



## ALROSA Q4 and 12M 2021 IFRS results

Moscow, 02 March 2022 – ALROSA, a global leader in diamond mining, announces its IFRS results for Q4 and 12M 2021.

- **Revenue in Q4 amounted to RUB 71 bn**, down 8% qoq due to change in the sales mix. This was partially offset by a higher price index (+6% qoq) and a rise in sales volumes (+3% qoq). A 28% yoy drop came as a result of lower rough diamond sales against the high base of Q4 2020 (17 m ct sold, incl. 9.9 m ct from inventories), which was partially offset by a higher price index (+32% yoy) and sales mix improvements.

**In 12M, revenue grew by 50% to RUB 332 bn** on the back of a 42% increase in total rough diamond sales and the gem diamonds price index gaining 13%.

- **Q4 EBITDA was RUB 26 bn**, down 25% qoq (-19% yoy) mainly due to lower revenue per carat (\$124/ct, down \$12/ct qoq). **12M EBITDA** rose by 59% to **RUB 139 bn** supported by higher sales and prices.
- **EBITDA margin** stood at **37%** in **Q4**, and **42%** in **12M**.
- **Q4 net profit** amounted to **RUB 12 bn**, down 51% qoq primarily due to lower profitability.  
**In 12M, net profit** went up 2.8x to **RUB 91 bn** (12M 2020: RUB 32 bn).

- **Q4 free cash flow (FCF)** stood at **RUB 17 bn** (down 32% qoq and 74% yoy) resulting from weaker profitability and higher capex.

**2H 2021 FCF** amounted to **RUB 41 bn** and **in 12M** it expanded to **RUB 106 bn** (12M 2020: RUB 79 bn).

- **Capex in Q4** reached **RUB 6.7 bn**.

**For 12M**, capex amounted to **RUB 19 bn** (12M 2020: RUB 17 bn).

- **Net debt / LTM EBITDA as at the end of Q4** was at **0.4x**.
- **2022 outlook:**
  - Production (baseline scenario) – 34.3 m ct;
  - Capex – ca. RUB 33 bn.

RUB bn	Q4 2021	Q3 2021	qoq	Q4 2020	yoy	12M 2021	12M 2020	yoy
Diamond sales, m ct, incl.	9.4	9.2	3%	17.0	(45%)	45.5	32.1	42%
gem-quality	6.7	6.5	2%	12.2	(46%)	30.4	23.8	28%
industrial	2.8	2.6	4%	4.8	(42%)	15.2	8.3	83%
Revenue	70.7	76.9	(8%)	98.6	(28%)	332.0	221.5	50%
EBITDA	25.8	34.6	(25%)	31.8	(19%)	139.5	87.6	59%
EBITDA margin	37%	45%	(8 p.p.)	32%	5 p.p.	42%	40%	2 p.p.
Net profit	12.1	25.0	(51%)	21.3	(43%)	91.3	32.2	2.8x
FCF <sup>1</sup>	16.7	24.5	(32%)	65.2	(74%)	105.9	79.5	33%
Net debt <sup>2</sup>	61.2	8.9	6.9x	31.2	96%	61.2	31.2	96%
Net debt / LTM EBITDA	0.4x	0.1x	-	0.4x	-	0.4x	0.4x	-

### Management comments:

“Q4 demand for jewelry continued to grow by double digits. In 2021, sales of diamond jewelry hit a new record of \$84 bn<sup>3</sup>, 10% above the previous records of 2018–2019.

Sales of rough diamonds reached 138 m ct worldwide, with production totalling 115 m ct. In 1H 2021, the stocks accumulated previously helped meet the demand. Starting from Q3 2021, mining companies have exhausted their inventories and now supply freshly produced rough diamonds. According to preliminary estimates, global diamond production will remain at 110–120 m ct in the coming years.

The Company’s performance in 2021 was mainly supported by conducive external environment:

- ALROSA’s 12M sales saw a 1.4x increase up to record-high 45.5 m ct, including 1.4 m ct purchased at Gokhran’s auctions in 2021.
- High demand and limited supply drove a 13% yoy and 6 qoq growth in average price index in 12M and in Q4 2021, respectively, with January–December 2021 delivering a 33% increase.
- 12M 2021 revenue amounted to RUB 332 bn (+50%). Q4 revenue stood at RUB 71 bn, down 28% yoy primarily due to the high base of Q4 2020, when sales notched up 17 m ct, with more than a half of the sales late last year stemming from destocking.
- 12M EBITDA grew by 59% to RUB 139.5 bn supported by higher top line and cost control efforts. The same drove EBITDA margin up 2 p.p. to reach 42%.
- Our Q4 EBITDA deserves particular attention. This metric was influenced by both recognition of sales of Gokhran’s diamonds (RUB 1.7 bn) purchased at auctions in 2021 and an increased share of small-size diamonds which reduced revenue per carat by ca. \$12/ct vs Q3’21, which reduced per unit return on sales in Q4.
- 12M FCF increased by 33% and reached RUB 105.9 bn on the back of high margins, working capital release (+RUB 11.3 bn), and conservative capex. Q4 FCF amounted to RUB 16.7 bn, bringing FCF to RUB 41.2 bn in 2H 2021.
- During 12M 2021 we paid as high as RUB 135 bn in dividends (interim dividends for 2H 2020 and 1H 2021), which is an all-time high in the Company’s history.
- Since 12M total dividends exceeded the FCF by 27%, our leverage (ND / LTM EBITDA) increased to 0.4x as at the end of 2021 (at the end of Q3’21: 0.1x), though still staying below the targeted range of 0.5–1.0x.

<sup>1</sup>FCF (free cash flow) is the operating cash flow calculated in accordance with the International Financial Reporting Standards (IFRS), net of capital expenditure (posted as Purchase of Property, Plant and Equipment on the consolidated IFRS statement of cash flows).

<sup>2</sup>Net debt is the amount of debt less cash and cash equivalents and bank deposits at each reporting date in accordance with the IFRS.

<sup>3</sup> The size of the global diamond jewelry market was revised due to methodology change

In 2022, the Company intends to go on with its operational efficiency strategy, which will enable ALROSA to partially offset inflationary pricing pressure from key input materials and growth in run of mine volumes.”

Hereinafter, data on Q4 and 12M 2021 production, sales, prices, and inventories is preliminary and may be updated. Data on the diamond market is the Company’s estimate.

