



ALROSA Q2 and 6M 2021 operating results

Moscow, 16 July 2021 – ALROSA, a global leader in diamond production, reports its Q2 2021 diamond production of 7.0 m carats and sales of 11.4 m carats. Proceeds from rough and polished diamond sales totalled \$1.2 bn.

Q2 and 6M 2021 trading update:

- **Q2 ore & gravels output** declined by 8% qoq (-19% yoy) to **8.0 mt** mainly due lower production at Seversalmaz (optimisation of mining fleet, see p.7) and at the Jubilee pipe (increase in stripping operations). **6M output** decreased by 14% to **16.6 mt** mostly as a result of a decision to suspend mining at the Zarya and Zarnitsa pipes (from May 2020 to June 2021) and a decline in mining operations at Almazy Anabara.
- **Q2 ore & gravels processing** grew by 26% qoq (-1% yoy) to **7.3 mt** driven by a seasonal growth in the processing of gravels from alluvial deposits and an increase in ore processing at Seversalmaz ([processing plant restart on 1 March 2021](#) after a temporary suspension in October 2020). **6M volumes** were **13.0 mt** (-2%).
- **Q2 diamonds output** was down 8% qoq (+22% yoy) to **7.0 m ct** mainly due to the seasonal increase in the processing of low-grade gravels. **6M output** rose by 6% to **14.5 m ct** driven by the low base effect of 2020, which came on the back of the measures taken to [cut output in 2020](#), including by suspending operations at the [Aikhal and Zarya pipes](#) and decreasing production volumes at [Seversalmaz](#).
- **Q2 diamond grade** was seasonally down 27% qoq (+24% yoy) to **0.96 cpt** on the back of increased production at alluvials. **6M grade** went 8% up to **1.11 cpt** as a result of a drop in the share of gravel processing at Almazy Anabara.
- **Q2 diamond sales** declined by 26% qoq to **11.4 m ct** (incl. 4.5 m ct from inventories) on the back of the high base effect of Q1 (Q1 sales totalled 15.5 m ct, incl. 8 m ct of stock sales). Sales of gem-quality and industrial diamonds in Q2 amounted to 7.5 m ct and 4.0 m ct, respectively. **6M sales** were up 2.7x to **27 m ct**, incl. 12.5 m ct from inventories.
- **Diamond stocks as at the end of Q2** decreased to **8.4 m ct** (vs 12.8 m ct in Q1 and 26.3 m ct in Q2 2020). **Ore and gravels stocks** amounted to **14.4 mt** (+5% qoq and -11% yoy).
- **Average realised price for gem-quality diamonds in Q2** grew by 28% qoq to **\$145/ct** due to a higher price index (+7% qoq) and normalised sales mix (no impact of sales of lower quality inventories accumulated over the previous years). The 27% yoy decline was due to the higher share of large-size diamonds in the Q2 2020 sales mix, while sales volumes were at 0.6 m ct.

- **Q2 average price index** gained 7% qoq (+3% yoy), a YTD growth was 16%, exceeding the pre-COVID level of early 2020 by 4%.
- **Proceeds from rough and polished diamond sales in Q2** amounted to **\$1,176 m** (+1% qoq and +13.5x yoy), incl. \$1,103 m from rough diamond sales and \$73 m from polished diamonds. **6M** sales grew to **\$2,335 m** (+2.4x), incl. \$2,229 m - rough diamond sales (excl. polished diamonds) (+2.3x).
- **Market update:** jewelry demand remains strong in all the key markets. At the same time, miners' rough diamond inventories hit a rock bottom levels as supply structurally dropped. The Company sees a limited risk of any meaningful supply response globally. Midstream is also witnessing a decline in the inventories of rough and polished diamonds.

	<i>Unit</i>	Q2 2021	Q1 2021	<i>qoq</i>	Q2 2020	<i>yoy</i>
Ore and gravels output	<i>mt</i>	8.0	8.7	(8%)	9.8	(19%)
Ore and gravels processing	<i>mt</i>	7.3	5.8	26%	7.4	(1%)
Grade	<i>cpt</i>	0.96	1.31	(27%)	0.77	24%
Diamond production	<i>m ct</i>	7.0	7.5	(8%)	5.7	22%
Ore and gravels inventories*	<i>mt</i>	14.4	13.8	5%	16.2	(1%)
Diamond inventories	<i>m ct</i>	8.4	12.8	(36%)	26.3	(69%)
Average realised price (total)	<i>\$/ct</i>	96.5	72.5	33%	116.9	(20%)
Average realised price for gem-quality diamonds	<i>\$/ct</i>	145.3	113.5	28%	200.3	(27%)
Price index**		0.95	0.89	7%	0.92	3%
Diamond sales, incl.	<i>m ct</i>	11.4	15.5	(26%)	0.6	18x
<i>gem-quality diamonds</i>	<i>m ct</i>	7.5	9.7	(23%)	0.4x	20.7x
Revenue from sales, incl.	<i>\$ m</i>	1,176	1,159	1%	87	13.5x
<i>rough diamonds</i>	<i>\$ m</i>	1,103	1,126	(2%)	74	14.9x
<i>polished diamonds</i>	<i>\$ m</i>	73	33	2.2x	13	5.7x

* Balance inventories of ore and gravels (excl. off-balance inventories). For details, see [Q2&6M 2021 ALROSA Trading Update EXCEL](#)

** For gem-quality diamonds. For quarterly indicators Q1 2017 = 1.00.

Diamond market overview

- **End demand:** the demand for diamond jewelry in the key markets (USA and China) was strong in Q2 2021. Furthermore, certain EU countries gradually relaxed some of the restrictions introduced earlier, which provided support to the rebound in consumer activity.
- **Midstream:** the continuing strong demand for polished diamonds from retailers and end consumers coupled with a gradual decline in the supply of rough diamonds keeps inventories in the polishing sector at low levels.
- **Demand for rough diamonds** outstripped supply amid the recovery in production in Indian midstream and continuous demand for diamond jewelry in the key markets – the USA and China. Diamond shortages boost demand and creates upward pressure for rough diamond prices.

