances received, which are recognised as revenue during the year.

(s) Interest income

Interest income is recorded for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income, all fee received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the Group relating to the creation or acquisition of a financial asset, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

For financial assets that are originated or purchased credit-impaired financial assets, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their AC, net of the ECL allowance, and (ii) financial assets that are purchased or originated credit impaired financial assets, for which the original credit-adjusted effective interest rate is applied to the AC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(t) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established and inflow of economic benefits is probable.

(u) Government grants

The Group receives grants from the Government of the Russian Federation and the constituent territories of the Russian Federation to compensate for the effects of tariff regulation, for lost income related to the supply of utilities to a preferential category of customers, for the construction of infrastructure facilities and other purposes.

Government grants related to income are recorded separately as income from grants in the Disclosed Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which the related expenses are incurred.

Government grants received for the construction of infrastructure facilities are accounted for as part of other liabilities until the relevant asset is put into operation. Subsequently, during the useful life of the asset, the amount of the grants is written off monthly to other operating income in the amount of accrued depreciation.

In accordance with IAS 20, the Group does not recognise a grant until it is reasonably certain that all conditions related to the grant will be met and that the grant will be received. Obtaining a grant is not a decisive evidence that the conditions associated with it are fulfilled or will be fulfilled.

Cash receipts in the form of government grants for the construction of infrastructure facilities are recorded separately in the disclosed consolidated statement of cash flows as part of the cash flows from investing activities.

(v) Income taxes

Income taxes have been provided for in the disclosed consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge (benefit) comprises current tax and deferred tax and is recognised in the Group's profit or loss except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity. Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on accounting estimates if disclosed consolidated financial statements are authorised prior to filing relevant tax returns.

Deferred tax assets and labilities are provided using the balance sheet method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit or loss.

Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill. Deferred tax assets and labilities are measured at tax rates enacted or substantively enacted at the end of the reporting period which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred income tax assets and liabilities are offset when the deferred income taxes assets and liabilities relate to the same taxable entity of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

The Group controls reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains at their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

The Group's uncertain tax positions are reassessed by management at every the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(v) Income taxes (continued)

Adjustments for uncertain income tax positions are recorded within the income tax charge.

(w) Foreign currencies transactions

Monetary assets and liabilities, which are held by the Group entities and denominated in foreign currencies, are translated into roubles at the official exchange rate of the Central Bank of the Russian Federation ("CB RF") prevailing at the reporting date. Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recognised in the Group's profit or loss. Foreign exchange gains and losses that relate to debt and loans and other financial liabilities, bank deposits above three months are presented in the disclosed consolidated statement of profit or loss and other comprehensive income within finance costs and income. All other foreign exchange gains and losses including foreign exchange differences on cash and cash equivalents are presented in the Disclosed Consolidated Statement of Profit or Loss and Other Comprehensive Income within "Other operating income" or "Other operating expenses" as they result from operating activities.

The statements of financial position of foreign subsidiaries are translated into Russian Roubles at the exchange rate prevailing at the end of the respective reporting period. The statements of profit or loss and other comprehensive income of foreign entities are translated at the average exchange rate for the reporting period. Translation differences arising from the translation of the net assets of foreign subsidiaries are included in other comprehensive income of the Group.

Loans between Group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where a loan is between Group entities that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, unless the loan is not expected to be settled in the foreseeable future and thus forms part of the net investment in foreign operation. In such a case, the foreign exchange gain or loss is recognised in other comprehensive income.

The results and financial position of each Group entity (the functional currency of none of which is a currency of a hyperinflationary economy) are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position are translated at the closing rate at the end of the respective reporting period;

(ii) income and expenses are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates at the dates of the transactions);

(iii) components of equity are translated at the historic rate; and

(iv) all resulting exchange differences are recognised in other comprehensive income.

(x) Social costs

Discretionary and voluntary payments made by the Group to support social programs and related operations are expensed as incurred.

(y) Non-cash transactions

Non-cash transactions are measured at the fair value of assets received or receivable. Non-cash transactions have been excluded from the disclosed consolidated statement of cash flows. Investing and financing activities and the total of operating activities represent actual cash flows.

(z) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Management Board of the Company, which is the Group's chief operating decision-maker. The Management Board is responsible for allocating resources and assessing performance of the operating segments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(aa) Critical accounting estimates and judgements

The Group makes accounting estimates and assumptions that affect the amounts recognised in the disclosed consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the disclosed consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment of property, plant and equipment. The estimation of forecast cash flows involves the application of a number of significant judgements and estimates to certain variables including volumes of sales and production, prices of diamonds, operating costs, capital investments, diamonds reserves estimates and macroeconomic factors such as inflation and discount rates. In addition, judgement is applied in determining the cash generating units assessed for impairment.

At the end of each reporting period management assesses whether there is any indication that the recoverable value has declined below the carrying value of property, plant and equipment.

In 2025, the Supervisory Board decided to adjust the production profile with the temporary suspension of operations at the Verkhne-Munskoe deposit, whose assets are held on the Company's balance sheet, and the development of a technical conservation plan for the deposit. The decision is aimed at improving operational efficiency, maintaining financial stability and increasing free cash flow.

Consequently, the Company created a provision for impairment of property, plant and equipment of the Verkhne-Munskoe deposit in the amount of RR'mln 8,398 (notes 8 and 25).

In addition, the diamond industry continued to be pressured by several factors in 2025, including geopolitical and macroeconomic uncertainty and changes in consumer preferences, which led to a decrease in demand for jewelry and increase in diamond inventories in the cutting sector. To stabilise the market situation, major diamond producers continued to limit supply and reduce prices. This strategy partially stabilised the negative price dynamics for diamonds. In the short-term, the challenging market situation will persist: excess inventory in the midstream and the ongoing imbalance between supply and demand will continue to put pressure on prices and limit the Group's potential for increased sales.

In 2025, relatively high levels of the key rate and inflation continued to have an additional negative impact on the Group`s economy. Rising fuel and material costs due to increased inflationary pressure, as well as the increase in the wage fund due to indexation in the context of rising inflation led to increase in production costs. The increase in the income tax rate from 20% to 25% and the increase in extraction tax rate from 8% to 8.4%, led to in the Russian Federation, announced from 1 January 2025, also reduces the net profit remaining in the Group.

Taking into account the above factors, in 2025, the Group conducted an impairment test for non–current assets (including goodwill), for which non-current assets were allocated to cash-generating units (hereinafter referred to as CGUs), representing individual diamond mining companies of the Group subject to the risk of impairment. The recoverable amount of the CGU was determined based on the calculation of its value in use by discounting future cash flows that would result from the activities of these CGUs.

The recoverable amount of the CGU was compared against the book value of non-current assets of the corresponding CGU. To predict cash flows, the neutral scenarios of the ALROSA Group's Development Strategy, approved by the Supervisory Board for the period 2026-2030 (the "Strategy"), were used as a basis, considering the suspension of operations at the Verkhne-Munskoe deposit, the baseline forecast of the socio-economic development of the Russian Federation, forecast of diamond jewelry demand recovery and a long-term forecast of rising prices for diamond products in dollar equivalent.

The main assumptions used to calculate recoverable amounts related to the discount rate, diamond prices, sales volume and capital investments. The Group's weighted average cost of capital (WACC) was used as the discount rate for the diamond mining segment, which as at 31 December 2025 was assumed to be 14.52% in 2026, 10.59% in 2027 and beyond (as at 31 December 2024: 19.85% in 2025, 14.73% in 2026, 11.26% in 2027 and beyond).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(aa) Critical accounting estimates and judgements (continued)

As at 31 December 2025 no impairment was identified after the above test. The Group's management conducted an analysis of the sensitivity of the results to changes in key assumptions and concluded that a reasonable change in these assumptions, while all other indicators remain unchanged, does not lead to the recognition of impairment of the Group's non-current assets, excluding the effect of the variables "diamond prices" and "ruble exchange rate against the dollar": for CGU *[Limited access to information[1]]*, a 0.4% decrease in diamond prices in the forecast period may lead to impairment, and a 0.4% strengthening of the ruble against the dollar in the forecast period may also lead to impairment.

As at 31 December 2024 no impairment was identified after the above test. The Group's management conducted an analysis of the sensitivity of the results to changes in key assumptions and concluded that a reasonable change in these assumptions, while all other indicators remain unchanged, does not lead to the recognition of impairment of the Group's property, plant and equipment as at 31 December 2024.

For the year ended 31 December 2024 the Group recognised an impairment loss on property, plant and equipment in the amount of RR'mln 4,975 (note 25), including the impairment loss, related to property, plant and equipment of Hydroshikapa S.A.R.L in the amount of RR'mln 4,713 (note 5.3).

Property, plant and equipment of the underground mine Mir.

In August 2017, an accident occurred at the underground mine "Mir", the mine's ore extraction activities were suspended, property, plant and equipment suitable for further use were conserved until a decision on the procedure for resuming mining operations at the tube "Mir" deposit. In 2018, having completed the evaluation of the possibility to restore the activities of the mine, management of the Group prepared preliminary project documentation for new mine infrastructure. The ultimate decision to build up a new mine was not taken yet. The use of a part of the mine's assets with a carrying value of RR'mln 7,815 was not envisaged by the new project, and therefore an impairment was recognised as at 31 December 2018. In 2024-2025, a part of "Mir" mine's property and equipment items which have not been impaired was used by other business units of the Company.

According to the concept adopted in 2019, a decision to implement a new construction project of the "Mir-Glubokiy" underground mine will be made based on the results of additional exploration of the deposit's deep horizons and subsequent preparation of a feasibility study of investments.

For to the construction project of the new underground mine "Mir-Glubokiy", additional exploration of the reserves of the deep horizons of the "Mir" tube was completed and a feasibility study of permanent exploration conditions was prepared, on the basis of which the balance reserves to a depth of 1,300 meters (abs.) were approved by the decision of the State Commission on Mineral Reserves. The Company also prepared a feasibility study of investments for the construction of the new mine "Mir-Glubokiy" (in depth -575 meters /- 1,300 meters (abs.)), confirming the possibility of cost-effective implementation of the project.

As at 31 December 2025, preparatory work on the construction sites of the vertical cage and skip shafts was completed. Positive conclusions were received from the State Expert Review Committee on the design and estimate documentation for the construction of the vertical shafts and underground workings, along with all necessary infrastructure. A decision to commence the project implementation is planned to be made in 2026, following an update of the investment feasibility study. A decision to develop temporarily inactive reserves above -575 m (abs.) will be made following the identification of safe and effective technical solutions under a separate investment project.

Tax legislation. Russian tax, currency and customs legislation is subject to varying interpretations (note 29).

Useful lives of property, plant and equipment. Items of property, plant and equipment are stated at cost less accumulated depreciation. The estimation of the useful life of an item of property, plant and equipment is a matter of management judgment based upon experience with similar assets. In determining the useful life of an asset, management considers the expected usage, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments to future depreciation rates.

Management believes that its valid diamond production licenses will be extended past their current expiration dates without significant additional charges.

[1] Access to information is limited in accordance with paragraphs 5, 6, 11 of Decree of the Government of the Russian Federation dated 4 July 2023 No. 1102 "On the Specifics of Disclosure and (or) Provision of Information Subject to Disclosure and (or) Provision in Accordance with the Requirements of the Federal Law"On Joint Stock Companies" and the Federal Law "On the Securities Market".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(aa) Critical accounting estimates and judgements (continued)

The Group has a history of renewal of its production licenses and there were no cases in the past when any of the Group's production licenses were not extended. Because of the extensions, the assets are depreciated over their useful lives beyond the end of the current license term.

For the year ended 31 December 2025, if the estimated useful lives of property, plant and equipment had been 10 per cent longer / shorter with all other variables held constant, depreciation charge for the year would have been RR'mln 2,431 (year ended 31 December 2024: RR'mln 2,224) lower / higher.

Pension obligations. The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the yield to maturity on federal loan bonds denominated in the currency in which the benefits will be paid, and with terms to maturity approximating the terms of the related pension obligation (note 17).

Provision for land recultivation. Based on legal requirements of the Russian Federation, license agreements and the estimated period of resources extraction the Group estimates discounted costs of dismantling and removing an item of property, plant and equipment (asset retirement obligations). The key assumptions used to determine the asset retirement obligations amount include: production volume, period of extraction and discount rate (note 15).

Going concern. The Group has prepared these disclosed consolidated financial statements based on the principle of going concern, taking into account the impact of the complicated geopolitical and economic situation on its financial position. The Group has no intention or need to significantly reduce the volume of operating activities.

The Group considers its current liquidity position sufficient for sustainable operation. The Group believes that the sanctions pressure on the Company and the increased volatility in the markets are the factors that may affect its ability to continue as a going concern in the future. In assessing the impact of these events on its financial position, the Group, where possible, used updated forward-looking data, both internal and external, from reliable sources of statistical information. In its judgments, the Group took into account the support measures adopted by the Government and the Central Bank of the Russian Federation in effect at the reporting date. Due to uncertainty and duration of these events, the Group cannot accurately and reliably estimate their quantitative impact on its financial position.

Management monitors the impact of sanctions from unfriendly states on the Group's activities and takes steps to minimize risks to ensure:

- normal operation of the Group with the least possible failures;
- implementation of current sales and production processes;
- maintaining the liquidity and solvency of the Group.

Management of the Group believes that there is no significant uncertainty regarding the Group's ability to continue as a going concern.

Management of the Group believes that the described circumstances in Notes 29 and 34 do not cast doubt on the Group's ability to continue as a going concern for at least twelve months after the reporting date. However, the future consequences of the current situation may differ from the current expectations of the Group's management.

(bb) Non-current assets classified as held for sale

Non-current assets and disposal groups (which may include both non-current and current assets) are classified in the disclosed consolidated statement of financial position as 'non-current assets held for sale' when their carrying amount will be recovered principally through a sale transaction (including loss of control of a subsidiary holding the assets) within twelve months after the reporting date rather than through continued use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

(bb) Non-current assets classified as held for sale (continued)

Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the sale plan will be made or that the plan will be withdrawn.

Non-current assets or disposal groups classified as held for sale in the disclosed consolidated statement of financial position in the reporting period are not reclassified or re-presented in the disclosed comparative consolidated statement of financial position to reflect the classification at the end of the current reporting period.
A disposal group is a group of assets (current or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Non-current assets are assets that include amounts expected to be recovered or collected more than twelve months after the reporting date. If reclassification is required, both the current and non-current portions of an asset are reclassified.

Non-current assets and disposal groups held for sale are measured at the lower of their carrying amount or fair value less costs of disposal.

The Group ceases to depreciate property, plant and equipment, right-of-use assets and intangible assets from the moment they are classified as held for sale. Assets and liabilities classified as held for sale (disposal groups) are presented separately as short-term items in the consolidated statement of financial position

A disposal group is classified as a discontinued operation if it is a component of the Group that has either been disposed of or is classified as held for sale and:

- represents a separate significant business line or geographical region of operations;
- is part of a single coordinated plan for the disposal of a separate significant business line or geographical region of operations;
- is a subsidiary acquired solely for the purpose of resale.

The result of discontinued operations is excluded from the results of continuing operations and presented as a single amount of profit or loss after tax from discontinued operations in the disclosed consolidated statement of profit or loss.

(in millions of Russian roubles, unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including market risks (currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on minimising potential adverse effects on the financial performance of the Group.

Interest rate risk. Changes in interest rates primarily lead to changes in the cost of borrowings (fixed interest rate borrowings) or future cash flows (variable interest rate borrowings). The Group's income and operating cash flows are least exposed to the risk of changes in market interest rates due to the Group's lack of significant interest-earning assets. The Group's principal interest rate risk arises from long-term and short-term borrowings. Borrowings with fixed interest rates expose the Group to the risk of changes in the fair value of these loans and borrowings. During 2025 and 2024, the Group's borrowings were mainly denominated in Russian Roubles (notes 13, 14).

To mitigate this risk, the Group performs periodic analysis of the current interest rate environment and depending on that analysis management makes decisions whether it would be more beneficial to obtain financing on a fixed-rate or variable-rate basis. In cases where the change in the current market fixed or variable interest rates is significant management may consider refinancing a particular debt on more favorable interest rate terms. The Group does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. At the time of raising new debts management uses its judgment to decide whether it believes that a fixed or variable rate would be more favorable over the expected period until maturity. The Group does not use derivative financial instruments to hedge its interest rate risk.

As at 31 December 2025 financial liabilities with variable interest rate amounted to RR'mln 92,970 (31 December 2024: RR'mln 73,713) (notes 13,14), all other financial liabilities and assets of the Group are fixed rate instruments. If the variable part of the interest rates as at 31 December 2025 had been higher or lower by 200 basis points, than the actual variable part of the interest rates for the year, with all other variables held constant, financial results and equity would have been RR'mln 1,845. If the variable part of the interest rates as at 31 December 2024 had been higher or lower by 200 basis points, than the actual variable part of the interest rates for the year, with all other variables held constant, financial results and equity would have been RR'mln 1,462.

Currency risk. The Group sells a significant part of its products in export markets and has a substantial amount of foreign currency denominated borrowings and is, thus, exposed to foreign exchange risk arising mainly due to fluctuations in the rouble exchange rate.

The Group seeks to identify and manage currency risk in a comprehensive manner, considering an integrated analysis of natural economic hedges, to benefit from the correlation between income and expenses. When forming the debt portfolio in accordance with the prevailing conditions in the debt capital markets, the Group strives to maintain a significant portion of debt obligations in the same currency as the projected revenue stream in order to reduce the impact of currency risk. The Group chooses the currencies in which to hold cash on hand, such as the Russian rouble, Chinese yuan or other currencies for short-term risk currency management purposes.