**Contacts for investors:**

Sergey Takhiev  
[st@alrosa.ru](mailto:st@alrosa.ru)  
 +7 (985) 760 55 74

**Media:**

[smi@alrosa.ru](mailto:smi@alrosa.ru)  
 +7 (495) 620 92 50

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

<b>10 March</b>	February 2022 sales results
<b>11 April</b>	March 2022 sales results
<b>15 April</b>	Q1 2022 trading update
<b>12 May</b>	April 2022 sales results
<b>18 May</b>	Q1 2022 IFRS results

**Publications archive**

- [Q4 and 12M 2021 IFRS results](#)
- [January 2022 sales results](#)
- [Q4 and 12M 2021 trading update](#) (key indicators – [Appendix 5](#))
- [Capital Markets Day](#)

## MANAGEMENT DISCUSSION AND ANALYSIS OF ALROSA GROUP FINANCIAL RESULTS FOR Q4 AND 12M 2021

The structure and scope of the report and overview of ALROSA's business are shown in [Appendix 6](#).

### Q4 AND 12M 2021 DIAMOND MARKET OVERVIEW

- The most successful Christmas selling period over the recent years (according to [Mastercard SpendingPulse](#)) resulted in a surge in major jewellers' sales in Q4 2021. The need to restock end products after the holiday season generated robust demand for all categories of polished diamonds.
- In early 2022, diamond prices continued to grow on the back of high retail demand. At the same time, the rough diamond supply is limited due to the current production levels just like in 2H 2021, resulting in speculative price growth in the secondary market.
- In Q1 2022, to minimize the gap between demand and supply in the rough diamond market, ALROSA has been making efforts to ramp up its supplies based on actual orders from jewellers: a new offer allowing our clients to move booked rough diamond volumes to an earlier date, an additional tender for highly-sought after rough diamonds between the trading sessions of February and March, and sale of rough diamonds from the State Fund of Russia (Gokhran).

## KEY FINANCIAL HIGHLIGHTS

### Revenue

Revenue  
Q4: RUB 70.7 bn  
12M: RUB 332.0 bn

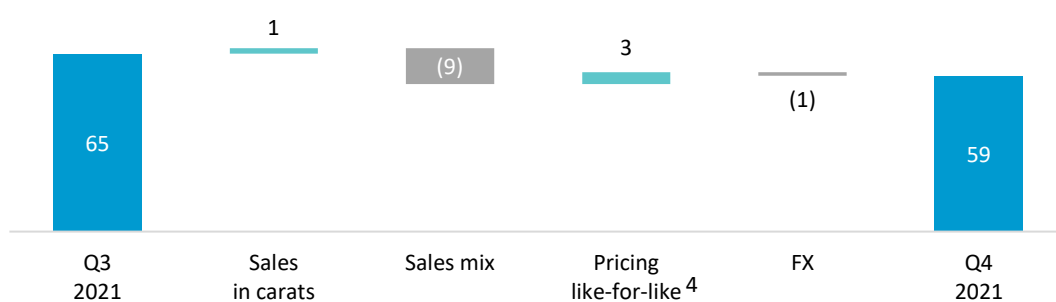
- **Q4 revenue** amounted to **RUB 70.7 bn**, down 8% qoq due to changes in the sales mix. This was partially offset by a higher price index (+6% qoq) and a rise in sales volumes. The drop in revenue was also driven by a seasonal decline in the transportation business revenue.

The 28% yoy decrease is attributable to lower rough diamond sales against the high base of the last year. This was partially offset by a higher price index (+32% yoy) and better sales mix.

**In 12M**, revenue grew by 50% to **RUB 332 bn** mainly on the back of a 42% increase in total rough diamond sales and 13% growth in the price index.

### Gem-quality diamond revenue – key drivers, qoq

RUB bn



### Gem-quality diamond revenue – key drivers, yoy

RUB bn



- **Revenue from diamond sales in Q4** amounted to **RUB 64.7 bn**, down 6% qoq and down 31% yoy, incl. revenue from **gem-quality diamond sales** at **RUB 59.4 bn**. This was attributed to changes in the sales mix (an increased share of smaller diamond sales, incl. the resale of small-size rough diamonds purchased as part of Gokhran auctions), which was partially offset by higher prices. **In 12M**, revenue from diamond sales amounted to **RUB 307.0 bn**, up 52% yoy, incl. **revenue from gem-quality diamond sales** of **RUB 286.8 bn**. This growth was driven by higher rough diamonds sales as well as higher prices.
- **Other revenue in Q4** was down 29% qoq to **RUB 4.8 bn** due to lower seasonal transportation segment revenue reflecting a decline in passenger traffic at

<sup>4</sup> Changes in like-for-like prices may be influenced by a delayed recognition of sales proceeds.

ALROSA Air Company. A 12% yoy growth in other revenue in **Q4** and a 30% growth in **12M** (to **RUB 20.0 bn**) was also attributable to a rise in the transportation (air travel) revenue against the low base of 2020 due to the COVID-19 restrictions.

- **Income from grants** dropped by 6% qoq and amounted to **RUB 1.2 bn** due to a reduction in proceeds from the transportation caused by a seasonal decline in passenger traffic at ALROSA Air Company. An 18% yoy growth in income from grants in **Q4** and a 15% growth in **12M** (to **RUB 5.0 bn**) was attributable to a higher grant for housing and utilities maintenance (carry-over from Q4 2020 to Q1 2021 due to late signing of the agreement for grants financing (February 2021)).
- **Q4 total sales costs (production and non-production)** went up 6% qoq to **RUB 44.9 bn**, which was mainly driven by:
  - **Production costs: RUB 25.2 bn** (+27% qoq, or RUB 5.4 bn):
    - (-) 16% growth of wages and salaries (+RUB 1.8 bn) mainly driven by annual bonuses;
    - (-) 29% rise in materials costs (+RUB 1.1 bn) due to a higher cost of scheduled maintenance and repair;
    - (-) RUB 1.0 bn increase in the “Movement of diamond inventories” item due to changes in rough diamond stocks in Q4.
    - (-) “Movement of ore and gravels inventories” item rose by RUB 1.1 bn due to a lower per unit cost of ore mined resulting from a lower stripping ratio and changes in the ownership mix of the inventories.
  - **Non-production costs** declined by 12% qoq to **RUB 19.7 bn** (-RUB 2.7 bn):
    - (+) decrease of other expenses (-RUB 4.9 bn) due to a lower cost of rough diamonds (-RUB 5.7 bn), [purchased for resale as part of Gokhran auctions](#) in Q3 2021;
    - (-) 15% increase in SG&A expenses (+RUB 0.7 bn) mainly due to the pay level growth in connection with bonus payment in Q4;
    - (-) growth of exploration costs by 43% (+RUB 0.7 bn);
- **Decrease in total sales costs by 33% yoy:**
  - **Production costs: RUB 25.2 bn** (-48% yoy, or RUB 23.6 bn):
    - (+) RUB 32.1 bn decrease in the “Movement of diamond inventories” item (to -RUB 2.9 bn from RUB 29.2 bn in Q4 2020) due to lower sales;
    - (-) RUB 2.4 bn rise in the “Movement of ore and gravels inventories” item (to RUB 3.0 bn from RUB 0.6 bn in Q4 2020) driven by an increase in mining against the low base of Q4 2020;
    - (-) cost increases across the following items caused by the low base effect of 2020 associated with a number of anti-crisis measures, incl. production target cuts and COVID-19 restrictions:
      - wages and salaries rose by 33% (+RUB 3.3 bn);