Hereinafter, data on Q2 and 6M 2021 production, sales, prices, and inventories is preliminary and may be updated. Data on the diamond market is the Company's estimate.

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Key events in the next three months (*Investor calendar*)

10 August	July 2021 sales results
13 August	Q2 and 6M 2021 IFRS results – conference call with management
August (date TBC)	Meeting of the Board – 1H 2021 dividend recommendation
15 October	Q3 and 9M 2021 Trading Update

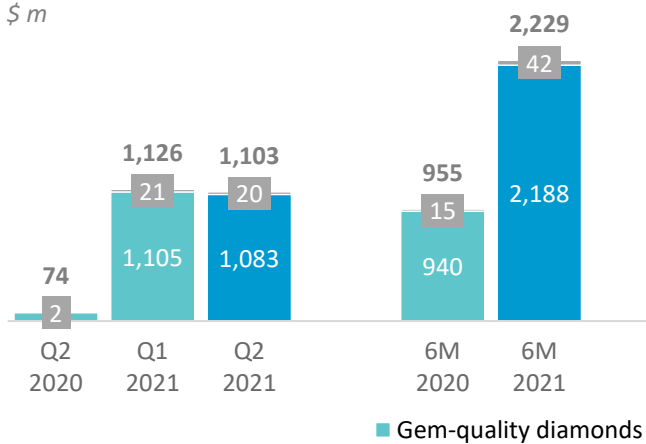
PRELIMINARY SALES RESULTS

Sales
11.4 m ct

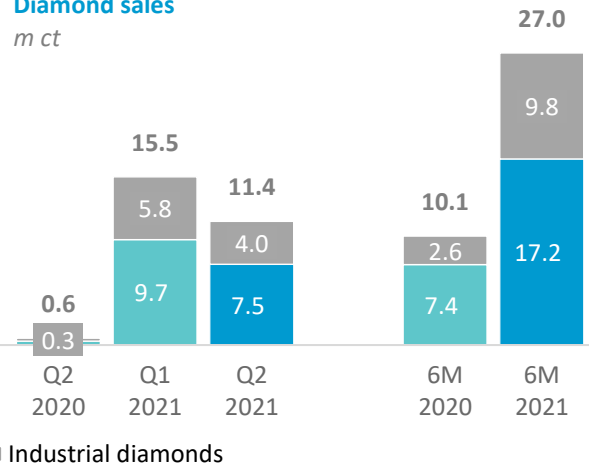
- **Diamond sales in Q2** declined by 26% qoq and grew 18x yoy to reach **11.4 m ct** (incl. 4.5 m ct from inventories) on the back of the high base effect of Q1 (with 8 m ct sold from inventories in Q1). The sales of gem-quality and industrial diamonds amounted to 7.5 m ct and 4.0 m ct, respectively.

6M sales were up 2.7x yoy to **27 m ct**, incl. 12.5 m ct from inventories. The sales of gem-quality and industrial diamonds amounted to 17.2 m ct and 9.8 m ct, respectively.

Diamond sales
\$ m



Diamond sales
m ct



Inventories
8.4 m ct

- **Diamond inventories as at the end of Q2** decreased to **8.4 m ct** (-34% or -4.4 m ct qoq) as sales considerably exceeded production. The YTD decline in inventories amounted to 12.3 m ct.

Total sales
(incl. polished diamonds)
Q2: \$1,176 m
6M: \$2,335 m

- **Q2 total sales** amounted to **\$1,176 m** (+1% qoq and +13.5x yoy), incl. \$1,103 m in diamond sales (excl. polished) (-2% qoq and +14.9x yoy).

Total sales for 6M reached **\$2,335 m** (+2.4x yoy or +29% vs 6M 2019), incl. \$2,229 m in diamond sales (excl. polished) (+2.3x or +25% vs 6M 2019).

Diamond sales
Q2: \$1,103 m
6M: \$2,229 m

- **Polished diamond sales in Q2** grew 2.2x qoq to \$73 m (+5.7x yoy) on the back of the sale of the previously accumulated stocks and [the unique Spectacle diamond](#). **6M** polished diamond sales saw a threefold increase and reached **\$106 m** (+3.9x vs 6M 2019).

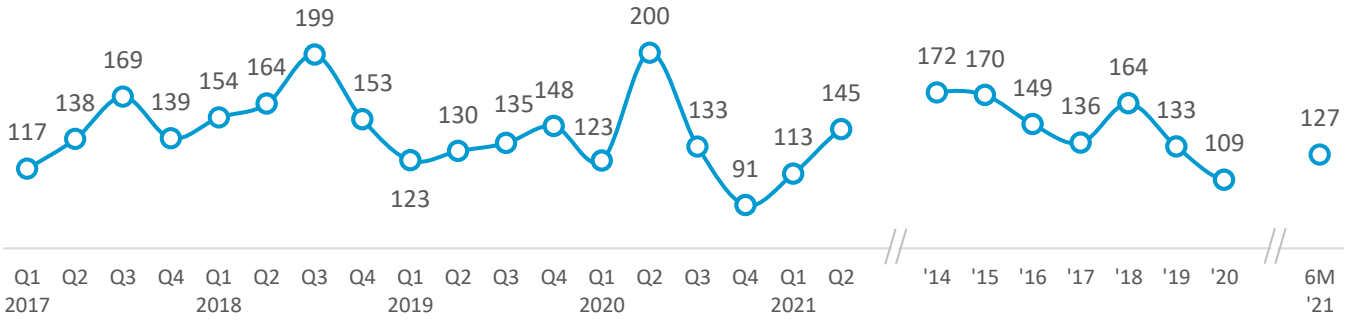
Average realised price for gem-quality diamonds

Q2: \$145/ct

- **Average realised price for gem-quality diamonds in Q2** grew by 28% qoq to **\$145/ct** on the back of a 7% higher price index and normalisation of the sales mix (no impact of sales of lower-quality inventories accumulated over the previous years as seen in Q1). The 27% yoy decline was due to the considerable share of large-size diamonds in the Q2 2020 sales mix, with total sales standing at 0.6 m ct.

