

PJSC ALROSA

**DISCLOSED CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2025
AND REPORT ON REVIEW**



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Report on Review of Disclosed Condensed Consolidated Interim Financial Statements

[Translation from Russian original]

To the Shareholders and Supervisory Board
of Public Joint Stock Company ALROSA

Introduction

We have reviewed the accompanying disclosed condensed consolidated interim statement of financial position of Public Joint Stock Company ALROSA and its subsidiaries (hereinafter jointly referred to as the "Group") as at 30 June 2025 and the related disclosed condensed consolidated interim statements of profit or loss and other comprehensive income for the three and six-month periods then ended, cash flows and changes in equity for the six-month period then ended, and the selected explanatory notes to the disclosed condensed consolidated interim financial statements (hereinafter referred to as the "disclosed condensed consolidated interim financial statements"). The Group's management is responsible for the preparation and presentation of these disclosed condensed consolidated interim financial statements in accordance with the principles stipulated in Note 2 to the disclosed condensed consolidated interim financial statements. Our responsibility is to express a conclusion on these disclosed condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of disclosed condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying disclosed condensed consolidated interim financial statements of the Group as at 30 June 2025 and for the three and six-month periods then ended are not prepared, in all material respects, in accordance with the principles stipulated in Note 2 to the disclosed condensed consolidated interim financial statements.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 2 of the disclosed condensed consolidated interim financial statements, which states that the purpose of the preparation of the disclosed condensed consolidated interim financial statements is to present the Group's consolidated financial position, consolidated financial performance and consolidated cash flows the disclosure of which does not harm the Group and/or its counterparties. As a result, the financial statements may not be suitable for another purpose.

Other Matter

The Group has prepared a separate set of the condensed consolidated interim financial statements as at 30 June 2025 and for the three and six-month periods then ended in accordance with IAS 34, Interim Financial Reporting, in respect of which we have issued a separate report on review to the Shareholders and the Supervisory Board of Public Joint Stock Company ALROSA dated 11 August 2025.

Senior Managing Partner of FBK, LLC

Engagement partner



Elena Olegovna Sarafanova
 Pursuant to the Charter, audit qualification
 certificate dated 18 October 2019
 No. 06-000528, registration number
 21906078276

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

Date of the report on review: 11 August 2025

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 11506030481.

DISCLOSED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

	Notes	30 June 2025	31 December 2024
ASSETS			
Non-current Assets			
Goodwill		1,439	1,439
Intangible assets		3,173	3,310
Property, plant and equipment	7	299,537	302,848
Right-of-use assets	8	2,047	2,787
Deferred tax assets		1,833	1,191
Long-term accounts receivable	10	295	294
Total Non-current Assets		308,324	311,869
Current Assets			
Inventories	9	234,240	230,991
Prepaid current income tax		114	2,016
Trade and other receivables	10	14,973	13,381
Bank deposits	5	54,729	7,589
Cash and cash equivalents	6	60,642	81,127
		364,698	335,104
Assets of a disposal group held for sale	4.2	-	1,986
Investment in an associate held for sale	4.2	-	9,776
Total Current Assets		364,698	346,866
Total Assets		673,022	658,735
EQUITY			
Share capital	11	12,473	12,473
Share premium	11	10,431	10,431
Treasury shares		(258)	(258)
Retained earnings and other reserves		387,891	348,337
Equity attributable to owners of PJSC ALROSA		410,537	370,983
Non-Controlling Interest		247	(2,030)
Total Equity		410,784	368,953
LIABILITIES			
Non-current Liabilities			
Long-term debt and loans and other financial liabilities	12	90,304	128,704
Provision for pension obligations	17	4,000	3,879
Other provisions	14	19,502	18,150
Deferred tax liabilities		11,353	10,210
Government grants		2,147	2,085
Other non-current liabilities		64	270
Total Non-current Liabilities		127,370	163,298
Current Liabilities			
Short-term debt and loans and other financial liabilities	13	86,040	67,927
Trade and other payables	15	38,786	46,038
Income tax payable		1,013	422
Other taxes payable	16	7,721	10,638
Dividends payable	11	1,308	1,296
		134,868	126,321
Liabilities related directly to assets of a disposal group held for sale	4.2	-	163
Total Current Liabilities		134,868	126,484
Total Liabilities		262,238	289,782
Total Equity and Liabilities		673,022	658,735