- fuel and energy costs rose by 18% (+RUB 0.7 bn);
- materials costs by 51% (+RUB 1.6 bn);
- services and transportation costs rose by 25% (+RUB 0.5 bn);
- **Non-production costs** amounted to **RUB 19.7 bn** (+10% yoy, or RUB 1.8 bn):

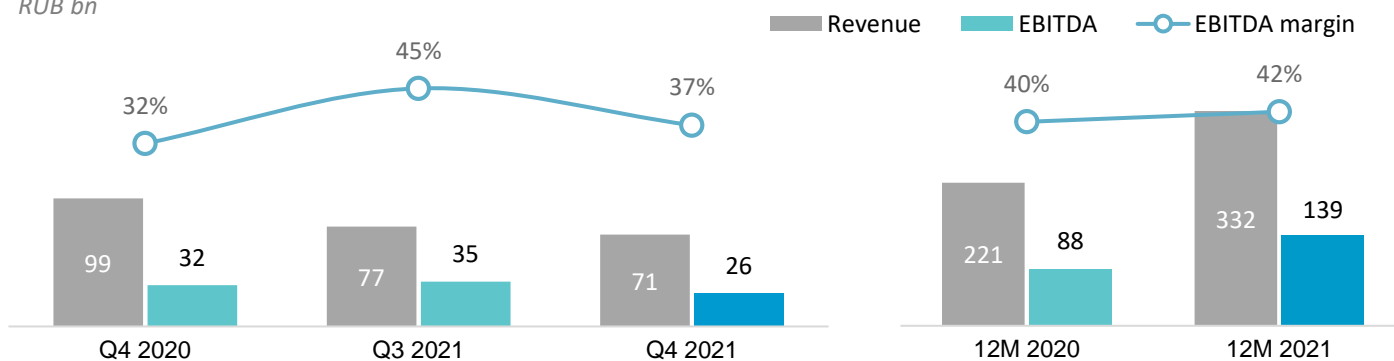
(-) rise in other expenses (+RUB 3.2 bn) due to a higher cost of rough diamonds (up RUB 1.7 bn), [purchased for resale as part of Gokhran auctions](#) in Q3 2021 and reduction of other income against the high Q4 2020 base as a result of RUB 1.1 bn received in dividends for the 8.2% interest in Catoca Ltd Mining Co. recognized on the balance sheet as assets held for sale;

(+) decline in SG&A expenses by RUB 1.2 bn on lower accruals for the management option programme along with higher payroll expenses (+RUB 0.6 bn).

**Q4 production costs, excl. inventory movement**, amounted to RUB 25.1 bn (+15% qoq and +33% yoy).

#### EBITDA

RUB bn



#### EBITDA

Q4: RUB 25.8 bn

12M: RUB 139.5 bn

- **Q4 EBITDA** amounted to **RUB 25.8 bn**, down 25% qoq mainly as revenue came lower due to sales mix change, despite higher sales in carats. A 19% yoy reduction was caused by a 45% decrease in sales volumes. **12M EBITDA** amounted to **RUB 139.5 bn**, up 59% mostly on the back of sales recovery and higher prices.

- **FX rate impact on EBITDA in Q4** stood at **-RUB 0.8 bn** qoq. FX rate impact in **12M** was **+RUB 6.0 bn** due to the RUB depreciation, as more than 90% of the Company's revenue is FX-denominated, while more than 80% of its costs are denominated in roubles.

#### EBITDA margin

Q4: 37%

12M: 42%

- **Q4 EBITDA margin** amounted to **37%** (-8 p.p. qoq, +5 p.p. yoy), with the qoq decline attributable to lower revenue per carat driven both by higher sales of small-size rough diamonds in Q4 and higher cost of goods sold per carat primarily due to an increase in payroll expenses and cost of materials. **12M EBITDA margin** amounted to 42%, up 2 p.p.

## EBITDA calculation

<i>RUB m</i>	<b>Q4 2021</b>	<b>Q3 2021</b>	<b>Q4 2020</b>	<b>12M 2021</b>	<b>12M 2020</b>
Operating profit	17,683	30,178	21,506	114,778	69,463
Depreciation and amortisation	6,463	5,851	5,921	24,301	23,507
Adjustments (see <a href="#">financial statements in Excel</a> )	1,683	2,596	4,408	407	(5,326)
<b>EBITDA</b>	<b>25,829</b>	<b>38,625</b>	<b>31,835</b>	<b>139,486</b>	<b>87,644</b>

## Net profit

Q4: RUB 12.1 bn

12M: RUB 91.3 bn

- **Net profit in Q4** totalled **RUB 12.1 bn**, down 51% qoq and 43% yoy, due to lower return on sales, growth in other operating expenses and higher FX losses. **Net profit in 12M** amounted to **RUB 91.3 bn**, up 2.8x, on the back of sales recovery and the resulting increase in revenue, as well as higher FX gains.

## LIQUIDITY, WORKING CAPITAL, AND CAPITAL EXPENDITURE

### Cash position

Cash and cash equivalents:  
\$0.8 bn

- **As at the end of Q4 2021, cash and cash equivalents and 90+ days deposits** decreased by RUB 56.8 bn qoq to **RUB 61.3 bn (\$826 m)** due to cash outflow associated with the 1H 2021 dividend payments of RUB 63.4 bn, with the FCF totalling RUB 16.7 bn.  
Breakdown by currency: 71% – US dollars, 29% – roubles.

### Operating activity

- **In Q4, operating cash flow** stood at **RUB 23.4 bn** (-22% qoq and -66% yoy). The decrease by RUB 6.5 bn qoq is attributable to lower profitability. The decline by RUB 46.2 bn yoy results from the high base of Q4 2020 driven by a working capital release on strong sales of diamonds from stocks, as well as advanced payments from customers. **In 12M, operating cash flow** stood at **RUB 124.8 bn**, up 29% on the back of sales recovery.