Average realised prices for gem-quality diamonds

\$/ct



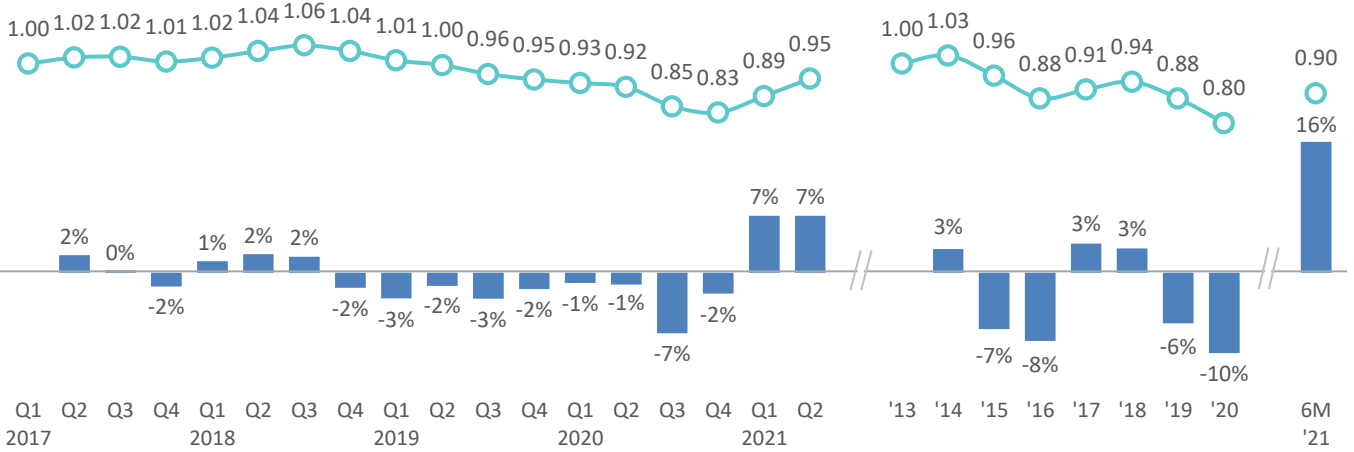
- **Q2 average price index** gained 7% qoq (+3% yoy). The price index grew by 16% YTD and exceeded the pre-pandemic price level of early 2020 by 4%.