The table below summarises the Group's assets and liabilitis exposed to foreign currency exchange rate risk at the end of the reporting period:

	31 December 2025			**31 December 2024**		
	Monetary financial assets	**Monetary financial liabilities**	**Net balance sheet position**	**Monetary financial assets**	**Monetary financial liabilities**	**Net balance sheet position**
US Dollar	39	105,012	(104,973)	42	91,686	(91,644)
Euro	68	209	(141)	61	886	(825)
Yuan (China)	61,994	186	61,808	12,025	176	11,849
Dirham (UAE)	8	8	-	-	1	(1)
Other foreign currencies	13	46	(33)	17	94	(77)
Total	**62,122**	**105,461**	**(43,339)**	**12,145**	**92,843**	**(80,698)**

At 31 December 2025, if the Russian Rouble had weakened / strengthened by 20 per cent against the US dollar with all other variables held constant, post-tax profit for the year would have been RR'mln 15,406 lower / higher (31 December 2024: if the Russian Rouble had strengthened / weakened by 20 per cent against the US dollar with all other variables held constant, post-tax profit for the year would have been RR'mln 13,157 lower / higher), mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated borrowings and trade payables partially offset by foreign exchange gains/losses on translation of US dollar-denominated cash, and trade receivables. Impact on other components of capital would have been insignificant.

(in millions of Russian roubles, unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

At 31 December 2025, if the Russian Rouble had weakened / strengthened by 20 per cent against the Yuan with all other variables held constant, post-tax profit for the year would have been RR'mln 9,271 higher / lower (31 December 2024: if the Russian Rouble had strengthened / weakened by 20 per cent against the Yuan with all other variables held constant, post-tax profit for the year would have been RR'mln 2,457 higher / lower), mainly as a result of foreign exchange gains / losses on translation of Yuan-denominated cash, bank deposits and trade receivables and partially offset by foreign exchange losses / gains on translation of Yuan-denominated loans and borrowings and trade payables. Impact on other components of capital would have been insignificant.

Credit risk. The Group exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Exposure to credit risk arises as a result of the Group's credit and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments.

Credit risk management. The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on macroeconomic factors, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlation between counterparties within respective portfolio.

The Group controls credit risk by placing cash and deposits in various banks with low level of default risk assessed using credit risk grading system.

Credit risk grading system. For measuring credit risk and grading financial instruments by the amount of credit risk, the Group applies two approaches – (1) the risk grades estimated by external international rating agencies (Standard & Poor's, Fitch, Moody's) or, if external ratings are not available for the counterparty, (2) an internal rating system based on risk analysis. Internal and external credit ratings are mapped on an internally defined unified cale with a specified range of probabilities of default as disclosed in the table below:

Unified scale credit risk grade	Internal ratings	Ratings of external international rating agencies	Ratings of external national rating agencies	Corresponding PD interval
Excellent	Counterparties with the lowest risk of default and strong ability to fulfil their contractual obligations, for which the Group has relevant financial data and regularly performs an analysis	AAA (Aaa) – BBB- (Baa3)	ruAAA (AAA (RU)) – ruBBB- (BBB-(RU))	0.01%
Good	Counterparties with the low risk of default and strong ability to fulfil their contractual obligations, for which the Group has relevant financial data and periodically performs an analysis	BB+ (Ba1) – BB- (Ba3)	ruBB+ (BB+(RU)) – ruBB- (BB-(RU))	0.01% - 0.5%
Satisfactory	Counterparties with the moderate risk of default or payments overdue from 30 to 90 days	B+ (B1) – B- (B3)	ruB+ (B+(RU)) – ruB- (B-(RU))	0.5% - 5%
Special monitoring	Counterparties with the high risk of default and payments overdue from 30 to 90 days	CCC+ (Caa1) – C (Ca)	ruCCC (CCC(RU)) – ruCC (CC(RU))	5% - 99.9%
Default	Counterparties with payments (interest or principal amount) overdue for more than 90 days	SD – D, DDD – D, C	ruRD – ruD (RD(RU) – D(RU))	100%

Because the majority of the Group's counterparties do not have an individual external credit rating, the Group's companies have developed procedures for evaluating internal credit ratings that ensure that goods are sold, services are provided, and loans are issued to counterparties with a positive credit history. These procedures include assessment of financial position, past experience and other factors. The Group mainly applies the IRB system for measuring credit risk for the following financial assets – trade receivables, loans issued and other receivables. In addition, the Group sells diamond products on a prepayment basis.

Expected credit loss (ECL) measurement. ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). ECL measurement is based on four components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

(in millions of Russian roubles, unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest. PD *is* an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Expected credit losses models are based on the instrument's *lifetime period.* The *lifetime period* is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any. The *Lifetime ECL* management model measures losses that result from all possible default events over the remaining lifetime period of the financial instrument. The *12-month ECL model* represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the end of reporting period, or remaining *lifetime period* of the financial instrument if it is less than a year.

The ECLs that are estimated by the Group for the purposes of these disclosed consolidated financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider *forward looking information* if management believes this information may have an impact on ECL. Since most of the Group's financial assets are short-term, the forward-looking information did not have a significant impact on the findings of expected credit losses.

The Group considers a financial instrument to have experienced an SICR when the payment on respective financial instrument (principal or interest) has been past due for more than 90 days.

Expected credit losses for issued financial guarantees. The ECL measurement for these instruments includes the same steps as described above for on-balance sheet exposures and differs with respect to EAD calculation. The EAD is a product of credit conversion factor ("CCF") and amount of the guaranteed commitment. The CCF is defined based on statistical analysis of past exposures at default of guaranteed obligation.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the disclosed consolidated statement of financial position secured by collateral received, disclosed in notes 6,7,11 respectively.

Liquidity risk. The Group implements a conservative financial policy focused on a balanced approach to managing liquidity sources in order to ensure the maintenance and development of production activities, as well as to minimize risks. Liquidity risk management includes maintaining sufficient cash balances, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group management maintains flexibility in funding by ensuring availability under committed credit lines and expected cash flows from operating activities. Management monitors a rolling forecast of the Group's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. This is carried out at the Group level on a monthly and annual basis. In addition, the Group's liquidity management policy involves projecting cash flows linked to major currencies and considering the level of liquid assets necessary to meet any net cash outflows and maintaining debt financing plans.

The table below analyses the Group's liabilities into relevant maturity grouping based on the remaining period to contractual maturity date and summarises the contractual undiscounted payments for financial liabilities by maturity:

	On demand or less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 3 years	Over 3 years	Total
31 December 2025						
Bonds, borrowings, loans and interest payable	26,848	3,160	63,461	125,849	1,298	220,616
Lease liabilities	5,294	384	1,698	2,319	978	10,673
Trade payables	7,531	2,049	706	-	-	10,286
Dividends payable	1,298	-	-	-	-	1,298
Other payables	1,734	3	21	-	-	1,758
	42,705	**5,596**	**65,886**	**128,168**	**2,276**	**244,631**
31 December 2024						
Bonds, borrowings, loans and interest payable	30,950	3,236	36,597	77,896	90,533	239,212
Lease liabilities	4,938	389	1,759	1,260	282	8,628
Trade payables	7,976	2,871	1,255	-	-	12,102
Dividends payable	1,296	-	-	-	-	1,296
Other payables	1,346	477	-	-	-	1,823
	46,506	**6,973**	**39,611**	**79,156**	**90,815**	**263,061**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

As the amounts of the interest payable included in the table above are contractual undiscounted cash flows, these amounts will not reconcile to the amounts disclosed in the disclosed consolidated statement of financial position for the interest payable.

Capital management. The Group's objectives when managing capital is to maintain and further expand the Group's operations, to provide the Group with the possibility to perform an ongoing activity in order to maintain the return on capital for the shareholders and ensure benefits to other stakeholders, and also to preserve a certain level of finance resources for the Group's investing activities and to keep an optimal capital structure to lower its cost, to ensure the financial stability of the Company and to maintain the high credit quality of the Company as a borrower.

Under the existing loan agreements, the Group must comply with a number of requirements for the level of debt and expenses for the purpose of servicing debt liabilities. The Group complied with all externally imposed capital and debt requirements throughout 2025 and 2024 (note 29).

The Company implements a conservative financial policy focused on a balanced approach to managing liquidity sources in order to ensure the maintenance and development of production activities, as well as to minimise risks.

When determining the optimal level of debt burden on average over the cycle, the Company is guided by the target value of the indicator "Net debt/EBITDA for the last 12 months" in the range from 0.5 to 1.0.

The Company strives to minimise the weighted average cost of capital (WACC) through the efficient distribution of sources of financing the Company's activities between its own and borrowed capital.

In order to minimise the cost of debt financing, the Company strives to ensure its presence in the debt capital market, as well as to adhere to target financial and economic indicators that correspond to a high level of financial stability and meet the criteria of an investment-grade credit rating.

Capital structure management is carried out through the control of the Company Management over the Group's performance based on the following indicators:

- free cash flow;
- net debt to EBITDA for the last 12 months;
- share of borrowed capital in total amount of financing of the Company (financial leverage ratio).

Free cash flow (FCF) – is calculated as cash flow from operating activities less cash outflow for financing capital expenditures (according to the "Purchase of property, plant and equipment and intangible assets " line of the Disclosed Consolidated Statement of Cash Flows). In 2024, the Group acquired a license to develop a gold deposit for RR'mln 5,440 (note 8), the acquisition of the license was not included in the calculation of the FCF, as it is not an acquisition of an asset related to the Group's core activities.

EBITDA is calculated as net profit or loss of the Group adjusted for income tax, finance gains and losses, share of net profit of associates and joint ventures, foreign exchange gain and losses, depreciation and amortisation, impairment and disposal of property plant and equipment, gains or losses from disposal of subsidiaries, fair valuation effects and one-off items. In 2025, one-time effects included income from the assignment of rights to claim dividends from an associate in the amount of RR'mln 19,019 (note 24). There were no one-off items in 2024.

Total debt includes short-term and long-term loans and borrowings and other financial liabilities (notes 13, 14).

Net debt is calculated as total debt less cash and cash equivalents and bank deposits as of each reporting date.

Total capital is calculated as the sum of Total equity as per the consolidated statement of financial position and total debt.

Management of the Group assesses the relevance of the above indicators values depending on the current economic situation. Management assesses changes in the indicators over time and after the analysis is completed develops an action plan to improve these indicators if necessary.

(in millions of Russian roubles, unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

The values of the indicators are presented below:

	31 December 2025	31 December 2024
Total debt (notes 13, 14)	200,697	196,631
Cash, cash equivalents, bank deposits (notes 6,7)	112,306	88,716
Net Debt	**88,391**	**107,915**
Total equity attributable to owners of PJSC ALROSA and Non-Controlling Interest	406,714	368,953
Total capital	607,411	565,584
Financial leverage ratio	**0.33**	**0.35**
Free cash flow	(13,617)	(17,645)
EBITDA	57,823	78,638
Net Debt / EBITDA	**1.5**	**1.4**

In 2025 and 2024 neither the Company nor its subsidiaries had capital requirements set by third parties with the exception of the statutory minimum share capital.

4. FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL ASSETS	Financial assets at amortised cost	
	31 December 2025	**31 December 2024**
Non-current financial assets		
Loans issued	1	61
Other long-term receivables	51	191
Total non-current financial assets	**52**	**252**
Current financial assets		
Loans issued	8	47
Agent's receivables for supplied diamonds	-	1
Trade receivables for supplied diamonds	25	-
Other trade receivables	5,019	4,402
Bank deposits	73,519	7,589
Cash and cash equivalents	38,787	81,127
Total current financial assets	**117,358**	**93,166**
Total financial assets	**117,410**	**93,418**

FINANCIAL LIABILITIES	Liabilities at amortised cost	
	31 December 2025	**31 December 2024**
Non-current financial liabilities		
Long-term debt and other financial liabilities	108,647	128,704
Total non-current financial liabilities	**108,647**	**128,704**
Current financial liabilities		
Short-term loans and other financial liabilities	92,050	67,927
Trade payables	10,286	12,102
Dividends payable	1,298	1,296
Other payables	1,758	1,823
Total current financial liabilities	**105,392**	**83,148**
Total financial liabilities	**214,039**	**211,852**

(in millions of Russian roubles, unless otherwise stated)

5. GROUP STRUCTURE AND INVESTMENTS

The Company's significant consolidated subsidiaries are as follows:

[Limited access to information[2]].

As at 31 December 2025 and 31 December 2024 the percentage of ownership interest of the Group in subsidiaries is equal to the percentage of voting interest.

On 19 December 2025, the District Court in Luxembourg granted ALROSA Finance S.A.'s application to declare ALROSA Finance S.A. bankrupt (Note 29 (a)). From this date, all powers of the governing bodies passed to the bankruptcy trustee appointed by the District Court in Luxembourg. The bankruptcy trustee will sell the property of ALROSA Finance S.A. to form a cash flow for settlement with creditors (including Eurobond holders) in accordance with the sequence established by Luxembourg law. In accordance with IFRS 10, the Company lost control of ALROSA Finance S.A.

The carrying amount of Alrosa Finance S.A's identifiable assets and liabilities (excluding intra-group balances) at the date of loss of control was:

	19 December 2025
Assets	
Other assets	3
Total assets	**3**
Liabilities	
US$ denominated eurobonds	48,855
Other liabilities	11
Total liabilities	**48,866**
Identifiable net assets (liabilities)	**(48,863)**

The financial result of the disposal of the subsidiary was:

	Year ended 31 December 2025
Recognition of loans received from disposal subsidiary (note 13)	51,128
Less: identifiable net assets (liabilities)	(48,863)
Loss on disposal of subsidiary recognised in profit or loss (note 25)	**2,265**

The disposal of a subsidiary due to the circumstances described above did not result in an outflow (or inflow) of cash.

5.1. Goodwill

The amount of goodwill totalling RR'mln 1,439 relates to the acquisition of 49.0 per cent of shares in *[Limited access to information[2]]* in December 2007. The goodwill was attributable to the operational synergies expected to arise after this acquisition as a result of more effective integration of operational activity of this subsidiary into the Group's one. As of the date of acquisition goodwill was attributed to the diamond mining businesses of *[Limited access to information[2]].*

Taking into account the factors listed in the note. 2(aa): the state of the diamond industry, macroeconomic parameters, changes in the income tax rate and other factors, the Company decided to review the key assumptions used in calculating the value of use of the goodwill as at 31 December 2025.

As at 31 December 2025 the recoverable amount of goodwill was determined as a value-in-use of CGU *[Limited access to information[2]]* on the basis of the recent management's forecast of future cash flows of *[Limited access to information[2]]* for the years 2026-2040 that reflects the expected period of production activity on the existing deposits. Based on the results of the analysis, management concluded that there was no goodwill impairment as at 31 December 2025 (as at 31 December 2024 no such impairment was identified either).

[2] Access to information is limited in accordance with paragraphs 5, 6 and 11 of Decree of the Government of the Russian Federation dated 4 July 2023 No. 1102 "On the Specifics of Disclosure and (or) Provision of Information Subject to Disclosure and (or) Provision in Accordance with the Requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market".

(in millions of Russian roubles, unless otherwise stated)

5. GROUP STRUCTURE AND INVESTMENTS (CONTINUED)

5.1. Goodwill (continued)

The impairment test involves making judgment about several key future business indicators. Key future business indicators used for the goodwill impairment test are listed below:

	31 December 2025	31 December 2024
Pre-tax discount rate	14.52% in 2026, 10.59% in 2027 and thereafter	19.85% in 2025, 14.73% in 2026, 11.26% in 2027 and thereafter
[Limited access to information[3]].		

The Group's management believes that its judgments are reasonable and appropriate for the current economic environment. As at 31 December 2025, the Group's management conducted a sensitivity analysis of the results of the impairment test for changes in key assumptions and concluded that a reasonably possible change in key assumptions would not lead to the recognition of impairment of non-current assets (including goodwill) of *[Limited access to information[2]]* CGU, with the exception of the effect of the variables "diamond prices" and "ruble exchange rate against the dollar" (note 2 (aa)).

According to management, as of 31 December 2024, a reasonably possible change in key assumptions will not lead to an impairment of non-current assets (including goodwill) of CGU *[Limited access to information[2]]*.

5.2. Investments in Associates and Joint Ventures

		Percentage of ownership interest held at		Carrying value of investment at		Group's share of net profit for the	
Name	**Country of incorporation**	**31 December 2025**	**31 December 2024**	**31 December 2025**	**31 December 2024**	**Year ended 31 December 2025**	**Year ended 31 December 2024**
Catoca Mining Company Ltd. (associate)	Angola	-	41.0	-	-	2,518	13,884
Other (associates and joint ventures)	Russia	20-50	20-50	-	-	-	15
Total				**-**	**-**	**2,518**	**13,899**

As at 31 December 2025 and 31 December 2024 the percentage of ownership interest of the Group in its associates and joint ventures is equal to the percentage of voting interest.

On 2 April 2024, PJSC ALROSA terminated its participation in its associate organization *[Limited access to information[4]]* as a result of the sale of its 47.37% share. The contract value is RR'mln 1,010. The gain on sale amounted to RR'mln 696 (note 24).

Catoca Mining Company Ltd is a diamond-mining venture located in Angola.

As at 31 December 2024 dividends declared by Catoca Mining Company Ltd in favour of PJSC ALROSA for 2023, 2022 and 2021 were not paid due to the technical impossibility of making currency payments by credit institutions to PJSC ALROSA due to sanctions restrictions imposed by the USA on the Company. The Company's management decided to create a provison for the entire amount of outstanding dividends from the Catoca Mining Company Ltd for 2023, 2022 and 2021 (note 11 as at 31 December 2024). For the year ended 31 December 2024 the reserve was recognised in other operating expenses in the amount of RR'mln 10,340 (note 25).