### Working capital analysis

- **Drivers of working capital decrease qoq in Q4:**

- (-) an increase in rough diamond inventories by RUB 2.9 bn (+8%) due to the growth of diamond inventories in carats and higher unit cost per carat primarily due to an increase in payroll expenses and cost of materials;
- (+) a decline in the inventories of ores and gravels by RUB 3.0 bn (-13%) due to lower per unit costs of ores and gravels mined driven by a lower stripping ratio as well as a seasonal change in the ownership (mines) origin of the inventories;
- (-) a 21% decrease in trade and other payables (+RUB 3.1 bn) associated with a decrease of advances from customers by RUB 6.0 bn;
- (+) a decrease in trade and other receivables by RUB 3.3 bn (-25%) due to lower advances to suppliers (-RUB 2.5 bn);
- (+) an increase in payment obligations related to employee vacations, employee travel expenses and wage arrears by RUB 1.5 bn; (+13%) growth of payroll expenses (associated with annual bonus accruals);
- (+) an increase in other taxes payable by RUB 1.1 bn (+18%) due to a rise in VAT payable and payments due to social funds following an increase in wages.

**As at the end of Q4, working capital shrank** by 16% yoy as a result of:

- (+) a decrease in rough diamond inventories by RUB 27.4 bn (-41%), or -11.9 m ct in physical terms, as sales exceeded production volumes;
- (-) an increase in mining and construction materials, consumable and other supplies by RUB 4.7 bn (+15%) mainly due to intensified mining activities and higher prices;
- (-) a 47% decrease in trade and other payables (+RUB 10.4 bn) associated with a decrease of advances from customers by RUB 13.1 bn;
- (+) an increase in payment obligations related to employee vacations, employee travel expenses and wage arrears by RUB 1.2 bn; (+10%) on the back of higher payroll expenses against the low base of 2020.

FCF	Q4 2021	Q3 2021	Q4 2020	12M 2021	12M 2020
RUB m					
<b>EBITDA</b>	25,829	34,627	31,835	139,486	87,644
Changes in working capital and other factors	2,758	2,238	41,178	13,640	20,033
Income tax paid	(5,221)	(7,340)	(2,305)	(25,405)	(11,244)
Other	39	367	(1,087)	(2,901)	33
<b>Operating cash flow</b>	<b>23,404</b>	<b>29,892</b>	<b>69,621</b>	<b>124,820</b>	<b>96,466</b>
Capex	(6,713)	(5,394)	(4,421)	(18,951)	(17,006)
<b>FCF</b>	<b>16,692</b>	<b>24,498</b>	<b>65,200</b>	<b>105,869</b>	<b>79,460</b>

## FCF:

Q4: RUB 16.7 bn

12M: RUB 105.9 bn

- **FCF in Q4** stood at **RUB 16.7 bn** (down 32% qoq) resulting from weaker operating cash flow and higher capex. **In 2H 2021**, FCF came in at **RUB 41.2 bn**, and **in 12M**, it added 33% to reach RUB 105.9 bn on the back of improved operating cash flow amid rising sales volumes and recovery of investment programme expenditures.

## Investment activities

## Capex:

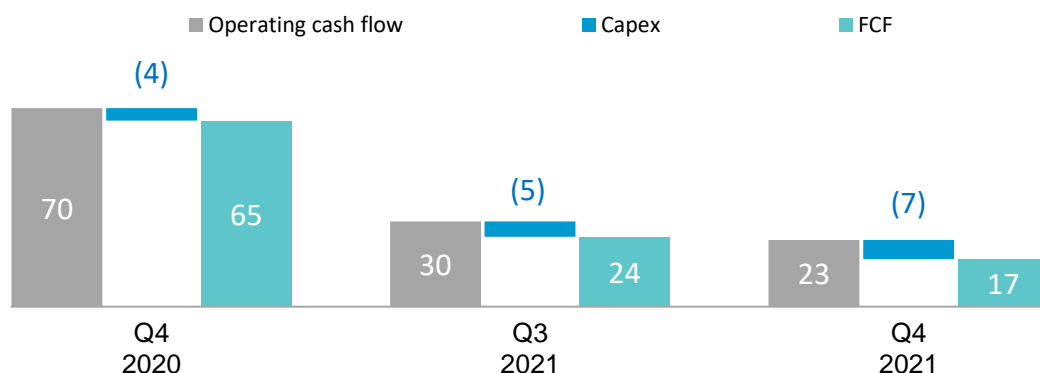
Q4: RUB 6.7 bn

12M: RUB 19.0 bn

- **Cash outflow from investing activities (excl. outflow of cash to bank deposits) in Q4** amounted to **-RUB 8.2 bn** and was represented by capex of **RUB 6.7 bn** (+24% qoq and +52% yoy), as well as cash outflow related to the liquidation of PJSC ALROSA-Nyurba in the amount of RUB 1.5 bn. The **12M** outflow amounted to RUB 20.6 bn, of which capex stood at **RUB 19.0 bn**.
- **Cash inflow from investing activities (excl. cash received from bank deposits) in Q4** amounted to **RUB 0.6 bn**, the main part of it being RUB 0.6 bn in interest. In **12M**, inflow stood at **RUB 6.4 bn**, incl. dividend payout of RUB 4.5 bn received from Catoca Ltd Mining Co. (a 41% equity interest).
- **Net inflow from investing activities in Q4**, incl. net inflow from bank deposits (+RUB 37.0 bn), stood at **RUB 29.4 bn**. In **12M**, net inflow amounted to **RUB 2.8 bn**, incl. net inflow from bank deposits of RUB 16.9 bn.

## Capex and FCF

RUB bn



## Financing activities

Total debt: \$1.6 bn

- **Total debt** (incl. lease liabilities<sup>5</sup>) **as at the end of Q4** stood at **\$1,649 m** (-6% qoq) in USD terms or at **RUB 122.5 bn** (-4% qoq) in RUB terms.
- **As at the end of Q4**, the **debt portfolio** (excl. lease liabilities) consisted of two Eurobond issues worth \$500 m each maturing in 2024 and 2027 and exchange-traded bonds totalling RUB 25 bn maturing in 2025 (all the bonds represent 79% of total debt excl. lease liabilities), as well as bank loans for a total of \$239 m (15% of total debt excl. lease liabilities), mostly (94%) maturing in 2022.

As at the end of Q4, the debt portfolio (excl. lease liabilities) consisted of instruments denominated in foreign currencies (76%) and roubles (24%).

- **Interest payments** (excl. pension liabilities) **in Q4** amounted to **RUB 1.2 bn**, down 1% qoq.
- The **average funding rate** for borrowings **as at the end of Q4** was at **4.0% pa** (excl. one-off costs to issue bonds and raise loans).
- **The weighted average maturity of debt** stood at **3.3 years**.

### Net debt

RUB m, as at the end of the period

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Long-term debt	104,235	101,836	101,727	112,156	125,180
Short-term debt	18,306	25,243	22,992	60,728	42,665
Cash and cash equivalents	(29,534)	50,121	64,082	60,308	86,872
Bank deposits	(31,806)	68,049	90,570	134,230	49,742
<b>Net debt</b>	<b>61,201</b>	<b>8,909</b>	<b>(29,933)</b>	<b>(21,654)</b>	<b>31,231</b>

Net debt: \$0.8 bn

- **Net debt** (denominated in roubles) **as at the end of Q4** grew to **RUB 61.2 bn** (Q3: RUB 8.9 bn) due to a dividend payout of RUB 63.4 bn in Q4 for 1H 2021. This was partially offset by the generation of RUB 16.7 bn in FCF.
- **Net debt / LTM EBITDA as at the end of Q4** stood at **0.4x**.