Gem-quality diamond price indices

qoq

yoy

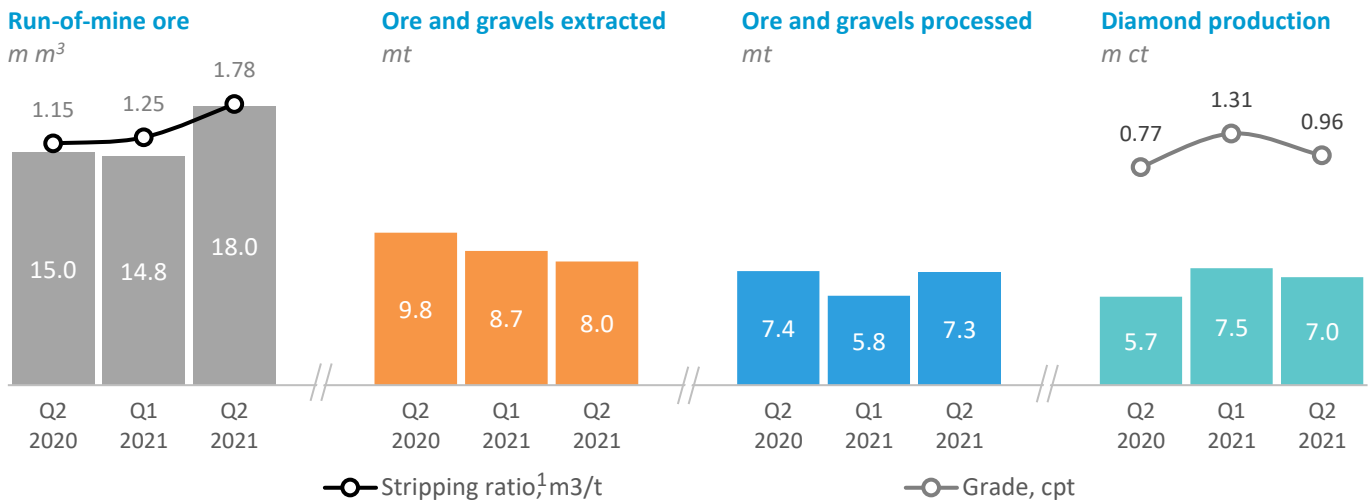
YTD*



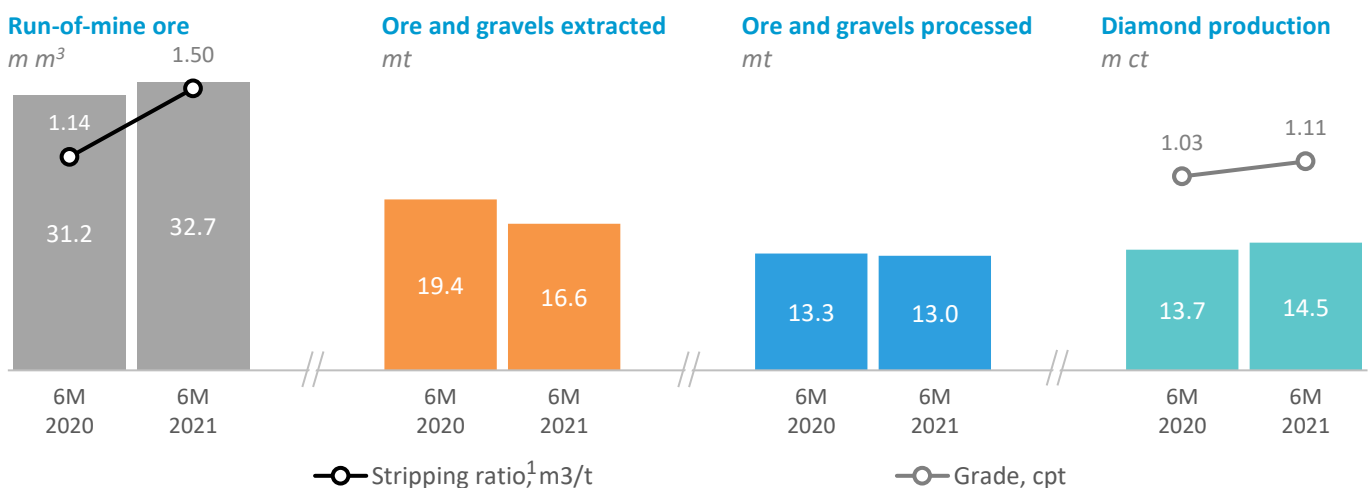
* December 2013 = 1.00.

PRODUCTION

Key highlights for Q2 2021



Key highlights for 6M 2021



Run-of-mine ore
Q2: 18.0 m m³
6M: 32.7 m m³

- **Run-of-mine ore** grew by 22% qoq to **18.0 m m³** due to (1) increased mining operations at the Jubilee pipe thanks to a favourable geological and climatic conditions, (2) a seasonal growth in mining operations at the Mirny Division and Almazy Anabara alluvial deposits, and (3) a normalisation of mining volumes at the Severalmaz deposits after suspension in 2020.

The 20% yoy increase came as a result of resumed mining at the V.Munskoye deposit and Severalmaz deposits after temporary suspension in Q2 2020. **6M** run-of-mine ore totalled **32.7 m m³** (+5%).

- **Q2 stripping ratio** rose by 43% qoq (+55% yoy) to 1.78 m³/t on the back of increased stripping operations (+31% qoq and +24% yoy) at the Jubilee pipe (a shift of the mining focus to stripping) and Severalmaz deposits (a normalisation

¹ The stripping ratio is calculated as rock moved in cubic metres (including pre-mining and pre-stripping) divided by ore and gravels output (in tonnes).

of stripping volumes) amid a 8% qoq (-19% yoy) decrease in ore and gravels processed. **6M** stripping ratio was 1.50 m³/t (+32%).

Ore and gravels output
Q2: 8.0 mt
6M: 16.6 mt

- **Q2 ore and gravels output** reduced by 8% qoq to **8.0 mt** following (1) a decrease in mining activities at the Arkhangelskaya pipe caused by a reallocation of mining fleet operations at Severalmaz deposits (in Q1, ore was mined at the Arkhangelskaya pipe only, while in Q2, mining was reallocated to the Karpinskogo-1 pipe with a view to the fleet efficiency improving, which resulted in the redistribution of ore output over the course of the year), and (2) a drop in the ore output at the Jubilee pipe due to the shift of the mining focus to stripping in line with the mining plan.

The drop by 19% yoy (**6M**: 16.6 mt, -14%) was due to (1) the decision taken in May 2020 to temporarily suspend mining at the Zarya and Zarnitsa deposits, (2) decreased mining operations at Almazy Anabara, (3) reduced ore output at the Jubilee pipe due to the mining focus shift to stripping, and (4) lower gravels output at the alluvial deposits of the Nyurba Division (the completion of mining at the Botuobinskaya placer and the transfer of mining operations to expand the open pit at the Nyurbinskaya pipe).

Ore and gravels processing
Q2: 7.3 mt
6M: 13.0 mt

- **In Q2, ore and gravels processing** increased 26% qoq (-1% yoy) to **7.3 mt**, predominantly as a result of a seasonal growth in the processing of gravels from Almazy Anabara alluvial deposits coupled with increased ore processing at Severalmaz following the [reopening of the processing plant on 1 March 2021](#).

6M ore and gravels output amounted to **13.0 mt** (-2%).

- **Ore and gravels inventories as at the end of Q2** gained 5% qoq (-11% yoy) and reached **14.4 mt** (13.8 mt as at the end of Q1) as production exceeded processing.

Average diamond grade
Q2: 0.96 cpt
6M: 1.11 cpt

- **Q2 average diamond grade** seasonally decreased by 27% qoq to **0.96 cpt** (Q1 2021: 1.31 cpt) mainly due to an increase in the share of lower-grade Almazy Anabara gravels in processing. The 24% yoy grade increase was driven by a drop in the share of Almazy Anabara gravels in processing following the decision taken in 2020 to suspend operations at Ebelyakh in 2021 as part of anti-crisis measures ([press release](#)), which also caused the **6M** average grade to rise by 8% to **1.11 cpt**.