Signed on 11 August 2025 by the following members of management:

Pavel A. Marinychev
Chief Executive Office
Chairman of the Management Board

Elena I. Glazunova
Chief Accountant


DISCLOSED CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	Notes	Three months ended		Six months ended	
		30 June 2025	30 June 2024	30 June 2025	30 June 2024
Revenue	18	67,967	60,791	134,257	179,468
Income from government grants		2,081	1,452	2,964	3,112
Cost of sales	19	(51,516)	(38,168)	(94,826)	(114,093)
Royalty	16	(303)	(303)	(605)	(605)
Gross profit		18,229	23,772	41,790	67,882
General and administrative expenses	20	(5,003)	(6,171)	(10,256)	(10,407)
Selling and marketing expenses	21	(1,944)	(994)	(3,076)	(2,012)
Other operating income	22	27,225	3,408	28,744	4,899
Other operating expenses	23	(16,269)	(17,560)	(29,225)	(22,530)
Operating profit		22,238	2,455	27,977	37,832
Finance income	24	8,960	8,362	28,275	11,184
Finance costs	25	(6,882)	(9,446)	(12,829)	(14,889)
Share of net profit of associates and joint ventures	4	532	7,172	2,518	11,668
Profit before income tax		24,848	8,543	45,941	45,795
Income tax	16	(273)	(1,239)	(5,343)	(9,169)
Profit for the period		24,575	7,304	40,598	36,626
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurement of post-employment benefit obligations, net of deferred income tax		(31)	120	(29)	228
Total items that will not be reclassified to profit or loss		(31)	120	(29)	228
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Currency translation differences, net of deferred income tax		(355)	(157)	99	(39)
Total items that may be reclassified subsequently to profit or loss		(355)	(157)	99	(39)
Total other comprehensive (loss) / income for the period		(386)	(37)	70	189
Total comprehensive income for the period		24,189	7,267	40,668	36,815
Profit attributable to:					
Owners of PJSC ALROSA		24,677	7,250	40,616	36,509
Non-controlling interest		(102)	54	(18)	117
Profit for the period		24,575	7,304	40,598	36,626
Total comprehensive income attributable to:					
Owners of PJSC ALROSA		24,166	7,148	40,032	36,661
Non-controlling interest		23	119	636	154
Total comprehensive income for the period		24,189	7,267	40,668	36,815
Basic and diluted earnings per share for profit attributable to the owners of PJSC ALROSA (in Russian roubles)					
	11	3.42	1.01	5.63	5.06

**DISCLOSED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**

	Notes	Six months ended	
		30 June 2025	30 June 2024
Net Cash Inflow from Operating Activities	26	24,896	60,594
Cash Flows from Investing Activities			
Purchase of property, plant and equipment and intangible assets		(22,282)	(22,558)
Proceeds from sales of property, plant and equipment and intangible assets		84	40
Interest received		886	2,039
Proceeds from disposal of subsidiaries, net of cash disposed	4	2,506	677
Proceeds from sale of investments in associates	4	15,942	1,010
Proceeds from assignment of rights of claim to receivables for dividends from an associate	4	19,019	-
Cash transfer to deposit accounts		(61,892)	(122,493)
Cash received from deposit accounts		14,320	97,625
Government grants for investing activities		90	90
Net Cash Outflow used in Investing Activities		(31,327)	(43,570)
Cash Flows from Financing Activities			
Repayments of loans		(28,050)	(22,485)
Loans received		28,987	785
Lease liability payments		(395)	(375)
Contribution of a minority shareholder to the subsidiary's share capital		186	-
Interest paid		(9,640)	(1,811)
Dividends paid		(1)	(4,747)
Returns of unclaimed dividends		13	1,107
Net Cash Outflow used in Financing Activities		(8,900)	(27,526)
Net Decrease in Cash and Cash Equivalents		(15,331)	(10,502)
Cash and cash equivalents at the beginning of the period		81,601	36,437
Effect of exchange rate changes on cash and cash equivalents		(5,628)	173
Cash and Cash Equivalents at the End of the Period	6	60,642	26,108