### Dividends

- Total dividends<sup>6</sup> for 2H 2020 (RUB 71.3 bn) and 1H 2021 (RUB 64.7 bn) paid by ALROSA in 2021 amounted to RUB 135 bn, an all-time record level for the Company.
- The level of dividends for 2H 2021 will be recommended by the Supervisory Board in April and will be approved at the AGM in June 2022. In accordance with the existing Dividend Policy, the net debt / EBITDA ratio within the range of 0x to 1.0x means that dividend pay-out can total 70% to 100% of the FCF, which for 2H 2021 stood at RUB 41.2 bn.

### ALROSA's credit ratings

- Q4 saw no changes to the Company's [credit ratings](#). As at the end of Q4'21, ALROSA's ratings were as follows:

<sup>5</sup> \$78 m under IFRS 16 Leases

<sup>6</sup> Incl. dividends on treasury shares

- [Fitch Ratings – BBB \(stable outlook\);](#)
- [S&P Global Ratings – BBB- \(stable outlook\);](#)
- [Moody's – Baa2 \(stable outlook\);](#)
- [Expert-RA – ruAAA \(stable outlook\).](#)

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

### Macroeconomic environment

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

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

<i>RUB m</i>	<b>31 Dec 2021</b>	<b>30 Sep 2021</b>	<b>30 Jun 2021</b>	<b>31 Mar 2021</b>	<b>31 Dec 2020</b>
RUB/USD	74.2926	72.7608	72.3723	75.7023	73.8757
RUB/EUR	84.0695	84.8755	86.2026	88.8821	90.6824

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

<i>RUB m</i>	<b>Q4 2021</b>	<b>Q3 2021</b>	<i>qoq</i>	<b>Q4 2020</b>	<i>yoy</i>	<b>12M 2021</b>	<b>12M 2020</b>	<i>yoy</i>
Average RUB/USD exchange rate for the period	72.5926	73.4658	(1%)	76.2081	(5%)	73.6457	71.9422	2%
Average RUB/EUR exchange rate for the period	83.0689	86.6479	(4%)	90.8108	(9%)	87.1566	82.0392	6%

## APPENDICES

## Appendix 1. Key financial indicators

RUB bn	Q4 2021	Q3 2021	qoq	Q4 2020	yoy	12M 2021	12M 2020	yoy
<b>Revenue, incl.:</b>	<b>70.7</b>	<b>76.9</b>	<i>(8%)</i>	<b>98.6</b>	<i>(28%)</i>	<b>332.0</b>	<b>221.5</b>	50%
revenue from diamond sales	64.7	68.8	<i>(6%)</i>	93.3	<i>(31%)</i>	307.0	201.7	52%
other revenue	4.8	6.8	<i>(29%)</i>	4.3	12%	20.0	15.4	30%
income from grants	1.2	1.3	<i>(6%)</i>	1.0	18%	5.0	4.4	15%
<b>Costs, incl.:</b>	<b>52.1</b>	<b>51.6</b>	1%	<b>13.9</b>	3.7x	<b>213.9</b>	<b>125.3</b>	71%
production costs	25.1	21.9	15%	19.0	33%	88.5	78.0	14%
non-production costs	19.7	22.4	<i>(12%)</i>	17.9	10%	76.4	53.9	42%
movement in diamond, ore and gravels inventories	7.3	7.3	-	(23.0)	-	49.0	(6.6)	-
<b>EBITDA</b>	<b>25.8</b>	<b>34.6</b>	<i>(25%)</i>	<b>31.8</b>	<i>(19%)</i>	<b>139.5</b>	<b>87.6</b>	59%
EBITDA margin	37%	45%	<i>(8 p.p.)</i>	32%	5 p.p.	42%	40%	2 p.p.
Depreciation and amortisation	6.5	5.9	10%	5.9	9%	24.3	23.5	3%
Financial income/(expenses)	(2.2)	(0.3)	8.1x	5.4	<i>(141%)</i>	(6.5)	(29.1)	<i>(78%)</i>
Other income/(expenses)	(8.1)	(2.9)	2.8x	(9.4)	<i>(13%)</i>	(21.8)	(15.0)	46%
Income tax	(4.6)	(6.3)	<i>(27%)</i>	(8.0)	<i>(43%)</i>	(25.3)	(11.8)	2.1x
<b>Net profit</b>	<b>12.1</b>	<b>25.0</b>	<i>(51%)</i>	<b>21.3</b>	<i>(43%)</i>	<b>91.3</b>	<b>32.2</b>	2.8x
Net profit margin	17%	32%	<i>(15%)</i>	22%	<i>(4%)</i>	28%	15%	13%
<b>FCF</b>	<b>16.7</b>	<b>24.5</b>	<i>(32%)</i>	<b>65.2</b>	<i>(74%)</i>	<b>105.9</b>	<b>79.5</b>	33%
<b>Net debt</b>	<b>61.2</b>	<b>8.9</b>	6.9x	<b>31.2</b>	96%	<b>61.2</b>	<b>31.2</b>	96%
<b>Net debt / LTM EBITDA</b>	<b>0.4x</b>	<b>0.1x</b>	-	<b>0.4x</b>	-	<b>0.4x</b>	<b>0.4x</b>	-

## Appendix 2. Working capital

## Working capital

RUB m, as at the end of the period	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Diamond inventories	39,262	36,411	32,099	46,669	66,708
Inventories of ores and gravels mined	20,356	23,374	25,267	20,063	20,331
Mining and construction materials, consumable and other supplies	35,860	35,663	32,527	29,215	31,185
Trade and other receivables <i>(excl. interest receivable)</i>	9,809	13,121	13,780	11,370	10,156
Prepaid taxes, other than income tax	98	141	103	118	145
Accounts payable to employees	(13,065)	(11,570)	(11,066)	(12,519)	(11,841)
Trade and other payables <i>(excl. interest payable)</i>	(11,728)	(14,875)	(7,967)	(27,877)	(22,144)
Other taxes payable	(7,119)	(6,034)	(6,274)	(6,714)	(7,427)
<b>Working capital</b>	<b>73,473</b>	<b>76,231</b>	<b>78,469</b>	<b>60,325</b>	<b>87,113</b>

## Appendix 3. Revenue by customer geography

	<b>Q4 2021</b>	<b>Q3 2021</b>	<b>Q4 2020</b>
Belgium	38%	35%	35%
UAE	16%	18%	27%
India	18%	20%	17%
Russia	16%	14%	12%
Israel	8%	8%	5%
China	1%	1%	1%
Other countries	3%	2%	3%