Diamond production
Q2: 7.0 m ct
6M: 14.5 m ct

- **Q2 diamond production** decreased by 8% qoq to **7.0 m ct** mainly due to:
 - (1) scheduled preventive maintenance at processing plant No. 12 of the Udachny Division and processing plant No. 14 of the Aikhal Division leading to lower processing volumes of ore coming from the Jubilee pipe, V.Munskoye deposit and Udachny UG mine;
 - (2) the scheduled seasonal suspension of processing plant No. 3 of the Mirny Division starting 1 April 2021 (see [p.10](#)) and, as a result, no processing of ore from the International pipe and gravels from the Vodorazdelnye Galechniki and Irelyakh alluvial deposits;
 - (3) seasonal drop in average diamond grade, attributable to higher production from alluvial deposits.

The 22% yoy growth in diamond production was driven by increased production at the V.Munskoye deposit, the Udachny underground mine, and Severalmaz deposits due to the [suspension of processing plants in 2020](#) as part of anti-crisis

measures, as well as higher production at the Nyurbinskaya and Botuobinskaya pipes thanks to the processing plants being predominantly fed with ore following a decrease in gravel processing.

In **6M**, production added 6% to reach **14.5 m ct** due to the low base effect from 2020 (as a result of [revision of the 2020 production outlook in May last year](#)).

- **Q2 open-pit mining** amounted to **5.0 m ct** (-3% qoq). The 59% yoy growth came on the back of increased production at the V.Munskoye deposit and Severalmaz deposits, as well as higher production at Nyurba Division due to the planned reduction of gravel processing volumes. In **6M**, open-pit mining amounted to **10.1 m ct** (+12%).

In **Q2 and 6M**, **open-pit mining** accounted for **72%** and **70%** of total diamond production, respectively.

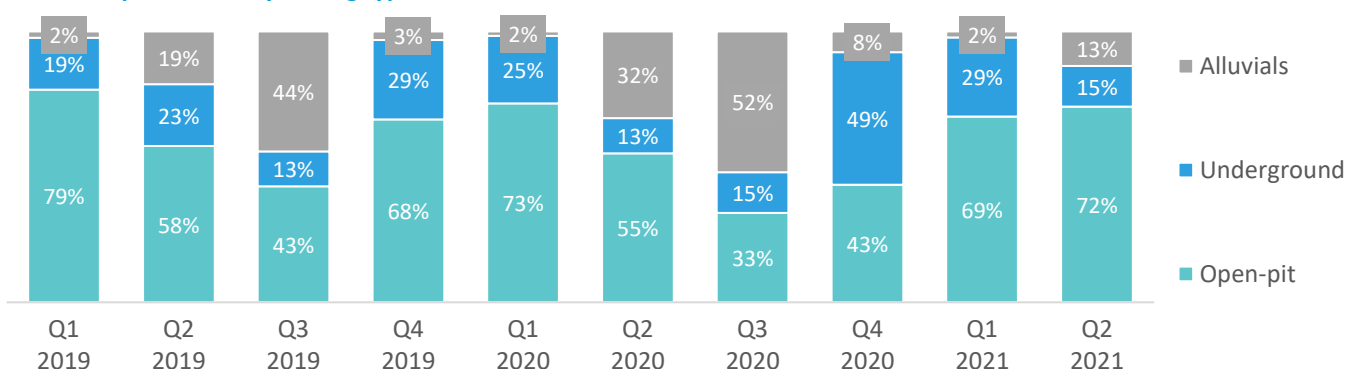
- **Underground mining** dropped by 51% qoq to **1.1 m ct** due to the suspended processing of ore from the International UG mine following the scheduled shutdown of processing plant No. 3 for off-season downtime (from 1 April to 30 September) and a decrease in processed ore from the Udachny UG mine in view of the scheduled maintenance at processing plant No. 12. The 46% yoy increase was mainly driven by larger volumes of processed ore from the Udachny UG mine resulting from the suspension of processing plant No. 12 in 2020, which also led to 20% increase in underground mining for **6M** – **3.3 m ct**.

In **Q2 and 6M**, **underground mining** accounted for **15%** and **23%** of total production, respectively.

- **Alluvial mining in Q2** grew seasonally to **0.9 m ct** (+5.2x qoq). It shrank by 51% yoy in **Q2** and by 46% in **6M** (to **1.0 m ct**) due to the planned reduction in gravel processing volumes from the Nyurba Division's alluvial deposits and lower production at Almazy Anabara.

In **Q2 and 6M**, **alluvials** accounted for **13%** and **7%** of total production, respectively.

Diamond production by mining type



PERFORMANCE BY DIVISION

Aikhal Division operational overview

Accounted for 29% in ALROSA Group's total diamond production in Q2 and 6M 2021

	Q2 2021	Q1 2020	qoq	Q2 2020	yoy	6M 2021	6M 2020	qoq
Ore processing, '000 t	1,683	2,164	(22%)	2,103	(20%)	3,847	4,334	(11%)
Grade, cpt	1.20	1.03	16%	1.05	14%	1.10	1.21	(9%)
Diamond production, '000 ct	2,012	2,236	(10%)	2,214	(9%)	4,247	5,232	(19%)

Aikhal Division:

- Jubilee pipe
- Aikhal pipe
- Zarya pipe
- Komsomolskaya pipe (mining completed in 2019)

Location: Republic of Sakha (Yakutia), near Aikhal settlement, 485 km away from Mirny town

Ore processed in Q2 amounted to **1,683,000 t** (-22% qoq and -20% yoy). **6M ore processing: 3,847,000 t, down 11%** due to the scheduled maintenance at processing plant No. 14 in Q2 (in 2020, such works were carried out in Q4).

Q2 diamond production: 2,012,000 ct (-10% qoq and -9% yoy). These results were attributable to the scheduled maintenance at processing plant No. 14 in Q2. **6M diamond production** shed 19% to reach **4,247,000 ct** mainly due to lower ore processing volumes, as well as a reduced average grade at the Jubilee pipe amid increased production of lower-grade ore.