[3] Access to information is limited in accordance with paragraphs 13, 17 of Decree of the Government of the Russian Federation dated 4 July 2023 No. 1102 "On the Specifics of Disclosure and (or) Provision of Information Subject to Disclosure and (or) Provision in Accordance with the Requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market" , taking into account the definitions of raw materials, goods and strategic resources given in Decree of the Government of the Russian Federation dated 30 August 2022 No. 2473-r and Decree of the Government of the Russian Federation dated 13 September 2012 No. 923.

[4] Access to information is limited in accordance with paragraphs 3, 5, 10 of Decree of the Government of the Russian Federation dated 4 July 2023 No. 1102 "On the Specifics of Disclosure and (or) Provision of Information Subject to Disclosure and (or) Provision in Accordance with the Requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market".

(in millions of Russian roubles, unless otherwise stated)

5. GROUP STRUCTURE AND INVESTMENTS (CONTINUED)

5.2. Investments in Associates and Joint Ventures (continued)

Summarised financial information of the Group's associates and joint venture is as follows:

	Catoca Mining Company Ltd		**Other**		**Total**	
	31 December 2025	**31 December 2024**	**31 December 2025**	**31 December 2024**	**31 December 2025**	**31 December 2024**
Non-current assets	-	21,779	7,095	6,495	7,095	28,274
Current assets	-	87,253	103	84	103	87,337
Total assets	**-**	**109,032**	**7,198**	**6,579**	**7,198**	**115,611**
Non-current liabilities	-	1,921	227	186	227	2,107
Current liabilities	-	89,561	5,505	4,004	5,505	93,565
Total liabilities	**-**	**91,482**	**5,732**	**4,190**	**5,732**	**95,672**
Net assets	**-**	**17,550**	**1,466**	**2,389**	**1,466**	**19,939**
Group's share	-	41%	20-50	20-50	20-50	
Group's share in net assets (without impairment)	-	7,195	718	1,171	718	8,366
Goodwill	-	2,581	-	-	-	2,581
Book value of the investment (including impairment)	**-**	**9,776**	**-**	**-**	**-**	**9,776**

	Catoca Mining Company Ltd		**Other**		**Total**	
	Year ended 31 December 2025	**Year ended 31 December 2024**	**Year ended 31 December 2025**	**Year ended 31 December 2024**	**Year ended 31 December 2025**	**Year ended 31 December 2024**
Revenue	20,723	57,560	-	55	20,723	57,615
Profit/(loss) for the year	6,141	33,863	(395)	(257)	5,746	33,606
Dividends declared to shareholders	-	(29,713)	-	-	-	(29,713)

5.3. Disposal of Catoca Mining Company Ltd. and Hydroshikapa S.A.R.L.

In December 2024, the Group decided to terminate its participation in the Angolan enterprises, namely in the authorised capital of the subsidiary organisation Catoca Mining Company Ltd by selling a share of 41% of the authorised capital of the company, as well as in the authorised capital of the subsidiary Hydroshikapa S.A.R.L by selling shares representing 55% of the authorised capital of the subsidiary. As at 31 December 2024, an investment in an associated company in the amount of RR'mln 9,776 was classified in the Group's dislosed consolidated statement of financial position as an "Investment in an associate held for sale", a subsidiary Hydroshikapa S.A.R.L as a disposal group held for sale. Due to the fact that the disposed Angolan enterprises mentioned above do not represent a separate major line of business or geographical area of operations, it is not a discontinued operation in accordance with IFRS 5.

In December 2024 immediately after the classification as a disposal group, assets of Hydroshikapa S.A.R.L (in terms of property, plant and equipment) were impaired to fair value less costs to sell and the impairment loss of property, plant and equipment amounted to RR'mln 4,713.

The sale of Catoca Mining Company Ltd and Hydroshikapa S.A.R.L was completed on 26 May 2025. The consideration was received in cash in May 2025.

The remuneration for the 41% share of the authorised capital of Catoca Mining Company Ltd amounted to RR'mln 15,942, income from the sale in the amount of RR'mln 6,747 was recognised within other operating income (note 24) and income from the assignment of rights of claim to receivables for dividends in the amount of RR'mln 19,019 was also recorded as part of other operating income (note 24).

(in millions of Russian roubles, unless otherwise stated)

5. GROUP STRUCTURE AND INVESTMENTS (CONTINUED)

5.3. Disposal of Catoca Mining Company Ltd. and Hydroshikapa S.A.R.L. (continued)

Information on the disposed assets and liabilities of Hydroshikapa S.A.R.L is presented below:

	26 May 2025	31 December 2024
Assets		
Property, plant and equipment	54	143
Inventories	15	20
Trade and other receivables	339	315
Bank deposits	731	1,034
Cash and cash equivalents	603	474
Total assets	**1,742**	**1,986**
Liabilities		
Trade and other payables	5	122
Other taxes payable	25	41
Total liabilities	**30**	**163**
Net assets related to the disposal group	**1,712**	**1,823**

The Group recorded a loss from the sale of the subsidiary Hydroshikapa S.A.R.L in the amount of RR'mln 915 as part of other operating expenses (note 25).

	26 May 2025
Compensation received for the sale of 55% of the authorised capital of a subsidiary	3,109
Book value of net assets sold	(1,712)
Non-controlling interest	(1,410)
Comprehensive income on currency translation of a subsidiary transferred from other comprehensive income to profit and loss	(902)
Loss on sale of a subsidiary	**915**

(in millions of Russian roubles, unless otherwise stated)

6. BANK DEPOSITS

As at 31 December 2025 bank deposits in the amount of RR'mln 73,519 are placed in *[Limited access to information[5]]*. As at 31 December 2024 bank deposits in the amount of RR'mln 7,589 are placed in *[Limited access to information[5]]*.

As at 31 December 2025 the Group had bank deposits in roubles with maturity exceeding three months and interest rates ranging from 13.5% to 22.21% per annum, and deposits in Yuan with interest rates ranging from 1.85% to 3.15%. As at 31 December 2024 the Group had bank deposits in roubles with maturity exceeding three months and interest rates ranging from 15.8% to 24% per annum, and deposits in Yuan with interest rates 19.41% per annum.

As at 31 December 2025 and 31 December 2024 the fair value of bank deposits is approximately equal to the carrying value. Bank deposits classified in Level 2 of the fair value measurement hierarchy (note 33).

The table below discloses the credit quality of bank deposits based on credit risk grades at 31 December 2025 and 2024. Refer to note 3 for the description of the Group's credit risk grading system.

	31 December 2025	**31 December 2024**
Excellent	73,519	7,589
Total bank deposits	**73,519**	**7,589**

7. CASH AND CASH EQUIVALENTS

	31 December 2025	**31 December 2024**
Deposit accounts	36,973	79,748
Cash in banks and on hand	1,814	1,379
Total cash and cash equivalents	**38,787**	**81,127**

For reporting purposes of the statement of cash flows funds as at 31 December 2025 amounted to:

	Note	**31 December 2025**	**31 December 2024**
Cash and cash equivalents from continuing operations		38,787	81,127
Cash and cash equivalents related to the disposal group	5.3	-	474
Total cash and cash equivalents		**38,787**	**81,601**

Deposit accounts at 31 December 2025 and 31 December 2024 are mainly held to meet short-term cash needs and have various original maturities not exceeding three months and can be withdrawn on request without restrictions.

As at 31 December 2025 and 31 December 2024 the fair value of cash and cash equivalents is approximately equal to the carrying value. Cash and cash equivalents classified in Level 2 of the fair value measurement hierarchy (note 33).

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2025 and 31 December 2024. Refer to note 3 for the description of the Group's credit risk grading system.

As at 31 December 2025	**Deposit accounts**	**Cash in banks**	**Total**
Excellent	36,973	1,745	38,718
No rating	-	69	69
Total cash and cash equivalents, excluding cash on hand	**36,973**	**1,814**	**38,787**

As at 31 December 2024	**Deposit accounts**	**Cash in banks**	**Total**
Excellent	79,748	1,259	81,007
No rating	-	120	120
Total cash and cash equivalents, excluding cash on hand	**79,748**	**1,379**	**81,127**

[5] Access to information is limited in accordance with paragraphs 10, 12, 18 of Decree of the Government of the Russian Federation dated 4 July 2023 No. 1102 "On the Specifics of Disclosure and (or) Provision of Information Subject to Disclosure and (or) Provision in Accordance with the Requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market".

(in millions of Russian roubles, unless otherwise stated)

8. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Land and Improve-ments	Plant and Equipment	Transport	Licenses	Assets under Construction	Other	TOTAL
Cost at 31.12.2023	**88,027**	**204,962**	**131,448**	**59,309**	**14,054**	**64,393**	**2,421**	**564,614**
Additions	1,958	3,195	17,662	7,925	5,559	29,024	69	65,392
Transfers	1,841	14,027	4,149	2,495	-	(22,562)	50	-
Disposal of subsidiaries – at cost	-	-	-	-	-	-	(50)	(50)
Reclassification to assets of the disposal group - at cost (note 5.3)	-	(10,477)	-	(129)	-	(9)	(263)	(10,878)
Other disposals – at cost	(247)	(3,031)	(4,900)	(2,330)	(5)	(677)	(436)	(11,626)
Currency translation differences	-	1,236	-	15	-	16	31	1,298
Change in estimate of provision for land recultivation (note 15)	-	(5,210)	-	-	-	-	-	(5,210)
Internal movement between classes	53	(916)	(51)	220	-	694	-	-
Cost at 31.12.2024	**91,632**	**203,786**	**148,308**	**67,505**	**19,608**	**70,879**	**1,822**	**603,540**
Additions	1,971	3,529	16,263	5,688	183	23,145	87	50,866
Transfers	1,454	17,747	3,736	1,517	-	(24,458)	4	-
Other disposals – at cost	(108)	(1,177)	(6,571)	(3,137)	-	(886)	(18)	(11,897)
Currency translation differences	(40)	40	-	-	-	(19)	18	(1)
Change in estimate of provision for land recultivation (note 15)	-	1,311	-	-	-	-	-	1,311
Internal movement between classes	105	318	(391)	8	-	13	(53)	-
Cost at 31.12.2025	**95,014**	**225,554**	**161,345**	**71,581**	**19,791**	**68,674**	**1,860**	**643,819**
Accumulated depreciation and impairment losses at 31.12.2023	**(41,386)**	**(111,755)**	**(85,237)**	**(30,975)**	**(11,210)**	**(645)**	**(1,645)**	**(282,853)**
Depreciation charge for the year	(3,022)	(13,139)	(10,896)	(5,912)	(294)	-	(112)	(33,375)
Disposal of subsidiaries – accumulated depreciation	-	-	-	-	-	-	50	50
Reclassification to assets of the disposal group - accumulated depreciation (note 5.3)	-	10,341	-	127	-	8	259	10,735
Other disposals – accumulated depreciation	18	3,015	4,735	2,219	-	-	433	10,420
Currency translation differences	-	(683)	-	(8)	-	-	(10)	(701)
(Impairment) / reversal of loss on impairment of property, plant and equipment	(8)	(4,478)	-	(57)	-	(255)	(170)	(4,968)
Internal movement between classes	2	11	(20)	7	(18)	-	18	-
Accumulated depreciation and impairment losses at 31.12.2024	**(44,396)**	**(116,688)**	**(91,418)**	**(34,599)**	**(11,522)**	**(892)**	**(1,177)**	**(300,692)**
Depreciation charge for the year	(3,034)	(12,486)	(12,386)	(6,500)	(269)	-	(105)	(34,780)
Other disposals – accumulated depreciation	104	1,095	6,456	3,057	-	15	22	10,749
Currency translation differences	-	44	-	43	-	-	(51)	36
Impairment of property, plant and equipment	(1,761)	(1,402)	(1,804)	(3,311)	-	(171)	(140)	(8,589)
Internal movement between classes	50	(180)	122	-	-	(2)	10	-
Accumulated depreciation and impairment losses at 31.12.2025	**(49,037)**	**(129,617)**	**(99,030)**	**(41,310)**	**(11,791)**	**(1,050)**	**(1,441)**	**(333,276)**
Net book value at 31.12.2024	**47,236**	**87,098**	**56,890**	**32,906**	**8,086**	**69,987**	**645**	**302,848**
Net book value at 31.12.2025	**45,977**	**95,937**	**62,315**	**30,271**	**8,000**	**67,624**	**419**	**310,543**

In June 2024, the Group purchased a production licence to develop the gold deposit ‘Degdekanskoe ore field’ located in the Tenkinsky district of the Magadan Region for RR’mln 5,440. According to the State Commission on Mineral Reserves, the explored reserves on the gold deposit are estimated at about 100 tonnes of gold, including C1+C2 balance reserves – of 38 tonnes with an average grade of 2.2 grams of gold per ton (excluding off-balance reserves). The Group plans to start gold mining in 2029.

(in millions of Russian roubles, unless otherwise stated)

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group rents various buildings, vehicles and machinery and equipment. The Group has recognised the following right-of-use assets:

	Buildings	Equipment	Transport	Total
At 31 December 2024	**1,182**	**99**	**1,506**	**2,787**
Additions	321	11	280	612
Disposals	(4)	-	-	(4)
Changes in estimation	90	-	2,317	2,407
Depreciation (note 21)	(490)	(58)	(1,232)	(1,780)
Net book value at 31 December 2025	**1,099**	**52**	**2,871**	**4,022**

	Buildings	Equipment	Transport	Total
At 31 December 2023	**1,527**	**153**	**2,182**	**3,862**
Additions	17	4	-	21
Disposals	(152)	-	-	(152)
Changes in estimation	256	-	664	920
Depreciation (note 21)	(466)	(58)	(1,340)	(1,864)
Net book value at 31 December 2024	**1,182**	**99**	**1,506**	**2,787**

Lease liabilities recognised by the Group are stated below (notes 13, 14):

	31 December 2025	31 December 2024
Long-term lease liabilities	2,319	1,520
Short-term lease liabilities	6,912	6,750
Total lease liabilities	**9,231**	**8,270**

As at 31 December 2025 and 31 December 2024 right-of-use assets were mainly represented by five aircrafts leased by the Group's airline and buildings. Interest expense on lease liabilities included in finance costs comprised RR'mln 325 for the year ended 31 December 2025 (31 December 2024: RR'mln 270).

10. INVENTORIES

	31 December 2025	31 December 2024
Rough diamonds	148,446	129,929
Mining and repair materials	60,045	67,697
Ores and sands mined	37,050	28,151
Polished diamonds	3,465	3,706
Consumable and other supplies	1,778	1,485
Gold	56	23
Total inventories	**250,840**	**230,991**

At 31 December 2025 and 31 December 2024 rough diamonds include diamonds purchased from third parties in the amount of RR'mln 136 and RR'mln 139 respectively.

The amount of provision for the impairment of mining and repair materials and consumable and other supplies as at 31 December 2025 equals to RR'mln 1,848 (31 December 2024: RR'mln 1,284).

(in millions of Russian roubles, unless otherwise stated)

11. TRADE AND OTHER RECEIVABLES

Long-term accounts receivable	31 December 2025	31 December 2024
Financial accounts receivable	***52***	***252***
Loans issued	1	61
Other long-term receivables	51	191
Non-financial accounts receivable	***32***	***42***
Advances to suppliers	32	42
Total long-term accounts receivable	**84**	**294**

Short-term accounts receivable	31 December 2025	31 December 2024
Financial accounts receivable	***5,052***	***4,450***
Trade receivables for supplied diamonds	25	-
Loans issued	8	47
Agent's receivables for supplied diamonds	-	1
Other short-term receivables	5,019	4,402
Non-financial accounts receivable	***8,399***	***8,931***
VAT recoverable	5,330	6,194
Advances to suppliers	1,948	2,516
Prepaid taxes, other than income tax	1,121	221
Total short-term accounts receivable	**13,451**	**13,381**

The fair value of long-term accounts receivable is measured by discounting the future cash inflows at the market interest rate available to the debtor at the end of the reporting period.

The fair value of long-term and short-term trade and other financial accounts receivable at 31 December 2025 and 31 December 2024 approximates their carrying value.

Trade and other accounts receivables except for loans issued relate to Level 2 of the fair value measurement hierarchy (note 33).

The Group applies the simplified approach provided in IFRS 9 for assessment of expected credit losses using the estimated allowance for lifetime expected credit losses for all trade receivables. Trade and other receivables in the tables above are presented net of allowance for expected credit losses.

To assess expected credit losses allowance, trade and other financial receivables were grouped based on the general characteristics of credit risk and the number of past-due days.

The levels of expected credit losses are based on payment schedules for sales for 36 months before 31 December 2025 and 1 January 2025, respectively, and similar historical credit losses incurred during this period.

The credit loss allowance for trade and other receivables is determined in accordance with the provision matrix presented in the table below. The matrix of provision is based on a credit risk assessment system (note 3) adjusted for guarantees, collateral, securities.