## Appendix 4. Per unit costs

<i>RUB '000 / m<sup>3</sup></i>	<b>Q4 2021</b>	<b>Q3 2021</b>	<i>qoq</i>	<b>Q4 2020</b>	<i>yoy</i>	<b>12M 2021</b>	<b>12M 2020</b>	<i>yoy</i>
Wages, salaries and other staff costs	0.75	0.61	24%	0.77	(2%)	0.67	0.79	(15%)
Fuel and energy	0.24	0.21	13%	0.28	(13%)	0.23	0.25	(6%)
Materials	0.28	0.20	38%	0.25	11%	0.22	0.21	4%
Services and transport	0.15	0.12	27%	0.17	(8%)	0.13	0.12	6%
Other	0.01	0.03	(49%)	0.01	1%	0.02	0.05	(57%)
<b>Total</b>	<b>1.44</b>	<b>1.17</b>	<b>23%</b>	<b>1.48</b>	<b>(3%)</b>	<b>1.28</b>	<b>1.42</b>	<b>(10%)</b>

## Appendix 5. ALROSA Q4 and 12M 2021 operating results

	Unit	Q4 2021	Q3 2021	qoq	Q4 2020	yoy	12M 2021	12M 2020	yoy
Ore and gravels output	mt	7.4	9.5	(22%)	5.6	33%	33.5	29.7	13%
Ore and gravels processing	mt	6.4	11.5	(44%)	4.9	30.6%	30.9	29.7	4%
Grade	cpt	1.43	0.76	87%	1.45	(1%)	1.05	1.01	4%
Diamond production	m ct	9.1	8.8	4%	7.1	29%	32.4	30.0	8%
Ore and gravels inventories*	mt	11.8	11.0	7%	10.2	15%	11.8	10.2	15%
Diamond inventories	m ct	8.8	8.6	3%	20.7	(57%)	8.8	20.7	(57%)
Revenue per ct (total)	\$/ct	89.7	98.7	(9%)	67.4	33%	87.3	82.7	6%
Revenue per ct (gem-quality diamonds)	\$/ct	123.6	136.0	(9%)	91.1	36%	128.3	109.5	17%
Price index**		1.10	1.04	6%	0.83	32%	0.90	0.80	13%
Diamond sales, incl.	m ct	9.4	9.2	3%	17.0	(45%)	45.5	32.1	42%
<i>gem-quality diamonds</i>	m ct	6.7	6.5	2%	12.2	(46%)	30.4	23.8	28%
Revenue from sales, incl.	\$ m	895	938	(5%)	1,222	(27%)	4,169	2,802	49%
<i>rough diamonds</i>	\$ m	844	904	(7%)	1,144	(26%)	3,977	2,652	50%
<i>polished diamonds</i>	\$ m	51	34	49%	78	(35%)	192	150	28%

\* Balance inventories of ore and gravels (excl. off-balance inventories). For details, see [Q4&12M 2021 ALROSA trading update EXCEL](#)

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

- **In Q4, ore and gravels output** declined by 22% qoq to **7.4 mt** mainly due to the seasonal suspension of dredging at the Mirny Division's alluvial deposits and lower ore output at the V. Munskeye deposit as a result of shifting focus to stripping. The 33% yoy growth was driven by the temporary suspension of mining at the Zarya and Zarnitsa deposits in 2020, as well as an increase in mining at the Botuobinskaya pipe and the Nyurba Division's alluvial deposits due to the low base effect of the previous year resulting from the mining focus shift to stripping.

**12M ore and gravels output** amounted to **33.5 mt**, up 13% due to the resumption of mining after the temporary suspension at the V. Munskeye deposit, Zarnitsa pipe, and the Severalmaz deposits in 2020 as part of the anti-crisis measures and the Udachny UG mine's ramp-up to design capacity.

- **In Q4, ore and gravels processing** stood at **6.4 mt**, down 44% qoq due to the seasonal suspension of processing of gravels from the Almazy Anabara alluvial deposits and the seasonal suspension of dredging gravels from the Mirny Division's alluvial deposits. An increase of 31% yoy was driven by higher processing of ore from the Jubilee pipe owing to the low base effect of the previous year resulting from the extensive scheduled preventive maintenance at the Aikhal Division's processing plant No. 14 and higher processing of ore from the Severalmaz deposits due to the suspension of processing plant No. 1 in 2020.

**12M ore and gravels processing** amounted to **30.9 mt** (up 4%).

- **Q4 rough diamond production** increased by 4% qoq to **9.1 m ct** mainly due to:
  - (+) resumed processing of ore from the International UG mine due to the relaunch of the Mirny Division's processing plant No. 3 after its scheduled off-season downtime;
  - (+) growth of production at the Aikhal UG mine due to higher ore processing volumes and average grade;

- (+) increase in the processing of ore from the Udachny underground mine due to scheduled preventive maintenance in May–July at the Udachny Division’s processing plant No. 12;
- (-) seasonal suspension of processing gravels from the Almazy Anabara deposits;
- (-) seasonal reduction of processing gravels from the Nyurba Division's alluvial deposits;

A 29% yoy increase was attributable to:

- (+) higher production at the Aikhal UG mine coming from the low base effect of the previous year as a result of scheduled preventive maintenance at processing plant No. 14 in Q4 2020;
- (+) growth of production at the International UG mine driven by higher ore processing volumes as a result of processing plant No. 3 switching to a new operating mode;
- (+) higher production at the Severalmaz deposits due to the low base effect of the previous year resulting from the suspension of processing plant No. 1.

**12M** production gained 8% to reach **32.4 m ct** mainly due to the growth of production at the V.Munskoye deposit, Aikhal UG mine, and Nyurbinskaya and Botuobinskaya pipes, while production at Almazy Anabara and the Jubilee pipe declined (for details, see pages 11–16).

- **Q4 average diamond grade** seasonally increased by 87% qoq (-1% yoy) to **1.43 cpt** (Q3 2021: 0.76 cpt) mainly due to the suspension of processing of lower-grade gravels from the Almazy Anabara alluvial deposits.

**12M** average diamond grade was **1.05 cpt**, up 4% as a result of a decrease in the share of Almazy Anabara gravels in processing following the suspension of operations at Ebelyakh since Q4 2020 as part of anti-crisis measures ([press release](#)).

- **Rough diamond sales in Q4** increased by 3% qoq to **9.4 m ct**, incl. 0.5 m ct purchased as part of Gokhran auctions in Q3 2021. The 45% yoy reduction was caused by the high base effect of Q4 2020 (Q4 2020 sales totalled 17.0 m ct, incl. 9.9 m ct from inventories). The sales of gem-quality and industrial diamonds amounted to 6.7 m ct and 2.8 m ct, respectively.