Open-pit mining

Jubilee:

- **Q2:** production decreased by 14% qoq (+0.3% yoy) to 1.5 m ct as a result of the scheduled maintenance at processing plant No. 14.
- **6M:** production dropped to 3.2 m ct (-17%) due to a lower average grade in line with the mining direction (a focus on lower-grade blocks).

Zarya:

- **Q2 and 6M:** No production operations were conducted following the decision to suspend mining at the deposit from 15 May 2020. [Mining was resumed in June 2021](#), with the processing of Zarya ore to resume in Q3 2021.

Underground mining

Aikhal:

- **Q2:** a 4% qoq growth in production (-11% yoy) to 0.5 m ct was attributable to a 9% qoq rise in the average diamond grade driven by the increased processing of higher-grade ores in line with the mining direction.
- **6M:** a 16% qoq drop in production to 1.0 m ct was due to a 13% decline in ore processing volumes and a 3% decrease in the average diamond grade.

Mirny Division operational overview

Accounted for 1% and 5% in ALROSA Group's total diamond production in Q2 and 6M 2021, respectively

	Q2 2021	Q1 2020	qoq	Q2 2020	yoy	6M 2021	6M 2020	qoq
Ore and gravels processing, '000 t	1,031	433	2.4x	1,006	2%	1,464	1,418	3%
Grade, cpt	0.09	1.51	(94%)	0.10	(12%)	0.51	0.54	(6%)
Diamond production, '000 ct	93	654	(86%)	103	(10%)	747	772	(3%)

Mirny Division:

- Mir pipe
- International pipe
- Alluvial deposits

Location: Republic of Sakha (Yakutia), Mirny town, 220 km south of the Arctic Circle

Q2 diamond production totalled **93,000 ct** (-86% qoq and -10% yoy). The decline was due to the suspension of ore processing at the International pipe as a result of seasonally suspended operations at processing plant No. 3, as well as the processing of lower-grade gravels.

6M diamond production was 747,000 ct (-3%).

Underground mining

International:

- In **Q2**, ore from the deposit was not processed due to the scheduled shutdown of processing plant No. 3 for off-season downtime: in order to optimise utilisation of processing capacities, the plant switched to a new operating mode with seasonal suspension for the period from 1 April to 30 September. During the downtime of processing plant No. 3, diamonds are mined with dredges.
- **6M diamond production** dropped by 11% to 0.5 m ct due to lower average grade as a result of increased processing of ores from lower-grade blocks in line with the mining direction.

Alluvial mining

- **Q2 diamond production** decreased by 46% qoq (-10% yoy) to 0.1 m ct due to the suspended processing of higher-grade gravels from the Vodorazdelnye Galechniki (VG) and Irelyakh alluvial deposits caused by the scheduled shutdown of processing plant No. 3 (see the comment above) and seasonal switch to the processing of lower-grade gravels with dredges.
- **6M diamond production** increased by 14% to 0.3 m ct, driven by higher average grade due to the mining and processing of higher grade gravels from the VG alluvial deposit at processing plant No. 3 in Q1 2021.

Udachny Division operational overview

Accounted for 16% and 22% in ALROSA Group's total diamond production in Q2 and 6M 2021, respectively

	Q2 2021	Q1 2020	qoq	Q2 2020	yoy	6M 2021	6M 2020	qoq
Ore processing, '000 t	1,264	2,410	(48%)	539	2.3x	3,674	2,369	55%
Grade, cpt	0.89	0.85	5%	0.60	50%	0.86	0.64	34%
Diamond production, '000 ct	1,128	2,043	(45%)	321	3.5x	3,172	1,525	2.1x

Udachny Division:

- Udachnaya pipe
- Zarnitsa pipe
- V.Munskoye deposit
- Mining at the alluvial deposits was completed in 2019.

Location: Republic of Sakha (Yakutia), 550 km north of Mirny town

Ore processed in Q2 amounted to 1,264,000 t, down 48% qoq (+2.3x yoy) due to the scheduled shutdown of processing plant No. 12 for summer preventive maintenance. **Ore processed in 6M was 3,674,000 t** (+55%): low base effect of 2020 owing to measures taken in 2020 to reduce production (suspension of mining at the Zarnitsa pipe from 1 May 2020 and the Zapolyarnaya pipe (V.Munskoye deposit) from 1 June to 1 October 2020, suspension of processing plant No. 12 from 1 May to 1 September 2020).

Q2 diamond production was 1,128,000 ct, down 45% qoq (+3.5x yoy) due to a lower operating rate of processing plant No. 12. **6M diamond production** increased 2.1x to **3,172,000 ct** as a result of the low base effect from the previous year (6M 2020: 1.5 m ct, 6M 2019: 2.7 m ct, 6M 2018: 1.8 m ct).

Open-pit mining

Zarnitsa:

- **Q2 and 6M** saw the processing of small amounts of ore from the remaining stockpiles, with Q2 production totalling 3,000 ct (Q1 2021: 28,000 ct). In 2019, a decision was taken to suspend mining operations at the deposit from 1 May 2020. [Mining resumed from 1 July 2021](#), with ore processing from the deposit slated for 2022.

Zapolyarnaya (V.Munskoye deposit):

- **Q2 diamond production** decreased by 30% qoq to 0.6 m ct due to the scheduled suspension of processing plant No. 12 for preventive maintenance. The 6.5x yoy growth came from the suspension of mining and operations at processing plant No. 12 in 2020 as part of the measures taken to reduce output in 2020. It also explains the production increase for **6M** to 1.4 m ct (+5.1x, 6M 2020: 0.3 m ct, 6M 2019: 0.8 m ct).