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


**DISCLOSED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

	Number of shares outstanding	Attributable to owners of PJSC ALROSA					Total	Non- controlling interest	Total equity
		Share capital	Share premium	Treasury shares	Other reserves (note 11)	Retained earnings			
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 period	-	-	-	-	-	36,509	36,509	117	36,626
Other comprehensive income	-	-	-	-	152	-	152	37	189
Total comprehensive income for the period	-	-	-	-	152	36,509	36,661	154	36,815
Transactions with owners									
Dividends (note 11)	-	-	-	-	-	(14,569)	(14,569)	-	(14,569)
Returns of unclaimed dividends	-	-	-	-	-	66	66	-	66
Total transactions with owners	-	-	-	-	-	(14,503)	(14,503)	-	(14,503)
Balance at 30 June 2024	7,212,635,830	12,473	10,431	(258)	(20,494)	401,860	404,012	159	404,171
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 period	-	-	-	-	-	40,616	40,616	(18)	40,598
Other comprehensive (loss) / income	-	-	-	-	(584)	-	(584)	654	70
Total comprehensive income for the period	-	-	-	-	(584)	40,616	40,032	636	40,668
Transactions with owners									
Disposal of an associate (note 4)	-	-	-	-	(1,380)	-	(1,380)	-	(1,380)
Disposal of a subsidiary (note 4)	-	-	-	-	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 30 June 2025	7,212,635,830	12,473	10,431	(258)	(21,338)	409,229	410,537	247	410,784

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



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 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 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 30 June 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. BASIS OF PRESENTATION

These disclosed condensed consolidated interim financial statements are prepared by the Group's management on the basis of the condensed consolidated interim financial statements as at 30 June 2025 year and for the three and six months then ended, prepared by the Group's management, by excluding information the disclosure of which is likely to cause damage to the Group and (or) its counterparties (hereinafter – “sensitive information”).

The decision to prepare the disclosed condensed consolidated interim 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 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 “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”).

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

- note 4 “Group structure and investments”;
- note 5 “Bank deposits”;
- note 18 “Revenue”;
- note 28 “Related party transactions”;
- note 29 “Segment information”.

The preparation of disclosed condensed consolidated interim financial statements obliges the Group’s management to make reasonable estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date, revenues and expenses for the reporting period, and the disclosure of contingent assets and liabilities. The most significant forecasts and estimates relate to impairment of PPE, valuation of inventories, investments, allowances for expected credit losses, useful lives of property, plant and equipment, reserve estimates used to calculate depreciation and estimation of post-retirement benefit costs. In analyzing the above-mentioned estimates, including the impairment of various types of assets, the Group took into account the current macroeconomic situation to the extent that the relevant information was available as of 30 June 2025. Actual results can differ from these estimates.



2. BASIS OF PRESENTATION (CONTINUED)

The seasonality and cyclical nature of the Group's operations for the interim period is not significant.

The official US dollar to RR exchange rates as determined by the Central Bank of the Russian Federation were RR 78.4685 and RR 101.6797 per US\$ 1 as at 30 June 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 92.2785 and RR 106.1028 per EUR 1 as at 30 June 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 10.9433 and RR 13.4272 per Chinese Yuan 1 as at 30 June 2025 and 31 December 2024, respectively.

(a) Going concern

The Group has prepared disclosed condensed consolidated interim 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.

The impact of the aggravated geopolitical situation (including after 24 February 2022) on the Group's operating activities and on its compliance with the principle of going concern is disclosed in the section "Operating environment of the Russian Federation" of Note 27 "Contingencies and commitments".

The decrease in revenue in the 1st half of 2025 was primarily attributable to the high base of the comparable period in anticipation of the imminent introduction of sanctions restricting on trade in diamonds of Russian origin from March 2024 (note 27). These restrictions were announced in December 2023 – January 2024 by the EU, Switzerland, the United Kingdom, the United States, Japan and Canada.

Management of the Company believes that the circumstances described above do not cast doubt on the Group's ability to continue as a going concern for at least 12 months after the reporting date. However, the future consequences of the current situation may differ from the current expectations of the Group's management.

(b) Financial risk management

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 12, 13).