(in millions of Russian roubles, unless otherwise stated)

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

	31 December 2025		31 December 2024	
	Gross carrying amount	Lifetime ECL	Gross carrying amount	Lifetime ECL
Long-term accounts receivable				
Special monitoring	53	(1)	775	(523)
Short-term accounts receivable				
Good	2,503	-	1,091	-
Special monitoring	5,994	(3,445)	35,818	(32,459)
Default	622	(622)	161	(161)
Total financial accounts receivables (gross carrying amount)	**9,172**	**-**	**37,845**	**-**
Expected credit loss allowance	**-**	**(4,068)**	**-**	**(33,143)**
Total financial accounts receivables (carrying amount)	**5,104**	**-**	**4,702**	**-**

The changes in impairment provision and allowance for expected credit losses are as follows:

Long-term accounts receivable	31 December 2025	ECL accrual/ (release)	Write-off of accounts receivable	Disposal of companies from the Group	Reclassification to the disposal group	Currency and translation differences	31 December 2024
Advances to suppliers	624	101	-	-	-	-	523
Other long-term receivables	1	1	-	-	-	-	-
	625	**102**	**-**	**-**	**-**	**-**	**523**
Short-term accounts receivable							
Receivables from associates	1,729	(48)	-	(23,026)	-	(6,422)	31,225
Bank deposits	7	7	-	-	-	-	-
Advances to suppliers	256	250	-	-	-	-	6
Other trade receivables	2,331	936	-	-	-	-	1,395
	4,323	**1,145**	**-**	**(23,026)**	**-**	**(6,422)**	**32,626**

Long-term accounts receivable	31 December 2024	ECL accrual/ (release)	Write-off of accounts receivable	Disposal of companies from the Group	Reclassification to the disposal group	Currency and translation differences	31 December 2023
Advances to suppliers	523	-	-	-	-	-	523
Other long-term receivables	-	(119)	-	-	-	-	119
	523	**(119)**	**-**	**-**	**-**	**-**	**642**
Short-term accounts receivable							
Receivables from associates	31,225	10,340	-	-	(11)	4,258	16,638
Bank deposits	-	(6)	-	-	-	-	6
Advances to suppliers	6	-	-	-	-	-	6
Other trade receivables	1,395	447	(4)	-	(869)	(177)	1,998
	32,626	**10,781**	**(4)**	**-**	**(880)**	**4,081**	**18,648**

(in millions of Russian roubles, unless otherwise stated)

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

The allowance for expected credit losses mainly relates to receivables of the counterparties, which are in difficult economic situations or under bankruptcy procedures. The ageing analysis of these receivables is as follows:

	31 December 2025				31 December 2024			
	Up to 1 year	1 to 3 years	Over 3 years	Total	Up to 1 year	1 to 3 years	Over 3 years	Total
Long-term accounts receivable								
Advances to suppliers	101	523	-	624	-	523	-	523
Other long-term receivables	1	-	-	1	-	-	-	
Total long-term accounts receivable	**102**	**523**	**-**	**625**	**-**	**523**	**-**	**523**
Short-term accounts receivable								
Receivables from associates	295	260	1,174	1 729	14,601	15,620	1,004	31,225
Advances to suppliers	54	175	27	256	-	6	-	6
Bank deposits	7	-	-	7	-	-	-	-
Other short-term receivables	1,269	670	392	2 331	581	360	454	1,395
Total short-term accounts receivable	**1,625**	**1,105**	**1,593**	**4 323**	**15,182**	**15,986**	**1,458**	**32,626**

12. SHAREHOLDERS' EQUITY

Share capital

Share capital authorised, issued and paid in totals RR'mln 12,473 as at 31 December 2025 and 31 December 2024 and consists of 7,364,965,630 ordinary shares, with the RR 0.5 par value per share. In addition, as at 31 December 2025 and 31 December 2024 the share capital includes a hyperinflation adjustment totalling RR'mln 8,790, which was calculated in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies" and relates to the reporting periods prior to 1 January 2003.

Distributable profits

In accordance with Russian legislation, net profit of the current year and retained earnings of previous years, determined on the basis of financial statements prepared in accordance with Russian accounting standards, may be subject to distribution. In accordance with the dividend policy approved by the Supervisory Board on 10 March 2021, at least 50% of the net profit as reported in the IFRS consolidated financial statements of the Group is distributed for dividends payment, if the current and forecast value of the "Net debt / EBITDA" ratio does not exceed 1.5. The basis for calculating dividends is free cash flow also determined based on the IFRS consolidated financial statements of the Group. The current and forecast debt ratio is taken into account when calculating the actual amount of dividend payments. The legislation and other statutory laws and regulations dealing with the profit distribution rights are open to legal interpretation, and accordingly, management of the Company believes that at present it would not be appropriate to disclose an amount for the distributable reserves in these disclosed consolidated financial statements.

Treasury shares

As at 31 December 2025 and 31 December 2024 subsidiaries of the Group held 152,329,800 shares of the Company.

Earnings per share

Earnings per share have been calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares outstanding during the reporting period, excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares.

There were 7,212,635,830 weighted average shares outstanding for the year ended 31 December 2025 and for the year ended 31 December 2024. There are no dilutive financial instruments.

(in millions of Russian roubles, unless otherwise stated)

12. SHAREHOLDERS' EQUITY (CONTINUED)

Other reserves

	Currency translation reserve	Reserve on purchase of non-controlling interest	Recognition of accumulated actuarial loss	Total other reserves
Balance as at 1 January 2025	**1,033**	**7**	**(21,316)**	**(20,276)**
Disposal of an associate (note 5)	(1,380)	-	-	(1,380)
Disposal of a subsidiary (note 5)	902	-	-	902
Remeasurement on post-employment benefit obligations (notes 17, 19)	-	-	260	260
Currency translation differences	(555)	-	-	(555)
Balance as at 31 December 2025	**-**	**7**	**(21,056)**	**(21,049)**

	Currency translation reserve	Reserve on purchase of non-controlling interest	Recognition of accumulated actuarial loss	Total other reserves
Balance as at 1 January 2024	**824**	**7**	**(21,477)**	**(20,646)**
Remeasurement on post-employment benefit obligation (notes 17, 19)	-	-	161	161
Currency translation differences	209	-	-	209
Balance as at 31 December 2024	**1,033**	**7**	**(21,316)**	**(20,276)**

Dividends

On 20 May 2025 the Company's annual general shareholders' meeting decided not to distribute dividends on the results of 2024.

On 30 September 2024 the Company's general shareholders' meeting approved dividends for the first half of 2024 totalling RR'mln 18,339 (including RR'mln 379 on shares held by the Group's subsidiaries). Dividends per share amounted to RR 2.49.

On 20 May 2024 the Company's general shareholders' meeting approved dividends for 2023 totalling RR'mln 14,877 (including RR'mln 308 on shares held by the Group's subsidiaries). Dividends per share amounted to RR 2.02.

13. LONG-TERM DEBT AND LOANS AND OTHER FINANCIAL LIABILITIES

	31 December 2025	31 December 2024
Debt to banks:		
RR denominated fixed rate	4,434	6,269
RR denominated floating rate	2,322	2,816
	6,756	**9,085**
RR denominated exchange traded bonds floating rate	90,648	70,493
Loans received from disposal of a subsidiary	51,128	-
US$ denominated eurobonds	-	62,956
US$ denominated replacement bonds	15,528	20,184
RR denominated exchange traded bonds fixed rate	-	25,185
	164,060	**187,903**
Less: current portion of long-term debt to banks (note 14)	(2,439)	(2,351)
Less: current portion of long-term RR denominated exchange traded bonds (note 14)	(25,622)	(25,678)
Less: current portion of long-term debt on loans received from disposal of a subsidiary (note 14)	(29,664)	-
Less: current portion of long-term US$ denominated Eurobonds (note 14)	-	(32,681)
Less: current portion of long-term debt on US$ denominated replacement bonds (note 14)	(7)	(9)
Total long-term debt	**106,328**	**127,184**
Lease liabilities	9,231	8,270
Less: current portion of long-term lease liabilities (notes 9, 14)	(6,912)	(6,750)
Total long-term lease liabilities	**2,319**	**1,520**
Total long-term debt and other financial liabilities	**108,647**	**128,704**

(in millions of Russian roubles, unless otherwise stated)

13. LONG-TERM DEBT AND LOANS AND OTHER FINANCIAL LIABILITIES (CONTINIUED)

Issue of bonds

On 23 December 2025 the Group placed exchange-traded bonds of the 002P-01 series in the amount of RR'mln 20,000 with a variable coupon, defined as the key rate of the Bank of Russia plus 1.35% per annum, maturing on 13 December 2027, with coupon payment every 30 days.

On 23 September 2024 the Group placed exchange-traded bonds of the 001P-01 series in the amount of RR'mln 45,000 with a variable coupon, defined as the key rate of the Bank of Russia plus 1.2% per annum, maturing on 2 September 2028, with coupon payment every 30 days.

On 14 October 2024 the Group placed exchange-traded bonds of the 001P-02 series in the amount of RR'mln 25,000 with a variable coupon, defined as the key rate of the Bank of Russia plus 1.14% per annum, maturing on 7 April 2026, with coupon payment every 30 days.

In accordance with the Decree of the President of the Russian Federation No. 430 dated 5 July 2022, the Company fulfilled its obligations to holders of Eurobonds maturing in 2027 whose rights are recorded by Russian depositories by registering the placement of bonds before 1 July 2024, the payment for which at their placement is carried out in Replacement bonds (note 29). The exchange ended on 11 July 2024 in relation to 39.7% of the issue of Eurobonds maturing in 2027, the corresponding volume of series ZO27-D bonds issue was 198,416 bonds totalling US$ 198,416,000 at par.

Redemption of bonds

The exchange bonds of series BO-03, BO-04, BO-05, BO-06 and BO-07 issued by the Group on 22 May 2020 in the total amount of RR'mln 25,000 with coupon of 5.75% per annum and maturity of 10 May 2030 with put option in May 2025, were fully repaid by the Group on 16 May 2025. When the bonds were placed, the coupon was set for twenty coupon periods of 91 day each. In accordance with the terms of issue, the Group decided to redeem the exchange-traded bonds at the end of the twentieth coupon period.

As at 19 December 2025, the recognition of eurobonds in the amount of RR'mln 48,855, recorded at amortised cost, was discontinued due to the derecognition of a subsidiary that was the issuer of these eurobonds (note 5), at the same time the Company recognised loans received from the disposed subsidiary in the amount of RR'mln 51,128 and loss on disposal of the subsidiary in other operating expenses in the amount of RR'mln 2,265 (note 25). The Company is also the guarantor for these two eurobond issues.

The market interest rates for each class of long-term debt at the end of the reporting period were as follows:

	31 December 2025	31 December 2024
Debt to banks, RR denominated fixed rate	17.5%	27.8%
Debt to banks, RR denominated floating rate	18.3%	26.5%
Loans received from disposal of a subsidiary	7%	-
US$ denominated Eurobonds*	-	n/a
RR denominated exchange traded bonds floating rate	14.9%	21.0%
RR denominated exchange traded bonds fixed rate	-	18.2%
US$ denominated replacement bonds	6.1%	9.4%

*In the context of geopolitical uncertainty, against the background of a significant reduction and/or revocation of the Company's international credit ratings, as a result of sanctions imposed against the Company and its subsidiaries (note 29), the listing of the Company's Eurobonds on the Irish Stock Exchange (Euronext Dublin) was discontinued in early April 2022, data on market interest rates for the Company's Eurobonds is no longer available, including as at 31 December 2024.

The fair value of long-term debt is estimated by discounting the future contractual cash flows at the market interest rate available to the Group at the end of the reporting period. The carrying amounts and fair values of long-term debt are as follows:

	31 December 2025		31 December 2024	
	Carrying value	Fair value	Carrying value	Fair value
Debt to banks, RR denominated fixed rate	4,434	3,754	6,269	3,868
Debt to banks, RR denominated floating rate	2,322	1,804	2,816	1,936
Loans received from disposal of a subsidiary	51,128	45,096	-	-
US$ denominated Eurobonds	-	-	62,956	62,956
RR denominated exchange traded bonds floating rate	90,648	90,475	70,493	69,484
RR denominated exchange traded bonds fixed rate	-	-	25,185	24,176
US$ denominated replacement bonds	15,528	14,885	20,184	17,500

(in millions of Russian roubles, unless otherwise stated)

13. LONG-TERM DEBT AND LOANS AND OTHER FINANCIAL LIABILITIES (CONTINIUED)

Loans from banks relate to Level 2 of the fair value measurement hierarchy and RR denominated bonds relate to Level 1 of the fair value measurement hierarchy (note 33).

As at 31 December 2024, Eurobonds issued by the Group and not quoted on the active market as at 31 December 2024 were classified in Level 3 of the fair value measurement hierarchy in the amount approximately equal to their carrying value (note 33), given that the Group plans to repay these liabilities in full and on time (note 29).

Liabilities from financing activities

The table below sets out an analysis of the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the disclosed consolidated statement of cash flows:

	Liabilities from financing activities				
	Borrowings	**Interest**	**Dividends**	**Lease liability**	**Total**
Liabilities at 31 December 2024	**180,623**	**7,738**	**1,296**	**8,270**	**197,927**
Cash flows	19,970	(18,130)	(12)	(821)	1,007
Interest accrued	34	19,631	-	325	19,990
Return of unclaimed dividends	-	-	13	-	13
Foreign exchange differences adjustments	(18,960)	(1,713)	-	(1,590)	(22,263)
Change in estimates	-	-	-	2,442	2,442
Initial recognition	-	-	-	612	612
Recognition of loans received from disposal of a subsidiary (note 5)	51,128	-	-	-	51,128
Disposal of eurobonds upon disposal of a subsidiary (note 5)	(48,855)	-	-	-	(48,855)
Other non-cash movements	-	-	1	(7)	(6)
Liabilities at 31 December 2025	**183,940**	**7,526**	**1,298**	**9,231**	**201,995**

	Liabilities from financing activities				
	Borrowings	**Interest**	**Dividends**	**Lease liability**	**Total**
Liabilities at 31 December 2023	**123,515**	**4,809**	**165**	**7,082**	**135,571**
Cash flows	47,047	(7,034)	(32,543)	(708)	6,762
Interest accrued	50	9,209	-	270	9,529
Dividends declared	-	-	32,536	-	32,536
Return of unclaimed dividends	-	-	1,264	-	1,264
Unclaimed dividends with expired payment due date	-	-	(126)	-	(126)
Foreign exchange differences adjustments	10,011	754	-	827	11,592
Change in estimates	-	-	-	897	897
Initial recognition	-	-	-	21	21
Other non-cash movements	-	-	-	(119)	(119)
Liabilities at 31 December 2024	**180,623**	**7,738**	**1,296**	**8,270**	**197,927**

(in millions of Russian roubles, unless otherwise stated)

14. SHORT-TERM DEBT AND LOANS AND OTHER FINANCIAL LIABILITIES

	31 December 2025	31 December 2024
US$ denominated exchange traded bonds fixed rate	27,406	-
Debt to banks: overdraft	-	404
Other short-term financial liabilities	-	54
	27,406	**458**
Current portion of long-term debt:		
Current portion of long-term debt to banks (note 13)	2,439	2,351
Current portion of long-term RR denominated exchange traded bonds (note 13)	25,622	25,678
Current portion of long-term debt on loans received from disposal of a subsidiary (note 13)	29,664	-
Current portion of long-term US$ denominated Eurobonds (note 13)	-	32,681
Current portion of long-term debt on US$ denominated replacement bonds (note 13)	7	9
Current portion of lease liabilities (notes 9, 13)	6,912	6,750
Total current portion of long-term debt	**64,644**	**67,469**
Total short-term loans and debt and other financial liabilities	**92,050**	**67,927**

As at 31 December 2025 and 31 December 2024 the fair value of short-term loans is approximately equal to the carrying value.

Issue of bonds

On 29 April 2025 the Group placed short-term exchange-traded bonds of the 001P-03 series in the amount of US$ mln 350 with settlements in roubles, with a fixed coupon of 6.7% per annum, maturing on 24 April 2026, with coupon payment every 30 days.

Redemption of bonds

In 2024, the Company in accordance with the current Russian legislation discharged its obligation to pay the nominal value Eurobonds (totalling US$ 500 mln) and the last coupon with an annual coupon rate of 4.65% for the Eurobonds issued in 2019 and maturing on 9 April 2024. In March and October 2025, the Company under current Russian legislation, exercising its right to fulfill obligations on Eurobonds to holders whose rights are recorded in foreign depositories, repaid the holders the nominal value and the coupon payments based on permits issued by the Government Commission on Monitoring Foreign Investment in the Russian Federation. The amount of Eurobonds maturing on 9 April 2024, which is still outstanding, are owed to holders whose rights are registered in foreign depositories, while most of them are registered in unfriendly countries. The Company does not expect material claims from such foreign Eurobond holders (note 29).

15. OTHER PROVISIONS

	31 December 2025	31 December 2024
Provision for land recultivation	21,196	15,886
Other provision	2,711	2,264
Total other provisions	**23,907**	**18,150**

Provision for land recultivation

	Year ended 31 December 2025	Year ended 31 December 2024
At the beginning of the year	**15,886**	**20,892**
Accrual of provision	1,302	316
Increase in the present value during the year	2,749	2,459
Utilisation of provision	(216)	(514)
Reclassification from short-term (note 18)	93	52
Change in estimate of provision (note 8, 24)	1,382	(7,319)
At the end of the year	**21,196**	**15,886**

The Group assumed an obligation to perform recultivation of certain disturbed lands and tailing pits in the areas of its operating activity. The Group recognised a provision for these future expenses in its disclosed consolidated financial statements with a corresponding asset recognised within property, plant and equipment (note 8).

(in millions of Russian roubles, unless otherwise stated)

15. OTHER PROVISIONS (CONTINIUED)

The discount rates used to calculate the net present value of future cash outflows relating to assumed social and land recultivation obligations at 31 December 2025 were from 12.94 per cent per annum to 14.49 per cent per annum (31 December 2024: from 14.54 per cent per annum to 19.32 per cent per annum), they represent an adjusted risk-free rate of return for the Group and are considered appropriate to the Group in the economic environment in the Russian Federation at the end of the year. The decrease in discount rates in 2025 compared to 2024 and the increase in discount rates in 2024 compared to 2023 resulted in the change of the provision for land recultivation assessment.