Underground mining

Udachny:

- **Q2 diamond production** was down 53% qoq to 0.6 m ct due to the scheduled maintenance at processing plant No. 12. The 3.7x yoy increase was driven by the suspension of operations at processing plant No. 12 in 2020, which also triggered an 82% increase in **6M** production to 1.8 m ct.

Nyurba Division operational overview

Accounted for 32% and 31% in ALROSA Group's total diamond production in Q2 2021 and 6M, respectively

	Q2 2021	Q1 2020	qoq	Q2 2020	yoy	6M 2021	6M 2020	qoq
Ore and gravels processing, '000 t	628	488	29%	571	10%	1,116	1,068	4%
Grade, cpt	3.54	4.73	(23%)	2.92	21%	4.06	3.51	16%
Diamond production, '000 ct	2,224	2,307	(4%)	1,665	34%	4,531	3,749	21%

Nyurba Division:

- Nyurbinskaya pipe
- Botuobinskaya pipe
- Alluvial deposits

Location: Republic of Sakha (Yakutia), 200 km north-west of Nyurba town and 320 km north-east of Mirny town

Ore and gravels processing increased by 29% to **628,000 t** (+10% yoy) as a result of a seasonal increase in the processing of gravels from alluvial deposits. **6M** processing was up 4% to **1,116,000 t**.

Q2 diamond production totalled **2 224,000 ct** (-4% qoq and +34% yoy). **6M diamond production** increased by 21% to **4,531,000 ct** due to a change in the processing mix with a lower share of gravels.

Open-pit mining

Nyurbinskaya:

- **Q2 and 6M diamond production** was down 49% qoq (+71% yoy) to 0.7 m ct and down 25% to 2.1 m ct, respectively. This was caused by the planned reduction in the ore processing volumes due to the completion of mining in the existing pit boundary and the launch of scheduled pit cutback to deepen the pit. The works are planned for completion by 2025.

Growth by 71% yoy in Q2 came from the planned increase in the share of ore processed at processing plant No. 16, as volumes of lower-grade gravels from the Nyurbinskaya placer went down.

Botuobinskaya:

- **Q2 and 6M diamond production** went up by 18% qoq to 1.1 m ct (+2.7x yoy) and by 64% to 2.0 m ct, respectively. This was caused by an increase in the share of ore processed at processing plant No. 16 due to a lower share of gravels.

Alluvial mining in Q2 came in at 421,000 ct, with no production in Q1 due to the seasonality of operations. A 51% yoy drop came as a result of a planned reduction in gravels processing in 2021.

Severalmaz operational overview

Accounted for 16% and 10% in ALROSA Group's total diamond production in Q2 and 6M, respectively

	Q2 2021	Q1 2020	qoq	Q2 2020	yoy	6M 2021	6M 2020	qoq
Ore processing, '000 t	861	256	3.4x	335	2.7x	1,116	1,276	(13%)
Grade, cpt	1.32	1.13	18%	1.59	(20%)	1.28	1.23	4%
Diamond production, '000 ct	1,139	288	4x	532	2.1x	1,427	1,572	(9%)

Severalmaz

(Lomonosov Division):

- Arkhangelskaya pipe
- Karpinskogo-1 pipe
- Karpinskogo-2 pipe

Location: Arkhangelsk
Region, Russian
Federation

Ore processing was up 3.4x qoq (+2.6x yoy) to **861,000** ct with the processing plant resuming its operations on 1 March 2021 (suspended since 14 October 2020 due to the measures taken to reduce the output).

Q2 diamond production was up 4x qoq (+2.1x yoy) to **1,139,000** ct due to the increased utilisation of the processing plant and a larger share of higher-grade ore from the Karpinskogo-1 pipe.

- Arkhangelskaya: Q2 production totalled 505,000 ct (+3x qoq and +2x yoy).
- Karpinskogo-1: Q2 production totalled 634,000 ct (+5.4x qoq and +2.2x yoy).

6M diamond production was 1,427,000 ct, down 9% due to a longer downtime of the processing plant in 1H 2021 resulting from the decisions taken in May 2020 to reduce diamond production.

Almazy Anabara operational overview

Accounted for 5% and 3% in ALROSA Group's total diamond production in Q2 and 6M 2021, respectively

	Q2 2021	Q1 2020	qoq	Q2 2020	yoy	6M 2021	6M 2020	qoq
Gravels processing, '000 t	1,800	-	-	2,800	(36%)	1,800	2,800	(36%)
Grade, cpt	0.20	-	-	0.31	(34%)	0.20	0.31	(34%)
Diamond production, '000 ct	366	-	-	856	(57%)	366	856	(57%)

Almazy Anabara: several alluvial deposits located in the north-west of the Republic of Sakha (Yakutia)

Q2 diamond production was 366,000 ct, down 57% yoy following the decision to suspend operations at Ebelyakh alluvial deposit as part of [anti-crisis measures taken in 2020 to cut output](#).

There was no diamond production at Almazy Anabara in Q1 due to the seasonality of operations, which are conducted from May/June to September (weather permitting).