2. BASIS OF PRESENTATION (CONTINUED)

(b) Financial risk management (continued)

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 favourable 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 judgement to decide whether it believes that a fixed or variable rate would be more favourable over the expected period until maturity. The Group does not use derivative financial instruments to hedge its interest rate risk.

As at 30 June 2025 financial liabilities with variable interest rate amounted to RR'mln 73,062 (31 December 2024: RR'mln 73,713) (notes 12,13), all other financial liabilities and assets of the Group are fixed rate instruments.

Currency risk. The Group sells a significant part of its products in export markets and attracts 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, such as the Russian rouble, Chinese yuan or other currencies for short-term risk currency management purposes. From 1 January 2025 to 30 June 2025, the exchange rate of RR against the US Dollar changed from RR 101.6797 per US\$ 1 to RR 78.4685 per US\$ 1. The strengthening of the RR exchange rate as at 30 June 2025 led to a decrease in the Group's foreign currency liabilities in US\$ (notes 12, 13).

Liquidity risk. 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.

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 2024 and for the six months ended 30 June 2025 (note 27).

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.

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.



2. BASIS OF PRESENTATION (CONTINUED)

(b) Financial risk management (continued)

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).

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 and associates, fair valuation effects and one-off items. For the six months ended 30 June 2025 one-off items were represented by income from the assignment of rights of claim to dividends from an associate in the amount of RR'mln 19,019 (note 22). There were no one-off items during the six months ended 30 June 2024.

Total debt includes short-term and long-term loans and borrowings and other financial liabilities (notes 12 and 13).

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 Disclosed 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.

The values of the indicators are presented below:

	30 June 2025	30 June 2024
Total debt (note 12, 13)	176,344	112,731
Cash, cash equivalents, bank deposits (note 5, 6)	115,371	106,387
Net Debt	60,973	6,344
Total equity attributable to owners of PJSC ALROSA and Non-Controlling Interest	410,784	404,171
Total capital	587,128	516,902
Financial leverage ratio	0.30	0.22
Free cash flow for 6 months	2,614	38,036
EBITDA for 6 months	37,095	64,101
EBITDA for the last 12 months	51,631	121,279
Net Debt/EBITDA for the last 12 months	1.18	0.05

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.

(c) Critical accounting estimates and judgements

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.

In accordance with IAS 36 "Impairment of Assets", 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.



2. BASIS OF PRESENTATION (CONTINUED)

(c) Critical accounting estimates and judgements (continued)

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 8,197 (notes 7 and 23).

In addition, the diamond industry continued to be pressured by several factors in the first half of 2025, ranging from geopolitical and macroeconomic uncertainty to shifting consumer preferences, which led to a decrease in demand for jewelry and significant volumes of diamond inventories in the cutting sector amid seasonal fluctuations. To stabilise the market situation, major diamond producers continued to reduce supply and lower prices, a strategy consistent with 2024 measures, which allowed to stabilise diamond price dynamics. In the short term, the challenging market situation will remain: an excess of reserves in the midstream and an imbalance between supply and demand will continue to put pressure on prices and limit the Group's sales potential.

High levels of the key rate and inflation had an additional negative impact on the Group's economy in the 1st half of 2025. Rising material costs and fuel due to increased inflationary pressure, as well as the increase in the wage fund due to indexation in the context of rising inflation are the reasons for the increase in production costs. The increase in the income tax rate from 20% to 25% 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 the 1st half of 2025, the Group conducted an impairment test for non-current assets, 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 and conservative scenarios of the ALROSA Group's Development Strategy, approved by the Supervisory Board for the period 2025-2029, 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, various options 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) (after-tax rate) was used as the discount rate, which as at 30 June 2025 was assumed to be 19.6% in 2025, 14.4% in 2026, 10.46% in 2027 and beyond (as at 31 December 2024: 19.85% in 2025, 14.73% in 2026, 11.26% in 2027 and beyond).

As at 30 June 2025, no Impairment Strategy was identified based on the results of tests conducted using neutral and conservative scenarios. In addition, 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 non-current assets of the Group's diamond mining companies.

As at 30 June 2024, the Group did not identify any additional signs of possible impairment in respect of property, plant and equipment as compared to 31 December 2023 for the main CGUs (cash flow generating unit), therefore, there was no additional impairment of property, plant and equipment as at 30 June 2024.