The calculation of the provision for land recultivationis is highly sensitive to changes in discount rate and inflation rate assumptions. The effect of changes in these assumptions on the provision for land recultivation as at 31 December 2025 is as follows:

Change in the assumption:							
Discount rates, %	**(1.5%)**	**(1%)**	**(0.5%)**	**-**	**0.5%**	**1%**	**1.5%**
Provision for land recultivation, RR'mln	23,961	22,958	22,040	21,196	20,421	19,704	19,039
Change in the assumption:							
Inflation rates, %	**(1.5%)**	**(1%)**	**(0.5%)**	**-**	**0.5%**	**1%**	**1.5%**
Provision for land recultivation, RR'mln	18,914	19,627	20,386	21,196	22,062	22,989	23,982

The effect of changes in these assumptions on the provision for land recultivation as at 31 December 2024 is as follows:

Change in the assumption:							
Discount rates, %	**(1.5%)**	**(1%)**	**(0.5%)**	**-**	**0.5%**	**1%**	**1.5%**
Provision for land recultivation, RR'mln	18,207	17,334	16,543	15,886	15,168	14,567	14,017
Change in the assumption:							
Inflation rates, %	**(1.5%)**	**(1%)**	**(0.5%)**	**-**	**0.5%**	**1%**	**1.5%**
Provision for land recultivation, RR'mln	13,896	14,503	15,164	15,886	16,677	17,549	18,508

Provision for reimbursable repair and maintenance

At the commencement date of the aircraft lease the Company estimates the cost of regular overhaul which forms the working life of the aircraft when it is returned, and recognises this amount as right-of-use asset in correspondence with a provision to restore the underlying asset to the state that is required in accordance with the lease terms of aircraft.

The provision for repair and maintenance on return of aircraft to the lessor is revaluated on a regular basis and changes in the carrying amount of the provision are recognised in correspondence with the relevant right-of-use asset. The provision is recognised at present value using discounting rate method. When carrying out repair works the utilisation of the previously created provision is accounted for in correspondence with the repairs settlements accounts. The amount of excess or underutilisation of the provision is recognised in income / expenses of the period.

16. GOVERNMENT GRANTS

Government grants for construction of infrastructural facilities

The Company is engaged in the development of the Verkhne-Munskoe deposit with the support from the Government stated in the Federal Program for the Development of the Far East and Baikal Region. Government support is provided in the form of grants to reimburse expenses related to the construction of the infrastructure facility – a temporary technological road from Udachny to the Verkhne-Munskoe deposit – in the amount of up to RR'mln 8,500 in accordance with the Order of the Government of the Russian Federation dated 13 July 2015 No.1339-r.

In the fourth quarter of 2018 the Company started ore mining activity on the Verkhne-Munskoe deposit, a temporary technological road from Udachny to the Verkhne-Munskoe deposit was put into operation. Depreciation charge for the road calculated by the unit of production method amounted to RR'mln 69 for the year ended 31 December 2025 (RR'mln 234 for the year ended 31 December 2024).

As at 31 December 2025 the grant is recognised within the non-current liabilities of the disclosed consolidated statement of financial position in the amount of actual cash received less RR'mln 28 recognised as income in the statement of profit or loss for the year ended 31 December 2025 (RR'mln 94 for the year ended 31 December 2024).

According to IAS 20 the Group recognises grants related to depreciable assets as income over the periods and in the proportions in which depreciation expense on those assets is recognised.

(in millions of Russian roubles, unless otherwise stated)

16. GOVERNMENT GRANTS (CONTINIUED)

Government grants on lost earnings, compensation of the effect of tariff regulations and other purposes

During the year ended 31 December 2025 the Group received government grants in the amount of RR'mln 6,040 (during 2024: RR'mln 5,005) from federal and local authorities as a compensation for lost earnings due to price reduction for electric power to planned base levels in the Far East region, as a compensation for lost earnings due to supply of utilities to subsidised categories of consumers, as a compensation for lost earnings due to air transportation services for passengers.

17. PROVISION FOR PENSION OBLIGATIONS

The Group operates defined employee benefit plans, including corporate pension plan with defined payments, one-off payments on retirement, jubilee payments, payments for years of service and provision of financial assistance in case of an employee's or non-working pensioner's death. Corporate pension was administered through a separate legal entity – a non-state pension fund – JSC "NPF GAZFOND Pensionnye Nakopleniya" (until April 2024 – through JSC NPF "Almaznaya osen"). The Group makes contributions to this pension fund to cover its obligations. There are no any minimum funding requirements prescribed by regulatory authorities. Other plans are non-funded and implemented through payments to employees made directly by the Group companies.

Starting from 1 July 2017, a parity program was launched, under which the Group finance non-state pensions together with the employees on parity terms. This program is a defined contribution plan.

In accordance with a non-parity pension program the record of the length of service for the purpose of the calculation the non-state pension was terminated on 30 June 2017. The Group has retained its obligation to pay pensions to employees who have work experience of 15 years or more.

The amounts recognised in the disclosed consolidated statement of financial position in respect of pension obligations associated with the defined benefit plan operated by the Group are as follows:

	31 December 2025	31 December 2024
Present value of obligations	2,442	2,820
Fair value of pension plan assets	(67)	(64)
Pension obligations for the funded plan	2,375	2,756
Present value of unfunded obligation	1,239	1,123
Net value of the obligations	**3,614**	**3,879**

Changes in the present value of the Group's pension obligations and plan assets are as follows:

	Present value of obligations on funded plans	Fair value of plan assets	Present value of obligations on unfunded plans	Total
At 1 January 2025	**2,820**	**(64)**	**1,123**	**3,879**
Current service cost	77	-	36	113
Past service cost and curtailment	(50)	-	(12)	(62)
Interest expense / (income)	401	(10)	159	550
	428	**(10)**	**183**	**601**
Remeasurements:				
Expected income on pension plan assets, excluding interest expense	-	10	-	10
(Gain) / loss from changes in demographic actuarial assumptions	-	-	-	-
(Gain) / loss from changes in financial actuarial assumptions	4	-	34	38
(Gain) / loss from experience adjustments	(460)	-	58	(402)
	(456)	**10**	**92**	**(354)**
Contributions to plan:				
Employer contributions	-	(2)	-	(2)
Benefits paid	(350)	(1)	(159)	(510)
	(350)	**(3)**	**(159)**	**(512)**
At 31 December 2025	**2,442**	**(67)**	**1,239**	**3,614**

(in millions of Russian roubles, unless otherwise stated)

17. PROVISION FOR PENSION OBLIGATIONS (CONTINUED)

	Present value of obligations on funded plans	Fair value of plan assets	Present value of obligations on unfunded plans	Total
At 1 January 2024	**2,789**	**(62)**	**1,262**	**3,989**
Current service cost	81	-	43	124
Past service cost and curtailment	-	-	36	36
Interest expense / (income)	312	(7)	150	455
	393	**(7)**	**229**	**615**
Remeasurements:				
Expected income on pension plan assets, excluding interest expense	-	4	-	4
(Gain) / loss from changes in demographic actuarial assumptions	1	-	(8)	(7)
(Gain) / loss from changes in financial actuarial assumptions	(21)	-	(232)	(253)
(Gain) / loss from experience adjustments	71	-	15	86
Expected income on pension plan assets, excluding interest expense	**51**	**4**	**(225)**	**(170)**
Contributions to plan:				
Employer contributions	-	-	-	-
Benefits paid	(413)	1	(143)	(555)
	(413)	**1**	**(143)**	**(555)**
At 31 December 2024	**2,820**	**(64)**	**1,123**	**3,879**

Expenses recognised in the disclosed consolidated statement of profit or loss and other comprehensive income are included in cost of sales, general and administrative expenses, selling and marketing expenses in the amounts of RR'mln 23 (for the year ended 31 December 2024: RR'mln 109), RR'mln 15 (for the year ended 31 December 2024: RR'mln 16) and RR'mln 5 (for the year ended 31 December 2024: RR'mln 4), respectively.

Expenses/(Income) recognised through profit or loss	**Year ended 31 December 2025**	**Year ended 31 December 2024**
Current service cost	113	124
Past service cost and curtailment	(62)	36
Interest expense	550	455
Total expense recognised through profit or loss	**601**	**615**

(Gain) / loss recognised through other comprehensive income	**Year ended 31 December 2025**	**Year ended 31 December 2024**
Expected expenses on pension plan assets, excluding interest expense	10	4
Gain from changes in demographic assumptions	-	(7)
Loss / (gain) from changes in financial assumptions	38	(253)
(Gain) / loss from experience adjustments	(402)	86
Total (gain) / loss recognised through other comprehensive income	**(354)**	**(170)**

Change in amount of remeasurements charged to other comprehensive income during the reporting period	**Year ended 31 December 2025**	**Year ended 31 December 2024**
Remeasurement amount at 1 January	21,765	21,935
Change in remeasurement amount	(354)	(170)
Remeasurement amount at 31 December	**21,411**	**21,765**

Estimation of financial actuarial assumptions was based on market forecasts at the end of the reporting period in relation to the period during which the obligation should be settled. Average estimated term of settlement of Group obligations at the reporting date totals 10 years (at 31 December 2024 – 10 years).

	Year ended 31 December 2025	**Year ended 31 December 2024**
Discount rate (nominal)	14.40%	15.20%
Future salary increases (nominal)	6.30%	6.50%
Future pension increases (nominal)	4.80%	5.00%

(in millions of Russian roubles, unless otherwise stated)

17. PROVISION FOR PENSION OBLIGATIONS (CONTINUED)

In the year ended 31 December 2025 the actual income on plan assets was RR'mln 10 (year ended 31 December 2024: RR'mln 3.6). The Group expects to contribute RR'mln 1,013 (including RR'mln 400 under non-parity pension program) on pension during the year beginning 1 January 2026.

Actuarial assumptions related to mortality of employees were formed based on Russian population mortality data in 2019 corrected by 50% related to mortality of employees and by 20% related to mortality of pensioners of the Group. For assumptions of the mortality of pensioners NPF's tariff tables were used according to scheme No. 10, which provides for the use of the mortality table of 2015 and the indexation of the pension at the actual yield of the NPF. The use of new tariffs was caused by signing additional agreements between the NPF and the Company in December 2016.

Actuarial assumptions extrapolated to expected life period in the expected retirement age are listed below.

	31 December 2025	31 December 2024
Expected age of retirement		
Male	61	61
Female	58	58
Table of mortality	2019-adjusted	2019-adjusted
Life expectancy after retirement		
Male	20.44	20.44
Female	25.80	25.80

The expected staff turnover is determined on the basis of historical data on dismissals and is inversely related to the employee's work experience and continuously decreases due to increase of employment period. The average turnover rates are: for employees with work experience from 0 to 10 years – 12 per cent per year, for employees with work experience from 10 to 20 years – 5.9 per cent per year, for employees with work experience from 20 to 30 years – 3.8 per cent per year, for employees with work experience of more than 30 years – 1.7 per cent per year. Sensitivity of the total amount of pension obligations to changes in underlying actuarial assumptions is set out below:

	Change in assumption	Impact on provision for pension obligations	Impact on provision for funded plans	Impact on provision for unfunded plans
Discount rate	Increase / decrease by 0.5%	Decrease / increase by	0.00%	2.63%
Inflation rate	Increase / decrease by 0.5%	Decrease / increase by	0.00%	1.49%
Future salary increases	Increase / decrease by 0.5%	Increase / decrease by	0.00%	1.99%
Expected return on plan assets	Increase / decrease by 0.5%	Increase / decrease by	3.47%	0.00%
Expected age of retirement	Increase /decrease by 1 year	Decrease / increase by	1.57%	14.55%
Employee turnover	Increase /decrease by 10%	Decrease / increase by	0.00%	1.48%
Mortality level	Increase /decrease by 10%	Decrease / increase by	0.19%	1.24%

The above results of the sensitivity analysis are based on the analysis of changes in each actuarial assumption assuming other actuarial assumptions remain constant. In the calculation of the sensitivity of the present value of key actuarial assumptions an evaluation method analogous to the assessment of the current value of liabilities recognised in the disclosed consolidated statement of financial position (projected unit credit method) was used.

The major categories of plan assets as a percentage of total plan assets are as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Russian corporate bonds	48.44%	35.54%
Russian Government and municipal bonds	29.27%	29.03%
Mutual funds units	9.77%	11.53%
Accounts receivable under repo transactions	5.11%	21.49%
Other	7.41%	2.41%
Total plan assets	**100.0%**	**100.0%**

All categories of plan assets are measured at fair value.

The Group is exposed to a number of risks, the most significant of which are detailed below:

(in millions of Russian roubles, unless otherwise stated)

17. PROVISION FOR PENSION OBLIGATIONS (CONTINUED)

Pension plan assets volatility

The plan liabilities are calculated using a discount rate set with the reference to the Russian government bonds which considered to be risk-free; if plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform Russian government bonds in the long-term while providing volatility and risk in the short-term.

Inflation risk

Certain Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

In case of the funded plans, the Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. During 2024 and 2025, a large portion of plan assets consisted of bonds, mutual fund units and accounts receivable under repo transactions.

18. TRADE AND OTHER PAYABLES

	31 December 2025	**31 December 2024**
Trade payables	10,286	12,102
Accrual for employee holidays and cost of travel	10,030	10,312
Wages and salaries	8,848	9,226
Advances from customers	1,438	11,559
Current portion of provision for land recultivation and reimbursable repair and maintenance	1,026	1,016
Other payables	1,758	1,823
Total trade and other payables	**33,386**	**46,038**

In accordance with Russian legislation, the Group entities are required to pay for the holiday entitlement, as well as to reimburse the cost of travel for employees and their family members to an agreed-upon destination and back.

The fair value of short-term payables at 31 December 2025 and 31 December 2024 approximates their carrying value.

(in millions of Russian roubles, unless otherwise stated)

19. INCOME TAX, OTHER TAXES AND DEFERRED TAX ASSETS AND LIABILITIES

Social fund payments and taxes payable, other than income tax, comprise the following:

	31 December 2025	31 December 2024
Payments to social funds	4,945	4,576
Value added tax	1,893	1,289
Property tax	986	1,061
Personal income tax (employees)	855	906
Extraction tax	705	2,685
Other taxes and accruals	98	121
Total taxes payable, other than income tax	**9,482**	**10,638**

In accordance with the license agreement on the Nyurbinsky deposit, PJSC ALROSA makes annual royalty payments to the Republic of Sakha (Yakutia) in the amount of RR'mln 1,209 per annum.

Income tax expenses comprise the following:

	Year ended 31 December 2025	Year ended 31 December 2024
Current income tax expense	5,080	4,753
Adjustments of income tax expense for prior periods	81	(169)
Deferred income tax (benefit) / expense	(593)	6,899
Deferred income tax expense related to changes in the tax rate	-	1,774
Total income tax expense	**4,568**	**13,257**

Profit before taxation for financial reporting purposes is reconciled to tax expense as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Profit before income tax	40,807	32,503
Theoretical tax charge at the rate of 25% (in 2024 - 20%)	**10,202**	**6,501**
Prior periods adjustments of income tax recognised in the current period	81	(169)
Deferred income tax expense related to changes in the tax rate	-	1,774
Tax effect of:		
for certain types of income, taxable at the rate of 13%	(1,512)	-
for certain types of income, taxable at the rate of 0%	(3,470)	-
charity and social program carried out for the Republic of Sakha (Yakutia) not deductible for income tax purposes	426	374
income from asset disposal	(1,415)	-
provision for deferred tax loss	-	951
prior periods' recalculation	(614)	1,077
loss on impairment of the disposal group	-	943
other expenses not deductible for income tax purposes	870	1,806
Total income tax expense	**4,568**	**13,257**

Expenses and losses not deductible for income tax purposes include mostly charity and social expenses as well as non-deductible wages, salaries and other staff costs.

Differences between IFRS and Russian statutory tax accounting give rise to certain temporary differences between the carrying value of certain assets and liabilities for consolidated financial reporting purposes and for income tax purposes. The tax effect of the movement in these temporary differences is recorded at the rate established in the Tax Code of the Russian Federation.

On 1 January 2025 Federal Law No. 176-FZ dated 12 July 2024 came into force, which increases the income tax rate from 20% to 25%. Of these, 8% (from 2031 - 7%) are payable to the federal budget, 17% (from 2031 - 18%) - to the budgets of the regions and the federal territory of Sirius. In this regard, deferred tax assets and liabilities as at 31 December 2024 were recalculated at the rate of 25%. The Group's management recorded additional deferred tax assets and liabilities in the consolidated financial statements as at 31 December 2024 and for the year ended 31 December 2024, as a result of which they increased by RR'mln 238 and RR'mln 2,042 respectively, additional deferred tax expense, including income tax expense in profit or loss in the amount of RR'mln 1,774 and income tax expense within other comprehensive income in the amount of RR'mln 30.