APPENDICES

Appendix 1. Diamond production

'000 ct	Production method	Q2 2021	Q1 2020	qoq	Q2 2020	yoy
Aikhal Division		2,012	2,236	(10%)	2,214	(9%)
Jubilee pipe	Open pit	1,488	1,731	(14%)	1,484	0.3%
Komsomolskaya pipe	Open pit	-	-	-	-	-
Aikhal mine	Underground	524	505	4%	590	(11%)
Zarya pipe	Open pit	-	-	-	139	(100%)
Mirny Division		93	654	(86%)	103	(10%)
International mine	Underground	-	484	(100%)	-	-
Alluvial and technogenic deposits	Alluvials	93	170	(46%)	103	(10%)
Udachny Division		1,128	2,043	(45%)	321	3.5x
Zarnitsa pipe	Open pit	3	28	(89%)	83	(96%)
Zapolyarnaya pipe	Open pit	565	813	(30%)	87	6.5x
Udachny mine	Underground	561	1,203	(53%)	151	3.7x
Nyurba Division		2,224	2,307	(4%)	1,665	34%
Nyurbinskaya pipe	Open pit	701	1,371	(49%)	410	71%
Botuobinskaya pipe	Open pit	1,103	936	18%	405	2.7x
Alluvial deposits	Alluvials	421	-	-	851	(51%)
Severalmaz		1,139	288	4x	532	2.1x
Arkhangelskaya pipe	Open pit	505	171	3x	247	2x
Karpinskogo-1 pipe	Open pit	634	117	5.4x	285	2.2x
Almazy Anabara	Alluvials	366	-	-	856	(57%)
Total		6,962	7,528	(8%)	5,691	22%

Appendix 2. Ore and gravels processing

'000 t	Production method	Q2 2021	Q1 2020	qoq	Q2 2020	yoy
Aikhal Division		1,683	2,164	(22%)	2,103	(20%)
Jubilee pipe	Open pit	1,578	2,054	(23%)	1,470	7%
Komsomolskaya pipe	Open pit	-	-	-	-	-
Aikhal mine	Underground	105	110	(5%)	100	5%
Zarya pipe	Open pit	-	-	-	533	(100%)
Mirny Division		1,031	433	2.4x	1,006	2%
International mine	Underground	-	109	(100%)	-	-
Alluvial and technogenic deposits	Alluvials	1,031	324	3.2x	1,006	2%
Udachny Division		1,264	2,410	(48%)	539	2.3x
Zarnitsa pipe	Open pit	13	112	(88%)	298	(96%)
Zapolyarnaya pipe	Open pit	834	1,261	(34%)	145	5.8x
Udachny mine	Underground	417	1,037	(60%)	96	4.3x
Nyurba Division		628	488	29%	571	10%
Nyurbinskaya pipe	Open pit	175	304	(42%)	89	97%
Botuobinskaya pipe	Open pit	288	184	57%	76	3.8x
Alluvial deposits	Alluvials	165	-	-	406	(59%)
Severalmaz		861	256	3.4x	335	2.6x
Arkhangelskaya pipe	Open pit	474	170	2.8x	190	2.5x
Karpinskogo-1 pipe	Open pit	387	86	4.5x	146	2.7x
Almazy Anabara	Alluvials	1,800	-	-	2,800	(36%)
Total		7,266	5,751	26%	7,354	(1%)

Appendix 3. Grade

cpt	Production method	Q2 2021	Q1 2020	qoq	Q2 2020	yoy
Aikhal Division		1.20	1.03	16%	1.05	14%
Jubilee pipe	Open pit	0.94	0.84	12%	1.01	(7%)
Komsomolskaya pipe	Open pit	-	-	-	-	-
Aikhal mine	Underground	4.99	4.59	9%	5.90	(16%)
Zarya pipe	Open pit	-	-	-	0.26	(100%)
Mirny Division		0.09	1.51	(94%)	0.10	(12%)
International mine	Underground	-	4.44	(100%)	-	-
Alluvial and technogenic deposits	Alluvials	0.09	0.52	(83%)	0.10	(12%)
Udachny Division		0.89	0.85	5%	0.60	50%
Zarnitsa pipe	Open pit	0.23	0.25	(9%)	0.28	(18%)
Zapolyarnaya pipe	Open pit	0.68	0.64	5%	0.60	12%
Udachny mine	Underground	1.34	1.16	16%	1.57	(15%)
Nyurba Division		3.54	4.73	(25%)	2.92	21%
Nyurbinskaya pipe	Open pit	4.00	4.51	(11%)	4.60	(13%)
Botuobinskaya pipe	Open pit	3.83	5.09	(25%)	5.33	(28%)
Alluvial deposits	Alluvials	2.55	-	-	2.09	22%
Severalmaz		1.32	1.13	18%	1.59	(17%)
Arkhangelskaya pipe	Open pit	1.07	1.00	6%	1.30	(18%)
Karpinskogo-1 pipe	Open pit	1.64	1.37	20%	1.96	(17%)
Almazy Anabara	Alluvials	0.20	-	-	0.31	(34%)
Total		0.96	1.31	(27%)	0.77	24%

Appendix 4. Diamond, ore and gravels inventories

Inventories (as at the end of the period)	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Diamonds, m ct	8.4	12.8	20.7	30.6	26.3	21.1	22.6	21.7	15.9	14.3
Ore and gravels*, mt	14.4	13.8	10.2	9.2	16.2	14.0	9.9	7.2	15.5	13.3

* Balance inventories of ore and gravels (excl. off-balance inventories). For details, see [Q2&6M 2021 ALROSA Trading Update EXCEL](#)

GLOSSARY

Average realised price is sales revenue in US dollars divided by sales volume in carats

ct – carat, unit of mass (weight) equal to 200 mg; one of the 4Cs of diamond quality along with colour, cut and clarity

Diamond price index helps track changes in average diamond prices on a like-for-like basis (excluding 10.8+ ct stones)

Gem-quality diamonds – diamonds used in jewelry

qoq – quarter on quarter

Stripping ratio is calculated as rock moved in cubic metres (incl. pre-stripping and pre-mining) divided by ore and gravels output (in tonnes)

t – tonne

V.Munskoye deposit – the Udachny Division's Verkhne-Munskoye deposit, incl. the Zapolyarnaya pipe

yoy – year on year