**12M** sales were up 1.4x yoy to **45.5 m ct**, incl. 1.4 m ct purchased at Gokhran auctions and 11.7 m ct from inventories. The sales of gem-quality and industrial diamonds amounted to 30.4 m ct (+28%) and 15.2 m ct (+1.8x), respectively.

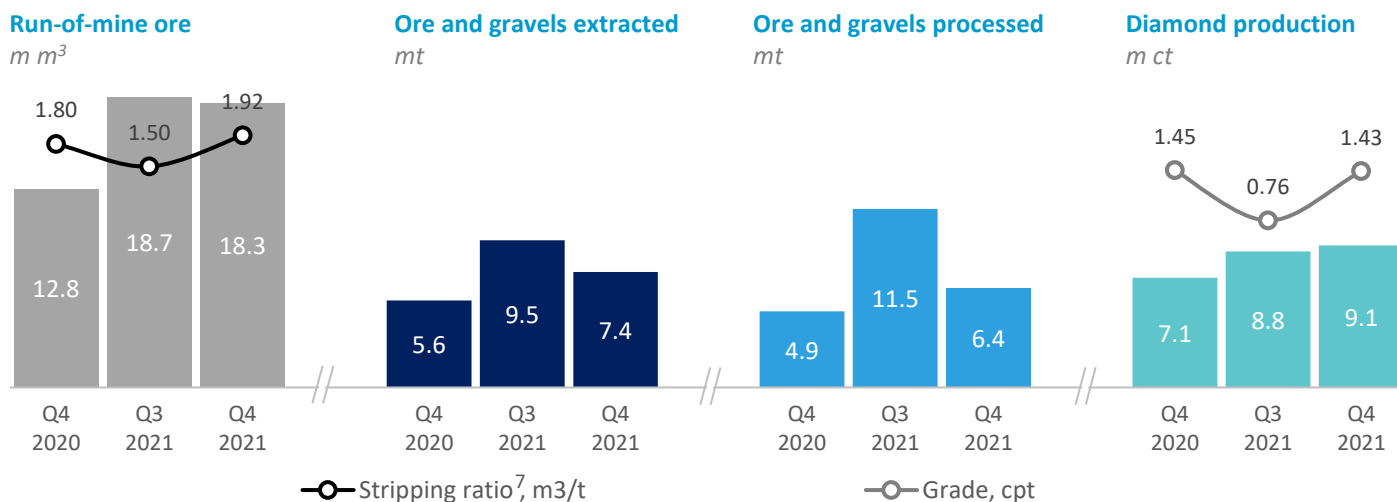
- **Rough diamond inventories as at the end of Q4** amounted to **8.8 m ct** (+0.2 m ct qoq). Sales growth ahead of production was driven by the sales of rough diamonds purchased as part of Gokhran auctions in Q3 2021. Inventories declined by 11.9 m ct YTD as a result of their sale in 1H 2021 (Q4 2020: 20.7 m ct).

- **Q4 total sales** amounted to **\$895 m** (-5% qoq and -27% yoy), incl. \$844 m in diamond sales (excl. polished) (-7% qoq and -26% yoy). The yoy and qoq sales result from the high base effect of 2020, when sales primarily came from our

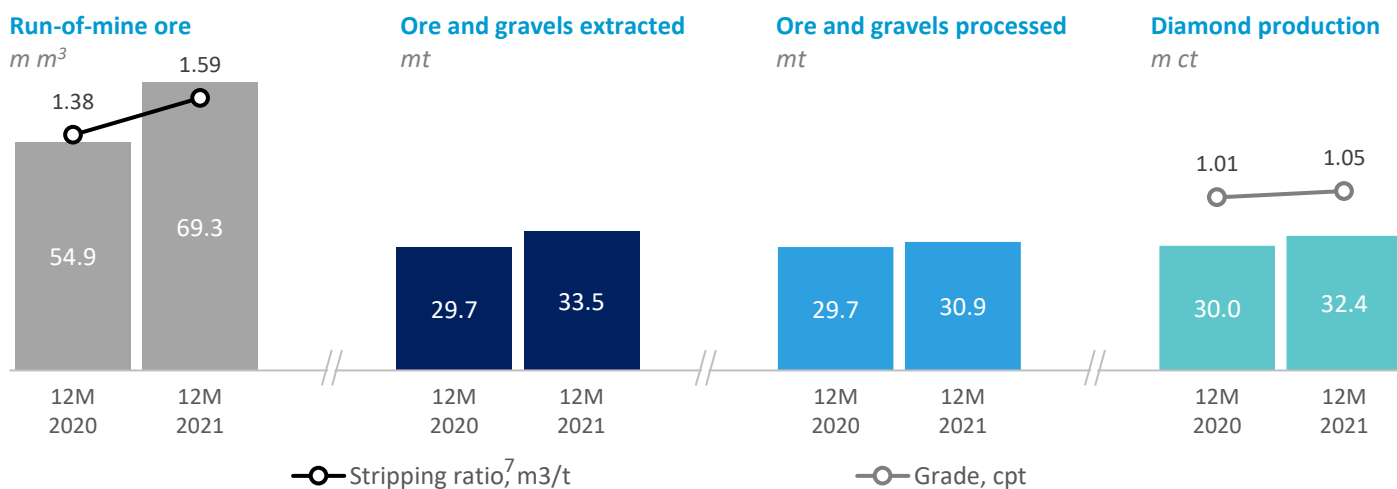
stocks, as well as the December trading session shift towards the end of the month with sales partly moving to January.

**Total sales for 12M** reached **\$4,169 m** (+1.5x yoy and +25% vs 12M 2019), incl. \$3,977 m in diamond sales (excl. polished) (+1.5x and +21% vs 12M 2019).