(in millions of Russian roubles, unless otherwise stated)

19. INCOME TAX, OTHER TAXES AND DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Tax effect of temporary differences:	31 December 2025	Charged to profit or loss	Charged to other comprehensive income	Disposal of subsidiaries	31 December 2024
Property, plant and equipment	13,988	(945)	-	-	14,933
Inventories	13,281	790			12,491
Investments in associates and joint ventures (note 5.2)	-	(1,254)	(451)	-	1,705
Right-of-use asset	861	485	-	-	376
Exchange gains and losses on monetary financial assets and liabilities*	149	5,738	-	-	(5,589)
Accruals and provisions	(10,098)	(1,213)	-	-	(8,885)
Exploration costs write-off	(3,645)	(882)	-	-	(2,763)
Provision for pension obligations	(838)	(199)	94	-	(733)
Allowance for expected credit losses	(1,013)	(396)	-	-	(617)
Lease liabilities	(1,369)	45	-	-	(1,414)
Provision for repair and maintenance	(33)	17	-	-	(50)
Tax losses	(3,186)	(2,745)	-	-	(441)
Other deductible temporary differences	(28)	(34)	-	-	6
Net deferred tax liability/(asset)	**8,069**	**(593)**	**(357)**	**-**	**9,019**
Deferred tax asset	(2,079)	-	-	-	(1,191)
Deferred tax liability	10,148	-	-	-	10,210
Net deferred tax liability/(asset)	**8,069**	**(593)**	**(357)**	**-**	**9,019**

Tax effect of temporary differences:	31 December 2024	Charged to profit or loss	Charged to other comprehensive income	Disposal of subsidiaries	31 December 2023
Property, plant and equipment	14,933	4,056	-	-	10,877
Inventories	12,491	5,547	-	-	6,944
Investments in associates and joint ventures (note 5.2)	1,705	1,532	143	-	30
Right-of-use asset	376	(212)	-	-	588
Exchange gains and losses on monetary financial assets and liabilities*	(5,589)	(1,803)	-	-	(3,786)
Accruals and provisions	(8,885)	(1,389)	-	-	(7,496)
Exploration costs write-off	(2,763)	1,267	-	-	(4,030)
Provision for pension obligations	(733)	8	9	-	(750)
Allowance for expected credit losses	(617)	(373)	-	-	(244)
Lease liabilities	(1,414)	(230)	-	-	(1,184)
Provision for repair and maintenance	(50)	(10)	-	-	(40)
Tax losses	(441)	(55)	-	-	(386)
Other deductible temporary differences	6	335	-	-	(329)
Net deferred tax liability/(asset)	**9,019**	**8,673**	**152**	**-**	**194**
Deferred tax asset	(1,191)	-	-	-	(3,071)
Deferred tax liability	10,210	-	-	-	3,265
Net deferred tax liability/(asset)	**9,019**	**8,673**	**152**	**-**	**194**

* Exchange gains and losses on monetary financial assets and liabilities recognised as a result of amendments to Articles 271 and 272 of the Tax Code of the Russian Federation, establishing a temporary procedure for recognising exchange gain and loss differences for tax purposes that arose in the period from 1 January 2022 to 31 December 2024. On 1 January 2025 Federal Law No. 259-FZ dated 8 August 2024 came into force, which extends the period of application of these rules for accounting for exchange differences until 2027.

Dividends received from the majority of the Group's subsidiaries are taxable at the 0% income tax rate in accordance with the applicable tax legislation. Therefore, the Group does not recognise deferred tax liabilities on retained earnings of such subsidiaries, which could be distributed as dividends to the Company in the future. The payment of dividends by the Group to its shareholders in 2025 and 2024 does not entail any consequences related to income tax.

As at 31 December 2025, the tax loss for the Russian companies of the Group is RR'mln 12,744 (as at 31 December 2024: 1,764 RR'mln). The tax loss increased due to a decrease in sales revenues, the impact of exchange rate differences, tax losses from the sale of Catoca Mining Company Ltd. and Hydroshikapa S.A.R.L. As at 31 December 2025 and 2024, carrying forward of tax losses is allowed without restrictions, but such a transfer should not reduce the tax base by more than 50% in the tax periods from 1 January 2025 to 31 December 2027.

(in millions of Russian roubles, unless otherwise stated)

20. REVENUE

	Year ended 31 December 2025	Year ended 31 December 2024
[Limited access to information[6]].		
Total revenue	**235,089**	**239,067**

Other revenue mainly relates to the provision of services and is recognised over the period of time.

During the year ended 31 December 2025 and year ended 31 December 2024 the Group did not sell diamonds to any buyer in an amount exceeding 10 per cent of the Group's total revenue.

Russian Government Decree No. 1538 dated 21 September 2023 introduced export customs duties on certain goods from 1 October 2023. Customs duty rates depend on the RR/US$ exchange rate as at the transaction date. The measure was temporary and was valid until 31 December 2024.

[Limited access to information[6]].

21. COST OF SALES

	Year ended 31 December 2025	Year ended 31 December 2024
Wages, salaries and other staff costs	75,942	73,942
Depreciation	35,313	33,317
Fuel and energy	26,812	25,194
Extraction tax	22,039	26,731
Materials	21,635	24,480
Services	11,158	11,662
Property tax	3,793	3,943
Transport	2,906	3,286
Cost of diamonds for resale	40	110
Other	2,802	2,474
Movement in inventory of rough and polished diamonds, ores and sands and gold	(27,211)	(47,657)
Total cost of sales	**175,229**	**157,482**

Wages, salaries and other staff costs include payments to social funds in the amount of RR'mln 16,637 (for the year ended 31 December 2024: RR'mln 15,595).

Depreciation includes depreciation of the right-of-use assets amounting to RR'mln 1,780 (for the year ended 31 December 2024: RR'mln 1,864).

Depreciation of property, plant and equipment totalling RR'mln 667 (for the year ended 31 December 2024: RR'mln 1,112) and wages, salaries and other staff costs totalling RR'mln 5,074 (for the year ended 31 December 2024: RR'mln 5,361) were capitalised in the respective periods.

22. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December 2025	Year ended 31 December 2024
Wages, salaries and other staff costs	14,316	14,434
Services and other administrative expenses	5,179	5,592
Provision for expected credit losses (note 11)	1,267	322
Total general and administrative expenses	**20,762**	**20,348**

Wages, salaries and other staff costs include payments to social funds in the amount of RR'mln 2,435 (year ended 31 December 2024: RR'mln 2,238).

[6] Access to information is limited in accordance with paragraph 17, 18 of Decree of the Government of the Russian Federation dated 4 July 2023 No. 1102 "On the Specifics of Disclosure and (or) Provision of Information Subject to Disclosure and (or) Provision in Accordance with the Requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market", taking into account the definitions of raw materials, goods and strategic resources given in Decree of the Government of the Russian Federation dated 30 August 2022 No. 2473-r and Decree of the Government of the Russian Federation dated 13 September 2012 No. 923.

(in millions of Russian roubles, unless otherwise stated)

23. SELLING AND MARKETING EXPENSES

	Year ended 31 December 2025	Year ended 31 December 2024
Wages, salaries and other staff costs	2,211	2,247
Services and other selling and marketing expenses	4,627	5,487
Total selling and marketing expenses	**6,838**	**7,734**

Wages, salaries and other staff costs include payments to social funds in the amount of RR'mln 483 (year ended 31 December 2024: RR'mln 476).

24. OTHER OPERATING INCOME

	Year ended 31 December 2025	Year ended 31 December 2024
Gain on assignment of rights of claim to receivables for dividends from an associate (note 5)	19,019	-
Gain on sale of investments in associates (note 5)	6,747	696
Foreign exchange gain	6,114	3,721
Gain on disposal of property, plant and equipment	140	184
Reversal of impairment loss of property, plant and equipment (note 8)	10	7
Change in estimate of asset for land recultivation, related to other income	-	2,109
Income from realised foreign exchange differences from cash	-	1,590
Gain on disposal of subsidiaries	-	27
Other	4,491	3,603
Total other operating income	**36,521**	**11,937**

25. OTHER OPERATING EXPENSES

	Year ended 31 December 2025	Year ended 31 December 2024
Exploration, research and development expenses	10,077	9,964
Impairment loss of property, plant and equipment (note 8)	8,599	4,975
Foreign exchange loss	8,527	2,644
Social costs	5,571	6,379
Loss on disposal of a subsidiary (note 5)	2,265	-
Expenses from realised foreign exchange differences from cash	1,089	136
Loss on sale of a subsidiary (note 5)	915	-
Inventory shortage expenses	864	-
Other taxes	364	393
Loss on disposal of property, plant and equipment	347	736
Impairment loss of intangible asset	98	9
Provision for dividend from Catoca Mining Company Ltd (note 5)	-	10,340
Other	2,070	3,125
Total other operating expenses	**40,786**	**38,701**

In the year ended 31 December 2025 and the year ended 31 December 2024 the amounts of operating cash outflows associated with exploration expenses were approximately equal to the respective amounts recognised within other operating expenses.

Social costs consist of:

	Year ended 31 December 2025	Year ended 31 December 2024
Charity	3,597	4,409
Maintenance of local infrastructure	1,618	1,641
Other	356	329
Total social costs	**5,571**	**6,379**

(in millions of Russian roubles, unless otherwise stated)

26. FINANCE INCOME

	Year ended 31 December 2025	Year ended 31 December 2024
Foreign exchange gain	31,206	11,871
Interest income	10,814	12,872
Total finance income	**42,020**	**24,743**

27. FINANCE COSTS

	Year ended 31 December 2025	Year ended 31 December 2024
Interest expense:		
RR denominated exchange traded bonds floating rate	14,324	3,745
Eurobonds	1,785	2,425
US$ denominated exchange traded bonds fixed rate	1,258	-
RR denominated exchange traded bonds fixed rate	601	1,394
Bank loans	570	583
US$ denominated replacement bonds	508	294
Other liabilities	592	516
Change in the present value of provisions	3,056	2,464
Change in the present value of lease liabilities	325	270
Foreign exchange loss	13,538	24,983
Total finance costs	**36,557**	**36,674**

Other liabilities include interest on obligations under the defined benefit plan (note 17) in the amount of RR’mln 550 (for the year ended 31 December 2024: RR’mln 455).

Foreign exchange gains and losses (notes 26, 27) are related to revaluation of foreign currency deposits, debt, lease liability, Eurobonds and replacement bonds.

(in millions of Russian roubles, unless otherwise stated)

28. CASH GENERATED FROM OPERATING ACTIVITIES

Reconciliation of profit before tax to cash generated from operating activities:

	Year ended 31 December 2025	Year ended 31 December 2024
Profit before income tax	**40,807**	**32,503**
Adjustments for:		
Interest income (note 26)	(2,705)	(4,363)
Interest expense (note 27)	23,019	11,691
Loss on disposal of property, plant and equipment (notes 24, 25)	207	552
Depreciation and amortisation of non-current assets (notes 8, 9, 21)	36,276	34,034
Loss / (income) on sale of subsidiaries (notes 24, 25)	915	(27)
Loss on disposal of a subsidiary (note 5, 25)	2,265	-
Proceeds from assignment of rights of claim to receivables for dividends of investment in associate (note 24)	(19,019)	-
Income from sale of investments in associates (note 24)	(6,747)	(696)
Adjustments for non-cash financing transactions	(398)	(1,967)
Change in allowance for expected credit losses and obsolete inventories, net	2,006	10,695
Change in impairment of property, plant and equipment and intangible assets, net (notes 8, 24, 25)	8,687	4,968
Unrealised foreign exchange differences on non-operating items	(16,029)	11,161
Share of net profit of associates and joint ventures (note 5)	(2,518)	(13,899)
Net operating cash flows before changes in working capital	**66,766**	**84,652**
Net increase in inventories	(20,491)	(49,183)
Net increase in trade and other receivables, excluding dividends receivable	(289)	(851)
Net change in provisions, trade and other payables, excluding interest payable and payables for acquired property, plant and equipment and intangible assets	(4,995)	7,781
Net (decrease) / increase in taxes payable other than income tax	(273)	2,646
Cash inflows from operating activities	**40,718**	**45,045**
Income tax paid	(4,916)	(3,775)
Net Cash Inflows from Operating Activities	**35,802**	**41,270**

29. CONTINGENCIES AND COMMITMENTS

(a) Operating environment of the Russian Federation

The economy of the Russian Federation exhibits some characteristic features inherent to emerging markets. The country's economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory systems continue to evolve and are subject to frequent changes, as well as the possibility of different interpretations. The ongoing political tensions in the region, as well as sanctions imposed by a number of countries on certain sectors of the Russian economy, Russian companies and citizens, continue to negatively affect Russia's economy.

Events after 24 February 2022

In 2025, the geopolitical situation in the region remained tense as a result of the ongoing situation with Ukraine, which remains extremely unstable. The aggravation of the geopolitical situation led to fluctuations in exchange rates, change in the key rate of the Central Bank of the Russian Federation, volatility of both commodity prices and capitalisation of the Russian stock market. Sanctions and restrictions have been imposed on many Russian entities, including the termination of access to the euro and US dollar markets, the SWIFT international system and many others. A number of foreign companies have suspended or stopped their business activities in the Russian Federation.

The EU and a number of countries outside the EU have previously introduced price caps on Russian crude oil and gas supplies and embargo on maritime supplies of Russian crude oil and petroleum products. Financial and commodity markets continue to demonstrate instability.

In response to the increased volatility in financial markets and rising inflation risks, the Bank of Russia raised its key rate from 16% to 21% during the second half of 2024. During 2025, the Bank of Russia gradually lowered its key rate from 21% to 16%.

In June 2024, the US imposed sanctions on the Moscow Exchange, as well as the National Clearing Center (NCC) and the National Settlement Depository (NSD) which are both part of its group. Due to this, trading in dollars and euro, as well as instruments involving the use of these currencies for settlements was suspended on the Moscow Exchange. Operations with the US dollar and euro continue to be conducted on the over-the-counter market. Since the suspension of trading on the Moscow Exchange, the official US dollar and euro exchange rates against the rouble have been set on the basis of the reporting data of credit organisations or digital OTC trading platforms.

At the beginning of 2025, significant shifts in the geopolitical landscape prompted market reassessment of further guidelines for the development of Russian economy and strengthening of the Russian rouble. However, there is still uncertainty regarding further advancements, with global events continuing to pose multiple risks for Russian markets, including those related to tariff and customs policies of the new US administration.

It is not possible to determine how long this increased volatility will last or at what level the stated financial indicators will eventually stabilise.

Sanctions against Russia, in turn, caused economically unjustified costs in a number of foreign economies, disrupted the efficiency of supply chains and trade flows. This exacerbated economic problems around the world, which, among other things, was translated into high rates of inflation, tighter monetary and potentially fiscal policies.These trends may have a significant impact on the Group’s performance and financial position in the future, and it is difficult to foresee this impact for the time being. The future economic, legal and regulatory environment and its effect on the Group’s operating results can differ from the management’s expectations. The Group continues to assess the impact of these events and changes in micro and macroeconomic conditions on its operations, financial position and financial results. The Group's management believes that all appropriate measures have been taken to maintain the Group's economic stability in the current environment.

Sanctions imposed on the Group

On 24 February 2022 the US Government imposed personal blocking sanctions against the CEO of PJSC ALROSA, limited non-blocking sanctions against PJSC ALROSA and different types of sanctions against several Russian banks. These sanctions are preventing the Group from obtaining financing from persons and entities connected to the U.S.A. and from effecting international payments through sanctioned banks.

On 11 March 2022 the United States imposed a ban on the import of gem-quality diamonds and polished diamonds of Russian origin. The ban did not apply to Russian diamonds processed into polished diamonds outside the Russian Federation and jewelry with Russian diamonds made outside the Russian Federation.

29. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(a) Operating environment of the Russian Federation (continued)

In March 2022, the European Union imposed sanctions on Russian airlines, these sanctions make it impossible for the Group to exploit aircrafts leased from European companies without formal violations of the terms of leasing agreements. The Russian authorities have adopted legislative acts allowing Russian airlines to fulfill in a special manner the obligations under leasing agreements of aircraft leased from companies of unfriendly states, in particular, not to pay rent for the use of such aircraft except to the accounts of lessors of type "C" in Russian banks, to carry out insurance and reinsurance of aircraft on modified terms, register aircraft in Russian registries (Decree of the President of the Russian Federation No. 179 dated 1 April 2022, Decree of the Government of the Russian Federation No.635 dated 11 April 2022, Decree of the Government of the Russian Federation No. 412 dated 19 March 2022, Decree of the Government of the Russian Federation No. 411 dated 19 March 2022). The lessors of five aircrafts (Boeing aircrafts) have unilaterally terminated JSC ALROSA Air Company's lease right in respect of these aircrafts, in addition, the lease terms of two of these five aircraft have expired. Nevertheless, JSC ALROSA Air Company does not agree with the legality of the termination of lease rights in respect of these aircrafts and, in addition, has no legal opportunity to return the aircraft to the lessors by virtue of the Decree of the Government of the Russian Federation No. 311 dated 9 March 2022 and continues to use them. In order to regulate legal relations, JSC ALROSA Air Company intends to resume negotiations with lessors after the lifting of sanctions. For the sixth aircraft, which in February 2022 flew to Mongolia for maintenance, a lease agreement termination was signed and the aircraft was returned to the lessor.

On 7 April 2022 the United States added ALROSA to the list of the Specially Designated Nationals (SDN). As a result, all subsidiaries with direct or indirect ownership of more than 50%, also considered to be blocked in the United States.Together with the blocking sanctions of the United Kingdom previously imposed on 24 March 2022, this event makes it technically impossible for the Group to fulfill its obligations under Eurobonds, in accordance with the procedure provided for in the issue documentation.

From the date of PJSC ALROSA's inclusion in SDN list, obligations to pay coupons on two Eurobond issues were not fulfilled in accordance with the procedure provided for in the issue documentation: payment of the nominal value and five coupons in the amount of US$ 11,625,000 each on the issue of Eurobonds in the amount of US$ 500 million with a coupon rate of 4.65% per annum and maturity in 2024; eight coupons in the amount of US$ 7,750,000 each on the issue of Eurobonds in the amount of US$ 500 million with a coupon rate of 3.1% per annum and maturity in 2027.

The non-fulfillment of payments in accordance with the issue documentation is resulted from the restrictions described above and related to the sanctions imposed on the Group by the United Kingdom (introduced on 24 March 2022) and the United States (introduced on 7 April 2022), which prohibit residents of the United States and the United Kingdom from carrying out any transactions related to the Group's companies, and also involve the freezing and blocking of all accounts and assets.

On 29 March 2022 the Company submitted an application to the Office of Financial Sanctions Implementation of the United Kingdom ("OFSI") for a special license allowing the Group to make duly payment of coupon income on Eurobonds. A special OFSI license would allow UK financial institutions and other persons obliged to comply with UK sanctions restrictions, including the main payment agent, to carry out normal payment processing in favor of Eurobond holders. As of the date of approval of the financial statements, the OFSI license has not been obtained. In addition, the issuer of Eurobonds of the Group – Alrosa Finance S.A. (hereinafter the "Issuer"), the guarantor for which is PJSC ALROSA (hereinafter the "Guarantor"), received a notification from the Irish Stock Exchange (Euronext Dublin), on which the bonds were listed, that the listing of Eurobonds had been suspended and terminated from 12 April 2022 due to sanctions imposed on the Russian Federation by the European Union.

On 26 May 2022, the Company received notifications from BNY Mellon Corporate Trustee Services Limited (fiduciary, further "Trustee") on two issues of Eurobonds maturing in 2024 and 2027 on the impossibility of performing the duties of a trustee for Eurobonds, starting from 10 May 2022, in connection with Council Regulation (EU) 2022/576 of 8 April 2022. The notification states that the Trustee has not resigned its powers and, in the case of the issuance of any special licenses, may reconsider its decision.

29. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(a) Operating environment of the Russian Federation (continued)

PJSC ALROSA carries out payments on Eurobonds within the framework of Russian legislation, namely: (a) according to Decree of the President of the Russian Federation “On the Repatriation of Foreign Currency and the Currency of the Russian Federation by Residents Participating in Foreign Economic Activity” dated 5 July 2022 No. 430 (“Decree 430”), PJSC ALROSA identifies holders of Eurobonds, the rights to which are registered in Russian depositories, and based on the registers of holders received, transfers funds to NSD JSC (National Settlement Depository) for subsequent transfer to the holders for the Eurobonds payments. The payments are made in Russian roubles in accordance with the procedure determined by the Board of Directors of the Bank of Russia; (b) according to Decree of the President of the Russian Federation No. 198 dated 19 March 2024 "On Additional Temporary Economic Measures Related to the Fulfillment of Obligations under Certain Securities" (hereinafter referred to as “Decree 198”), it provides payments in Russian roubles to those holders of Eurobonds who did not receive payment under Decree 430 and sent an application to the Company for payment with the necessary documentation attached in the manner and within the time limits established by Decree 198, and whose ownership rights have been confirmed by the Russian depository as a result of verification of the documents submitted by the holder; (c) according to Decree No. 529 of the President of the Russian Federation dated 8 August 2022 "On the Temporary Procedure for Fulfilling Obligations under Bank Account (Deposit) Agreements Denominated in Foreign Currency and Obligations under Bonds Issued by Foreign Organisations" (hereinafter referred to as “Decree 529”), using its right to fulfill obligations to holders of Eurobonds whose rights are recorded with foreign depositories, on the basis of permissions issued by the Government Commission on Monitoring Foreign Investment in the Russian Federation, provides payments in Russian roubles to those holders who have not received payments under Decrees 430 and 198, subject to confirmation of ownership rights by the Russian depository following verification of the documents submitted by the holder.

With regard to the issue of Eurobonds maturing on 9 April 2024, in 2024 the Company fulfilled its obligations to repay the nominal value and the last coupon in accordance with Decree 430 and Decree 198, and also continues to enjoy the right to fulfill obligations under Decree 529.

With regard to the issue of Eurobonds maturing on 9 April 2024, in accordance with Decree 430, the Company has received permission from the Government Commission on Monitoring Foreign Investment in the Russian Federation to fulfill obligations under Eurobonds to holders in the Russian infrastructure only by transferring funds in accordance with the procedure determined by the Board of Directors of the Bank of Russia, without issuing Replacement bonds.

With regard to the issue of Eurobonds maturing on 9 April 2024, the Company fulfilled its obligations to repay the nominal value and the missed coupon during 2025 under Decree 430 and Decree 529 in the amount of US$’mln 15,3 based on a permit issued by the Government Commission on Monitoring Foreign Investment in the Russian Federation.

According to the Company's estimate, the share of outstanding Eurobonds maturing on 9 April 2024, as at the date of signing these disclosed consolidated financial statements amounts to 44.75% of the total issue volume. These outstanding Eurobonds are owed to holders whose rights are registered in foreign depositories, while most of them are registered in unfriendly countries. However, a portion of the Eurobond liabilities remains outstanding due to the failure of holders whose rights are registered in foreign depositories to submit applications for payment in accordance with Decree 198. As at the reporting date of these disclosed consolidated financial statements, the deadline for accepting applications for payment stipulated by Decree 198 has expired. At the same time, the Company does not expect material claims from such foreign Eurobond holders.

With regard to the Eurobonds maturing on 25 June 2027, in addition to making payments by the methods described above (according to Decree 430, Decree 198 and Decree 529), in accordance with Decree 430, the Company fulfilled its obligations to holders of Eurobonds whose rights are recorded by Russian depositories by registering the placement of bonds before 1 July 2024, the payment for which at their placement is carried out in Eurobonds or cash with the intended use of the raised funds for the purchase of Eurobonds (further and higher - “Replacement bonds”), as well as in accordance with the procedure determined by the Board of Directors of the Bank of Russia the Company continued the transfer of payments in roubles to those holders of Eurobonds in the Russian infrastructure that have not made a substitution. The exchange was made in relation to 39.7% of the Eurobonds issue and 93% of Eurobonds holders identified in the Russian infrastructure at the time of the replacement.

In July 2024, a consent solicitation of holders of Eurobond maturing on 25 June 2027 was held, which allowed to avoid the risk of claims for early repayment of these Eurobonds from foreign holders (mainly from unfriendly counties), who have not received payments due to the santions, since, according to the results of the vote, the creditors granted the Guarantor and the Issuer the right not to fulfill Eurobonds obligations upon the occurrence of those events that previously did not exempt from default in case of overdue repayment of the debt (including technical impossibility of making payments, sanctions, etc.).

29. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(a) Operating environment of the Russian Federation (continued)

The Company is also given the opportuninty to choose a new paying agent and trustee not registered in unfriendly counties and make payments, as a Guarantor of Eurobonds, in alternative currencies, including Russian roubles. Thus, the documentation on the issue of Eurobonds with a maturity date of 25 June 2027 is presented in a form consistent with the applicable Russian regulations, and the Company, as a Guarantor, is able to repay Eurobonds with a maturity date of 25 June 2027 without using the Principal Paying Agent (resident of an unfriendly country) and subject to applicable Russian regulations. This factor eliminated the risks of claims related to early repayment of the loan of Eurobonds maturing on 25 June 2027, since it has eliminated the grounds for default previously indicated in the issue documentation.

On 19 December 2025, the District Court of Luxembourg granted the petition of a representative of the Luxembourg tax authorities to declare Alrosa Finance S.A. bankrupt, setting a deadline for creditors for file applications of six months (until 19 June 2026). The situation relates to the Alrosa Finance S.A actual inability of making payments required by Luxembourg tax legislation and subsequent declaration of Alrosa Finance S.A bankruptcy by the tax authorities, and is caused solely by the effect of unilateral restrictive measures of unfriendly countries and associated with the absence of a number of countries (USA, UK) state authorities' positive decisions on the subject of issuing licenses to the Issuer to unblock its existing funds, as well as on the matter of receiving funds from the Company. As in the case described above (the technical inability of making payments on Eurobonds in accordance with the previously valid version of the issue documentation), the bankruptcy of Alrosa Finance S.A. does not result in additional risks of requiring early redemption of Eurobonds with a maturity date of 25 June 2027, since the risk of this event occurring was previously indicated to the holders and taken into account during the voting (consent solicitation) as one of the events (specified events), upon the occurrence of which the creditors granted the Issuer and the Guarantor the right not to fulfill obligations under the Eurobonds. At the same time the documentation for the issue of Eurobonds with a maturity date of 25 June 2027, brought in line with current Russian legal regulations, does not provide for any special consequences associated with the declaration of the Issuer as bankrupt, does not affect the validity of the Guarantor's obligations under the Eurobonds and allows it to continue making payments to holders in accordance with Russian legislation in the previous mode.

The Group takes all possible steps and measures to properly fulfill its obligations under Eurobonds, taking into account the sanctions imposed, and also regularly posts information about the situation with the payment on Eurobonds on its official website on the Internet. Management of the Company believes that as of 31 December 2025, the Company, as a Guarantor, and Alrosa Finance S.A., as an Issuer, have an unconditional right not to settle (proceed with the full repayment) the principal obligation on Eurobonds for at least twelve months after the end of the reporting period in accordance with the terms of the issue and in relations with the Decrees of the President of the Russian Federation. In connection with the above, the Group has not changed the classification of the obligation on Eurobonds maturing in 2027, recognising it as long-term (note 13). The payments of coupons and repayments of the principal debt due within the next twelve months in accordance with the original terms of the issue are reclassified to short-term debt in a timely manner (note 14).

Based on the assessment made to comply with the terms of credit obligations in the foreseeable future, the Group does not expect default or violations of credit obligations.

In December 2023 – January 2024, the EU, Switzerland, the United Kingdom, the United States, Japan and Canada imposed a ban on the import of rough jewelry diamonds, polished diamonds and diamond jewelry produced in the Russian Federation. In addition, from 1 March 2024, the import of rough diamonds and polished diamonds made from Russian rough diamonds in third countries weighing more than 1 carat is prohibited. From 1 September 2024, it is prohibited to import rough diamonds and polished diamonds made from Russian rough diamonds in third countries weighing more than 0.5 carats. In the 14th package of the EU sanctions against Russia in June 2024, the ban on the import of jewelry made from Russian rough diamonds and polished diamonds in third countries to be introduced from 1 September 2024 was postponed indefinitely until the consolidation of its position with other G7 countries (as most of them had not planned the introduction of such a ban). A new date for the ban within the EU has not yet been announced. Effective 1 March 2025, the customs authorities have implemented a system for tracking and certifying the origin of rough diamonds weighing more than 0.5 carats based on documentary evidence of origin in combination with Kimberley Process certificates designed to prevent Russian-origin rough diamonds from entering G7 markets. In February 2025, with the adoption of the 16th package of EU sanctions, restrictions on diamond traceability were postponed until 1 January 2026. On 17 December 2025, a postponement of the deadline was announced due to the lack for such restrictions of agreement on the implementation of traceability of diamond at the international level. As of the disclosed consolidated financial statements preparation date, the previously adopted rules remain in effect (data from commercial tracking systems remains a recommendation).

29. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(a) Operating environment of the Russian Federation (continued)

On 3 January 2024, PJSC ALROSA was included in the blocking sanctions list of the EU, on 31 January 2024 – in the blocking sanctions list of Switzerland. In terms of content, these sanctions are similar to the US blocking sanctions imposed on the Company earlier and also apply to its subsidiaries. On 21 June 2024, PJSC ALROSA was included in the blocking sanctions list of Japan.

The Group's management believes that it is taking adequate measures to support the sustainable development of the business and fulfill obligations in the current circumstances, however, an unforeseen further deterioration of the situation in the above areas may negatively affect the performance and financial position of the Group, while it is not possible to determine the extent of such an impact at present.

(b) Taxes

Russian tax legislation which was enacted or substantively enacted at the end of the reporting period is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by relevant authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties.

During 2025, the main changes in the field of tax, customs and other types of legislation were related to the current geopolitical situation, dictated primarily by economic sanctions against Russia by a number of foreign countries. In particular, the main changes in tax legislation are aimed at ensuring fiscal sustainability, simplifying tax administration and targeted support for industries and technologies prioritised by the Russian Federation. In addition, some of the changes were due to earlier measures to reduce negative consequences of suspending the provisions of international double taxation treaties with unfriendly states and including these states in the list of offshore jurisdictions of the Russian Ministry of Finance, and related to the application of transfer pricing rules, determining the taxation of international intra-group services, investment and other aspects of taxation.

From 1 January 2025, the basic income tax rate was increased in Russia from 20% to 25%. At the same time, there is still a restriction on accounting for losses of previous years for income tax purposes in the amount of no more than 50%. This restriction has been extended until the end of 2026.

In addition to the Russian Federation, the Group operates in a number of foreign jurisdictions. The Group includes companies incorporated outside the Russian Federation, which are subject to taxation at the rates and in accordance with the laws of the jurisdictions in which the Group's companies are recognised as tax residents. The tax liabilities of foreign companies of the Group are determined based on the fact that foreign companies of the Group are not tax residents of the Russian Federation, and also do not have a permanent representative office in the Russian Federation and, therefore, are not subject to income tax under Russian law, except in cases of withholding income tax (i.e. dividends, interest, income from capital gains, etc.). The share of tax liabilities of foreign companies in the Group's total tax liabilities is not material.

The Controlled Foreign Company (CFC) legislation introduced Russian taxation of profits of foreign companies and non-corporate structures (including trusts) controlled by Russian tax residents (controlling parties). The profit of a CFC, taking into account exemptions under the Law, is taxed at a rate of 25% (until 1 January 2025 – 20%).

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD) but has specific characteristics. This legislation provides the possibility for tax authorities to impose additional tax liabilities for income tax and value added tax in respect of controlled transactions (transactions with related parties and some types of transactions with non-related parties), provided that the transaction price is not arm's length.

Management of the Group believes that its pricing policy is arm's length and it has implemented internal controls to be in compliance with the transfer pricing legislation.

Tax liabilities arising from transactions between the Group's companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated.

29. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(b) Taxes (continued)

These changes, as well as recent trends in the application and interpretation of certain provisions of Russian tax legislation, indicate that the tax authorities may take a tougher stance when interpreting legislation as part of control measures. As a result, the tax authorities may file claims regarding transactions and approaches to the application of legislation that previously did not elicit such claims. Consequently, significant taxes, penalties, and fines may be accrued. It is not possible to determine the amounts of claims related to potential but not yet filed claims, as well as to assess the likelihood of an unfavourable outcome. Tax audits may cover three calendar years of activity immediately preceding the year of the audit. Under certain conditions, earlier tax periods may also be subject to audit.

As at 31 December 2025 and 31 December 2024, in the opinion of the Group's management, the relevant provisions of the legislation were interpreted correctly, and the probability of the Group maintaining its position under the current norms of tax, currency and customs legislation, is high.

On 28 November 2025, Federal Law No. 425-FZ "On Amendments to Parts One and Two of the Tax Code of the Russian Federation, Certain Legislative Acts of the Russian Federation and Invalidation of Legislative Acts (Certain Provisions of Legislative Acts) of the Russian Federation" was signed, effective 1 January 2026. The Law provides for an increase in the basic VAT rate from 20% to 22%. The Company has not completed an analysis of the impact of these changes on the financial position of the Company and the Group, their financial performance and cash flows.

Management will defend the Group's positions and interpretation of the legislation applied in the calculation of taxes reflected in the disclosed consolidated financial statements, in case they are challenged by the tax authorities.

(c) Legal proceedings

The Group is a party to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which could have a material adverse effect on the performance or financial position of the Group as at 31 December 2025.

(d) Capital commitments

As at 31 December 2025 the Group had contractual commitments for capital expenditures of approximately RR’mln 47,684 (31 December 2024: RR’mln 47,446).

(e) Restoration, rehabilitation and environmental costs

Under its license agreements, the Group is responsible for performing recultivation of certain disturbed lands and tailing pits in the areas of its operating activity.

As at 31 December 2025 the Group recognised a provision for these future expenses in the amount of RR’mln 22,187 (31 December 2024: RR’mln 16,727) (notes 15, 18).

(f) Compliance with covenants

The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and termination of funding.

The Group was in compliance with covenants at 31 December 2025 and 31 December 2024.

(g) Consideration of climate change

The Group management has taken note of global awareness and concerns about the potential impact of climate change. Currently, this matter has had no significant impact on the disclosed consolidated financial statements, and the future effects on the Group’s activities and business plans are difficult to predict. Management continues to monitor developments in this area and will respond as necessary to ensure the Group’s viability and will adopt all government guidelines if and when these are issued in the markets in which the Group operates.

(in millions of Russian roubles, unless otherwise stated)

30. RELATED PARTY TRANSACTIONS

Parties are generally considered to be related if parties are under common control, or one party has the ability to control the other party, or can exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The Russian Federation and the Republic of Sakha (Yakutia)

The Federal Agency for State Property Management on behalf of the Russian Federation and the Ministry of the Property and Land Relations of the Republic of Sakha (Yakutia) on behalf of the Republic of Sakha (Yakutia) are the major ultimate shareholders of the Company. As at 31 December 2025, 58.0 per cent of the Company's shares were directly owned by the Russian Federation and the Republic of Sakha (Yakutia).

Also as at 31 December 2025, 8.0 per cent of the Company's shares were owned by administrations of eight districts (ulus) of the Republic of Sakha (Yakutia).

In accordance with the Company Charter, the Supervisory Board is elected and consists of 15 members. Following the annual general meeting of shareholders on 20 May 2025, the Supervisory Board includes 9 representatives of the Russian Federation (1 of them is CEO – Chairman of the Management Board), 5 representatives of the Republic of Sakha (Yakutia), 1 representative of the districts of the Republic of Sakha (Yakutia). Three members of the Supervisory Board were recognised as independent directors (1 of them was nominated by the Ministry of the Property and Land Relations of the Republic of Sakha (Yakutia), exercising the rights of the Republic of Sakha (Yakutia) as a shareholder of the Company, 2 – at the suggestion of the Federal Agency for State Property Management on behalf of the Russian Federation).