## Key highlights for Q4



## Key highlights for 12M 2021

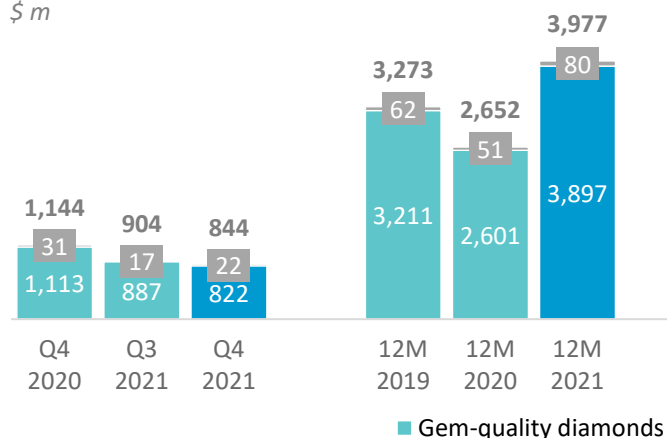


<sup>7</sup> The stripping ratio is calculated as rock moved in cubic metres (incl. pre-mining and pre-stripping) divided by ore and gravels output (in tonnes)

## Q4 and 12M sales

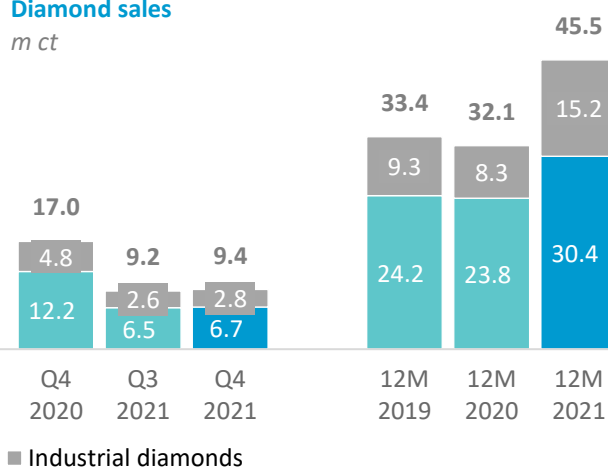
### Diamond sales

\$ m



### Diamond sales

m ct



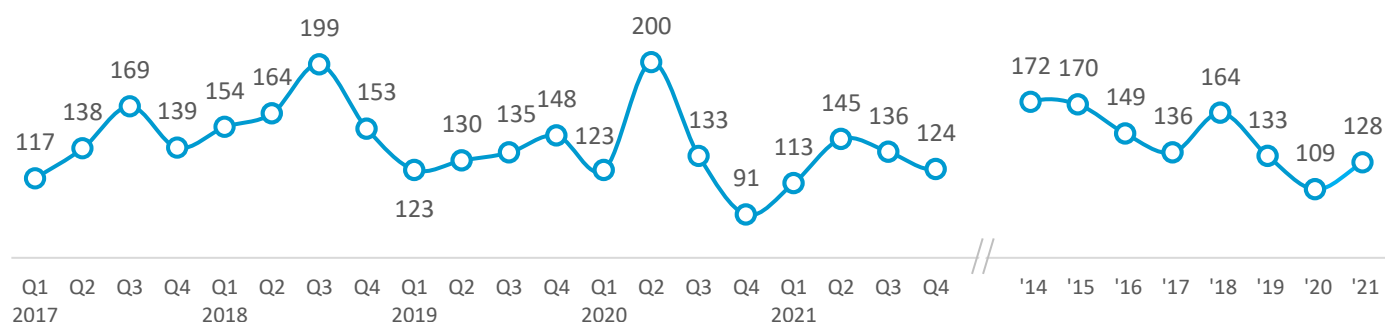
- **In Q4, revenue per carat of gem-quality diamonds** declined by 9% qoq to **\$124/ct** due to changes in the sales mix, incl. the resale of lower-size rough diamonds purchased at Gokhran auctions, coupled with a 6% qoq uptick in the price index. The 36% yoy growth was primarily driven by a 32% yoy increase in the price index.

**12M revenue per carat of gem-quality diamonds** was \$128/ct, up 17% on the back of a 12.5% increase in the price index, as well as an improved sales mix.

- **Q4 average price index** gained 6% qoq (+32% yoy). **In 12M 2021**, the price index added 33% (December 2021 vs December 2020), exceeding the level of late 2018 by 6%; the average index change in 2021 was +12.5% yoy.

### Revenue per carat of gem-quality diamonds

\$/ct

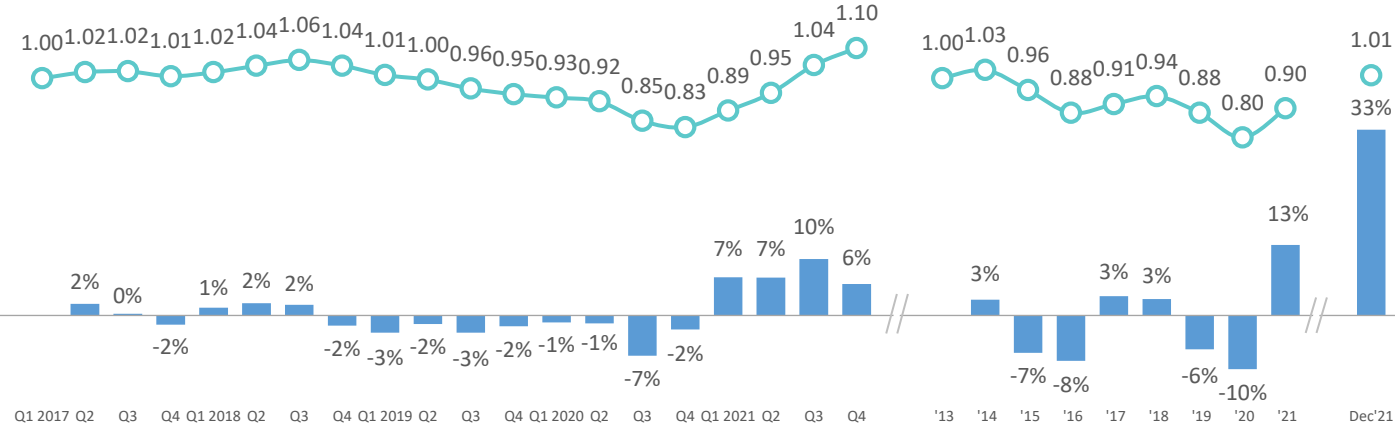


Average gem-quality diamond price indices

qoq

yoy\*

December/December



\* December 2013 = 1.00.

## Appendix 6. Structure (perimeter) of the report and overview of ALROSA's business

The report is a review of the financial condition of the Group for Q4 2021 compared to previous periods, and also of material factors that may influence the Group's future operations.

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

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

### About the Company

The key strategic business of the Group is diamond mining and sales, prospecting and appraisal of diamond deposits, and production and sales of polished diamonds and diamond powders. As the industry's leader, the Group accounts for one third of all reserves worldwide and over 25% of global diamond mining. The Group operates in two Russian regions – the Republic of Sakha (Yakutia) and Arkhangelsk Region, and in Africa through its associates and JVs. The Group maintains and expands its resources and reserves by engaging in targeted exploration activities in line with a longterm development programme until 2024. The Group invests in geological exploration and prospecting of new potential diamond deposits while also carrying out follow-up exploration at existing assets. The Group conducts prospecting and appraisal in Russia and Africa. While maintaining a focus on diamond mining, the Group is committed to a social policy based on social responsibility of businesses and relations with government agencies and local authorities that benefit all stakeholders in the regions of operation. The Group undertakes initiatives to mitigate its environmental footprint and ensure sustainable use of resources, all compliant with international environmental protection and safety standards.