As at 31 December 2024 the 15 seats on the Supervisory Board included 9 representatives of the Russian Federation (1 of them is CEO – Chairman of the Management Board), 5 representatives of the Republic of Sakha (Yakutia), 1 representative of the districts of the Republic of Sakha (Yakutia). Three members of the Supervisory Board were recognised as independent directors (1 of them was nominated by the Ministry of the Property and Land Relations of the Republic of Sakha (Yakutia), exercising the rights of the Republic of Sakha (Yakutia) as a shareholder of the Company, 2 - at the suggestion of the Federal Agency for State Property Management on behalf of the Russian Federation).

Governmental economic and social policies affect the Group's financial position, performance and cash flows.

The Group's tax balances are disclosed in the disclosed consolidated statement of financial position and in notes 11 and 19. Tax transactions are disclosed in the disclosed consolidated statement of profit or loss and other comprehensive income, disclosed consolidated statement of cash flows and in notes 19, 21, 22, 23, 25, 28 and 29.

Parties under control or significant influence of the Government

In the normal course of business the Group enters into transactions with other entities under Governmental control or significant influence. The principal forms of such transactions are diamond sales, fuel and electricity purchases and borrowings. Prices of diamonds sales are set by reference to price lists approved by the Ministry of Finance of the Russian Federation; electricity tariffs in Russia are partially regulated by the Federal Anti-Monopoly Service.

The amounts of balances and transactions with related parties under Governmental control or significant influence are detailed below:

Disclosed consolidated Statement of Financial Position	**31 December 2025**	**31 December 2024**
Long-term accounts receivable	36	31
Short-term accounts receivable	4,769	4,362
Short-term accounts payable	2,344	3,328
Loans	2,123	3,137
Cash and cash equivalents	38,592	71,054
Bank deposits	53,277	3,264

The line "loans" includes the loans received from banks under the Government control (notes 13, 14). The lines "cash and cash equivalents" and "bank deposits" include assets placed in banks under the Government control (notes 6, 7).

(in millions of Russian roubles, unless otherwise stated)

30. RELATED PARTY TRANSACTIONS (CONTINUED)

Disclosed consolidated Statement of Profit or Loss and Other Comprehensive Income	Year ended 31 December 2025	Year ended 31 December 2024
[Limited access to information[7]]		
[Limited access to information[7]]		
Other sales	7,668	10,101
[Limited access to information[7]]		
Income from grants	6,040	5,005
Fuel purchases	(5,957)	(9,036)
Electricity and heating purchases	(6,089)	(7,719)
Other purchases	(3,156)	(6,232)
Interest income	9,470	9,610
Interest expense	(300)	(215)

Key management compensation

The Supervisory Board of the Company consists of 15 members, including representatives of the Russian Federation and the Republic of Sakha (Yakutia) and minority shareholders. Compensation for serving as members of the Supervisory Board is not paid to the Chairman and members of the Supervisory Board who have the status of government and/or municipal public employees – according to Russian legislation, as well as to the members of the Supervisory Board who are also the individual executive body or a member of the collegial executive body.

As at 31 December 2025 the Management Board consisted of 5 members (until the 4th quarter of 2025 - 6 members), as at 31 December 2024 the Management Board consisted of 6 members. Management Board members are entitled to salary, bonuses, voluntary medical insurance and other short-term employee benefits. Salary and bonus compensation paid to members of the Management Board (excluding the CEO – Chairman of the Management Board) is determined by the terms of "Remuneration Policy for the members of the Management Board of PJSC ALROSA" approved by the Company's Supervisory Board on 28 June 2022 with amendments approved by the Company's Supervisory Board on 20 December 2024. Salary and bonus compensation paid to the CEO – Chairman of the Management Board is determined by the terms of "Remuneration Policy for the CEO – Chairman of the Management Board of PJSC ALROSA" approved by the Company's Supervisory Board on 8 June 2022 with amendments approved by the Company's Supervisory Board on 29 June 2023, on 09 April 2024, on 20 December 2024, and on 20 March 2025.

According to Russian legislation, the Group makes contributions to the Pension Fund of the Russian Federation for all of its employees including key management personnel. Key management personnel also could be eligible for non-state pension after retirement according to the Policy on "Non-state Pension Provisions of the Employees of PJSC ALROSA".

Key management (the Supervisory Board and the Management Board of the Company) received short-term benefits for the year ended 31 December 2025 totalling RR'mln 543 (for the year ended 31 December 2024 totalling RR'mln 545). Short-term benefits for key management includes payments to social funds. The portion of provision for pension obligations attributable to key management as at 31 December 2025 equals to RR'mln 14 (31 December 2024: RR'mln 19). The income related to the defined benefit plan for key management equals to RR'mln 5 (expenses for the year ended 31 December 2024: RR'mln 4). In 2025 the Group did not declare dividends to key management holding the Company's shares (in 2024 the Group declared dividends in the amount of RR'mln 9 to key management holding the Company's shares).

Share-based payments

The Group approved the Long-Term Bonus Program for the Company's management with share-based payments. The program is set for a period of 3 years and is tied to the indicators of shareholders profitability and applies to members of the Management Board, heads of subsidiaries, units and other employees whose professional activities have key impact on the operating and financial performance of the Group. The liability is remeasured at fair value at each reporting date and all changes are recognised immediately in profit or loss.

As at 31 December 2025, under the approved Long-Term Management Bonus Program, the Group, using the stock option pricing model and based on the current market value of the Company's shares, estimate the liability for employee benefits with share-based payments at RR'mln null.

[7] Access to information is limited in accordance with paragraph 17, 18 of Decree of the Government of the Russian Federation dated 4 July 2023 No. 1102 "On the Specifics of Disclosure and (or) Provision of Information Subject to Disclosure and (or) Provision in Accordance with the Requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market", taking into account the definitions of raw materials, goods and strategic resources given in Decree of the Government of the Russian Federation dated 30 August 2022 No. 2473-r and Decree of the Government of the Russian Federation dated 13 September 2012 No. 923.

(in millions of Russian roubles, unless otherwise stated)

30. RELATED PARTY TRANSACTIONS (CONTINUED)

As at 31 December 2024 the Group recognised a liability on share-based payments under the Long-Term Bonus Program for the Company's management in the amount of RR'mln 249 in other non-current liabilities. Remeasurement of the liability for the year ended 31 December 2025 amounted to RR'mln 249 (income) (for the year ended 31 December 2024 amounted to RR'mln 129 (expense)) and was recognised within general and administrative expenses in the disclosed consolidated statement of profit or loss and other comprehensive income.

The fair value of stock options was calculated using the Black-Scholes model.

Other transactions with associates

Significant balances and transactions with associates are disclosed in note 5. Transactions with the Group's pension plan are disclosed in note 17. Social costs incurred by the Group in relation to the parties under control of the Government are presented by charity costs and make up the largest part of them. These expenses are disclosed in note 25.

31. NON-CONTROLLING INTEREST

The following tables provide information about non-controlling interests in subsidiaries that are material to the Group:

Name	Carrying amount of non-controlling interest		Profit / (loss) attributable to non-controlling interest		Revenue		Net (loss) / profit		Total comprehensive income / (loss)	
	31.12.2025	**31.12.2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
[Limited access to information[8]]	41	39	2	6	7,101	13,143	1,479	5,164	1,479	5,164
Hydroshikapa S.A.R.L.	-	(2,142)	78	(1,959)	322	1,301	(3,692)	(4,354)	3,006	(4,598)
[Limited access to information[8]]	96	73	23	37	2,704	2,338	293	461	293	461
[Limited access to information[8]]	137	-	(94)	-	-	-	(376)	-	(376)	-
Total	**274**	**(2,030)**	**9**	**(1,916)**	**10,127**	**16,782**	**(2,296)**	**1,271**	**4,402**	**1,027**
Total per financial statements	**274**	**(2,030)**	**9**	**(1,916)**						

Name	Non-current assets		Current assets		Non-current liabilities		Current liabilities	
	31.12.2025	**31.12.2024**	**31.12.2025**	**31.12.2024**	**31.12.2025**	**31.12.2024**	**31.12.2025**	**31.12.2025**
[Limited access to information[8]]	19,182	19,270	22,774	20,954	2,918	2,390	1,819	2,093
Hydroshikapa S.A.R.L.	-	143	-	1,842	-	8,362	-	351
[Limited access to information[8]]	1,407	1,403	1,717	2,265	10	558	544	834
[Limited access to information[8]]	370	-	372	-	-	-	194	-
Total	**20,959**	**20,816**	**24,863**	**25,061**	**2,928**	**11,310**	**2,557**	**3,278**

[8] Access to information is limited in accordance with paragraphs 5, 6, 11 of Decree of the Government of the Russian Federation dated 4 July 2023 No. 1102 "On the Specifics of Disclosure and (or) Provision of Information Subject to Disclosure and (or) Provision in Accordance with the Requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market".

(in millions of Russian roubles, unless otherwise stated)

31. NON-CONTROLLING INTEREST (CONTINUED)

Name	*[Limited access to information[8]]*		**Hydroshikapa S.A.R.L.**		*[Limited access to information[8]]*		*[Limited access to information[8]]*	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Cash Flow from Operating Activity	(3,168)	3,096	-	563	490	356	29	-
Income tax payable	(515)	(1,360)	-	-	(79)	(30)	(2)	-
Net Cash Inflows from/(Outflow used in) Operating Activities	(3,683)	1,736	-	563	411	326	27	-
Net Cash Inflow from/(Outflow used in) Investing Activities	3,550	3,939	-	(334)	149	(270)	(859)	-
Net Cash Inflows from/(Outflow used in) Financing Activities	120	(5,662)	-	-	(550)	(8)	827	-
Net Increase/(Decrease) in Cash and Cash Equivalents	**(13)**	**13**	**-**	**229**	**10**	**48**	**(5)**	**-**
Cash and cash equivalents at the beginning of the year	14	1	-	230	148	100	5	-
Foreign exchange gains on cash and cash equivalents	-	-	-	15	-	-	-	-
Cash and Cash Equivalents at the End of the Year	**1**	**14**	**-**	**474**	**158**	**148**	**-**	**-**

The figures presented above are before inter-company eliminations.

(in millions of Russian roubles, unless otherwise stated)

32. SEGMENT INFORMATION

The Management Board of the Company has been determined as the Group's Chief Operating Decision-Maker (CODM).

The Group's primary activity is the production and sales of diamonds. The internal management reporting system is mainly focused on the analysis of information relating to production and sales of the Diamonds segment, however information relating to other activities (represented by several subdivisions of the Company and separate legal entities of the Group`s all other business) is also regularly reviewed by the CODM.

The Management Board evaluates performance and makes investment and strategic decisions based upon review of operating activity results (i.e. meeting production targets and monitoring of actual expenditures against budget allocated by production and sales of diamonds and other activities) as it believes that such information is the most relevant in evaluating the performance. No specific measure of profit or loss is analysed by the CODM on entity-by-entity basis.

The following items are analysed on the Group level and are not allocated among segments for the purposes of the analysis:

- finance income;
- finance cost;
- share of net profit of associates and joint ventures;
- income tax expense or benefit;
- non-cash items other than depreciation;
- total assets and liabilities;
- capital expenditure.

The following reportable segments were identified by the Management Board:

- Diamonds segment – extraction and sales of diamonds, production and sale of microgrits and diamonds;
- Transportation – airline business, transportation services and services at transportation terminals, ports and airports;
- Social infrastructure – includes residential housing units, sports complexes and cultural facilities, such as cinemas and theatres, steam and hot water production to population and other social infrastructure;
- Other activities.

Information regarding the performance of the reportable segments is presented below.

Year ended 31 December 2025	**Diamonds segment**	**Transport**	**Social infra-structure**	**Other activities**	**Total**
Sub-total: Reportable revenue	*[Limited access to information[9]]*	*[Limited access to information[9]]*	*[Limited access to information[9]]*		**235,089**

Year ended 31 December 2024	**Diamonds segment**	**Transport**	**Social infra-structure**	**Other activities**	**Total**
Sub-total: Reportable revenue	*[Limited access to information[9]]*	*[Limited access to information[9]]*	*[Limited access to information[9]]*		**239,067**

[9] Access to information is limited in accordance with paragraphs 17, 18 of Decree of the Government of the Russian Federation dated 4 July 2023 No. 1102 "On the Specifics of Disclosure and (or) Provision of Information Subject to Disclosure and (or) Provision in Accordance with the Requirements of the Federal Law "On Joint Stock Companies" and the Federal Law "On the Securities Market", taking into account the definitions of raw materials, goods and strategic resources given in Decree of the Government of the Russian Federation dated 30 August 2022 No. 2473-r and Decree of the Government of the Russian Federation dated 13 September 2012 No. 923.

(in millions of Russian roubles, unless otherwise stated)

32. SEGMENT INFORMATION (CONTINUED)

Revenue from sales and income from grants by geographical location of customers is as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
[Limited access to information[9]]		
Total revenue and income from grants as per the disclosed consolidated statement of profit or loss and other comprehensive income	**241,129**	**244,072**

Non-current assets (other than financial instruments and deferred tax assets), including financial assets at fair value through profit or loss and investments in associates and joint ventures, by their geographical location, are as follows:

	31 December 2025	31 December 2024
Russian Federation	320,359	310,275
Other countries	127	151
Total non-current assets	**320,486**	**310,426**

As at 31 December 2024 the investment in the associate company in the amount of RR’mln 9,776 was presented separately in current assets in relation to its sale (note 5.2), and non-current assets in the amount of RR’mln 143 were also recorded separately as assets of the disposal group (note 5.3).

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received from selling an asset or paid to settle a liability in an ordinary terms of transaction between market participants at the transaction date. The estimated fair values of financial instruments are determined with reference to various market information and other valuation techniques as considered appropriate.

The different levels of fair value hierarchy have been defined as follows:

- Level 1 – Measurement using quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to assess at the measurement date. For the Group, Level 1 inputs include debt financial instruments that are actively traded on the European and/or Russian domestic markets.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). For the Group, Level 2 inputs include observable market value measures applied to loans and borrowings.
- Level 3 – Unobservable inputs for the asset or liability. These inputs reflect the Company’s own assumptions about the indicators a market participant would use in pricing the asset or liability.

(in millions of Russian roubles, unless otherwise stated)

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Assets and liabilities not measured at fair value but for which fair value is disclosed

As at 31 December 2025 the Group had the following assets and liabilities not measured at fair value but for which fair value is disclosed, classified by the levels of the fair value hierarchy:

	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique with significant non-observable inputs (Level 3)	Total
Current and non-current financial assets				
Bank deposits	-	73,519	-	73,519
Current and non-current financial receivables	-	5,095	-	5,095
Loans issued	-	-	9	9
Cash and cash equivalents	-	38,787	-	38,787
Total financial assets	**-**	**117,401**	**9**	**117,410**
Current and non-current financial liabilities				
Loans and borrowings	-	6,756	-	6,756
Loans received from disposal of a subsidiary	-	-	51,128	51,128
RR denominated exchange traded bonds floating rate	90,648	-	-	90,648
US$ denominated exchange traded bonds fixed rate	27,406	-	-	27,406
US$ denominated replacement bonds	15,528	-	-	15,528
Financial accounts payable	-	12,044	-	12,044
Dividends payable	-	1,298	-	1,298
Total financial liabilities	**133,582**	**20,098**	**51,128**	**204,808**

As at 31 December 2024 the Group had the following assets and liabilities not measured at fair value but for which fair value is disclosed, classified by the levels of the fair value hierarchy:

	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique with significant non-observable inputs (Level 3)	Total
Current and non-current financial assets				
Bank deposits	-	7,589	-	7,589
Current and non-current financial receivables	-	4,594	-	4,594
Loans issued	-	-	108	108
Cash and cash equivalents	-	81,127	-	81,127
Total financial assets	**-**	**93,310**	**108**	**93,418**
Current and non-current financial liabilities				
Loans and borrowings	-	9,489	-	9,489
Eurobonds*	-	-	62,956	62,956
RR denominated exchange traded bonds floating rate	70,493	-	-	70,493
RR denominated exchange traded bonds fixed rate	25,185	-	-	25,185
US$ denominated replacement bonds	20,184	-	-	20,184
Financial accounts payable	-	13,925	-	13,925
Dividends payable	-	1,296	-	1,296
Other current financial liabilities	-	-	54	54
Total financial liabilities	**115,862**	**24,710**	**63,010**	**203,582**

* For disclosure in this table as at 31 December 2024: due to the reasons described in note 13, Eurobonds issued by the Group and not quoted on the active market as at 31 December 2024 were classified in Level 3, their fair value (in the absence of market quotations or market interest rates for comparable financial instruments) was assumed to be approximately equal to their carrying amount, including due to the fact that the Group plans to repay these liabilities in full and on time (notes 13, 29).

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values in Level 2 and Level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

34. SUBSEQUENT EVENTS

During the period after the reporting date, the following significant changes occurred in exchange rates and the key rate:

- the exchange rates as determined by the Central Bank of the Russian Federation at the date of issue of the financial statements were RR 76.4678 per US$ 1 (31 December 2025 – RR 78.2267 per US$ 1), RR 90.3211 per EUR 1 (31 December 2025 – RR 92.0938 per EUR 1) and RR 11.1187 per Chinese Yuan 1 (31 December 2025 – RR 11.1592 per Chinese Yuan 1).
- the key rate as determined by the Central Bank of the Russian Federation as at the date of issue of the financial statements was 15.5% (31 December 2025 – 16%).