3. CHANGES IN ACCOUNTING POLICIES

The principal accounting policies and methods followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the disclosed consolidated financial statements for the year ended 31 December 2024 with the exception of income tax expense, which is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

New and revised IFRS issued and effective after 1 January 2025

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.

The amendments were applied to annual periods beginning on or after 1 January 2025.

The Group has determined that the application of these amendments did not have a material effect on these disclosed condensed consolidated interim financial statements.



4. GROUP STRUCTURE AND INVESTMENTS

The Company's significant consolidated subsidiaries are as follows:

[Limited access to information¹].

As at 30 June 2025 and 31 December 2024 the percentage of ownership interest of the Group in subsidiaries is equal to the percentage of voting interest.

4.1. Investments in Associates and Joint Ventures

Name	Country of incorporation	Percentage of ownership (interest held) at		Carrying value of investment at (note 4.2)	
		30 June 2025	31 December 2024	30 June 2025	31 December 2024
Catoca Mining Company Ltd. (associate)	Angola	-	41.0	-	-
Other (associates and joint ventures)	Russia	20-50	20-50	-	-
Total				-	-

The Group's share of net profit / loss of associates and joint ventures is as follows:

	Three months ended		Six months ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Catoca Mining Company Ltd. (associate)	532	7,172	2,518	11,653
Other (associates and joint ventures)	-	-	-	15
Total Group's share of net profit / (loss) of associates and joint ventures	532	7,172	2,518	11,668

As at 30 June 2025 and 31 December 2024 the percentage of ownership interest of the Group in 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 information²] 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 22).

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 reserve for the entire amount of outstanding dividends from the Catoca Mining Company Ltd for 2023, 2022 and 2021 as at 30 June 2024 and 31 December 2024 (note 10), the corresponding reserve provision expenses were recognised within other operating expenses for the six months ended 30 June 2024 (note 23).

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

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 disclosed consolidated statement of financial position as an "Investment in an associate held for sale", a subsidiary of 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.

¹ 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".

² Access to information is limited in accordance with paragraphs 3, 5 and 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".



4. GROUP STRUCTURE AND INVESTMENTS (CONTINUED)

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

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 a 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 22) 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 22).

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 23).

	26 May 2025 r.
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 disposal of a subsidiary	915

5. BANK DEPOSITS

As at 30 June 2025 bank deposits in the amount of RR'mln 54,729 are placed in [*Limited access to information*³] and other banks. As at 31 December 2024 bank deposits in the amount of RR'mln 7,589 are placed in [*Limited access to information*³].

As at 30 June 2025 the Group had bank deposits in roubles with maturity exceeding three months and interest rates ranging from 18.7 % to 23.82% per annum, and deposits in yuan with interest rates ranging from 2.26 % to 5% per annum.

As at 31 December 2024 the Group had bank deposits in roubles with maturity exceeding three months and interest rates ranging from 15.80 % to 24 % per annum, and deposits in yuan with interest rates 19.41 % per annum.

³ Access to information is limited in accordance with paragraphs 10, 12 and 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".



6. CASH AND CASH EQUIVALENTS

	30 June 2025	31 December 2024
Deposit accounts	50,482	79,748
Cash in banks	10,160	1,379
Total cash and cash equivalents	60,642	81,127

For reporting purposes of the statement of cash flows, cash and cash equivalents as at 30 June 2025 and as at 31 December 2024 amounted to:

	Note	30 June 2025	31 December 2024
Cash and cash equivalents from continuing operations		60,642	81,127
Cash and cash equivalents related to the disposal group	4.2	-	474
Total cash and cash equivalents		60,642	81,601

Deposit accounts at 30 June 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.



7. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Assets under construction	TOTAL
As at 31 December 2023	218,013	63,748	281,761
Cost	500,221	64,393	564,614
Accumulated depreciation and impairment losses	(282,208)	(645)	(282,853)
Net book value as at 31 December 2023	218,013	63,748	281,761
Six months ended 30 June 2024			
Foreign exchange differences – at cost	(421)	1	(420)
Foreign exchange differences – accumulated depreciation	229	-	229
Additions	17,387	11,315	28,702
Transfers	12,733	(12,733)	-
Disposal of subsidiaries – at cost	(43)	-	(43)
Disposal of subsidiaries – accumulated depreciation	43	-	43
Other disposals – at cost	(4,377)	(304)	(4,681)
Other disposals – accumulated depreciation	4,243	-	4,243
Change in estimate of provision for land reclamation	(4,185)	-	(4,185)
(Impairment) / Reversal of impairment of property, plant and equipment	8	(1)	7
Depreciation charge for the period	(14,853)	-	(14,853)
As at 30 June 2024	228,777	62,026	290,803
Cost	521,315	62,672	583,987
Accumulated depreciation and impairment losses	(292,538)	(646)	(293,184)
Net book value as at 30 June 2024	228,777	62,026	290,803
As at 31 December 2024	232,861	69,987	302,848
Cost	532,661	70,879	603,540
Accumulated depreciation and impairment losses	(299,800)	(892)	(300,692)
Net book value as at 31 December 2024	232,861	69,987	302,848
Six months ended 30 June 2025			
Foreign exchange differences – at cost	-	(2)	(2)
Additions	11,861	11,055	22,916
Transfers	10,827	(10,827)	-
Other disposals – at cost	(5,000)	(498)	(5,498)
Other disposals – accumulated depreciation	4,809	6	4,815
Impairment of impairment of property, plant and equipment	(8,218)	(129)	(8,347)
Depreciation charge for the period	(17,195)	-	(17,195)
As at 30 June 2025	229,945	69,592	299,537
Cost	550,349	70,607	620,956
Accumulated depreciation and impairment losses	(320,404)	(1,015)	(321,419)
Net book value as at 30 June 2025	229,945	69,592	299,537

Additions of property, plant and equipment for the six months ended 30 June 2025 in the amount of RR'mln 11,861 mainly include machinery and equipment totalling RR'mln 7,531 and transport totalling RR'mln 2,636.

Additions of property, plant and equipment for the six months ended 30 June 2024 in the amount of RR'mln 17,387 mainly include machinery and equipment totalling RR'mln 7,198, license for the development of a gold deposit totalling RR'mln 5,440 and transport totalling RR'mln 3,587.

In June 2024, the Group purchased a production licence for RR'mln 5,440 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 mining gold in 2029.



8. 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	66	-	-	66
Changes in estimation	106	-	(37)	69
Depreciation (note 19)	(225)	(29)	(621)	(875)
Net book value as at 30 June 2025	1,129	70	848	2,047

	Buildings	Equipment	Transport	Total
At 31 December 2023	1,527	153	2,182	3,862
Additions	15	4	-	19
Disposal	(73)	-	-	(73)
Changes in estimation	60	-	758	818
Depreciation (note 19)	(235)	(29)	(672)	(936)
Net book value as at 30 June 2024	1,294	128	2,268	3,690

Lease liabilities recognized by the Group are stated below (note 12, 13):

	30 June 2025	31 December 2024
Long-term lease liabilities	807	1,520
Short-term lease liabilities	5,847	6,750
Total lease liabilities	6,654	8,270

As at 30 June 2025 and 31 December 2024 right-of-use assets were mainly represented by five aircrafts leased by the Group's airline. Interest expense on lease liabilities included in finance costs comprised RR'mln 80 and 182 for the three and the six months ended 30 June 2025 (for the three and the six months ended 30 June 2024: RR'mln 61 and 127, respectively).

9. INVENTORIES

	30 June 2025	31 December 2024
Rough diamonds	115,855	129,929
Mining and repair materials	64,829	67,697
Ores and sands mined	48,531	28,151
Polished diamonds	3,208	3,706
Consumable and other supplies	1,778	1,485
Gold	39	23
Total inventories	234,240	230,991

As at 30 June 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 30 June 2025 equals to RR'mln 1,215 (31 December 2024: RR'mln 1,284).



10. TRADE AND OTHER RECEIVABLES

Long-term accounts receivable	30 June 2025	31 December 2024
<i>Financial accounts receivable</i>	232	252
Loans issued	8	61
Other long-term receivables	224	191
<i>Non-financial accounts receivable</i>	63	42
Advances to suppliers	63	42
Total long-term accounts receivable	295	294
Short-term accounts receivable	30 June 2025	31 December 2024
<i>Financial accounts receivable</i>	4,518	4,450
Agent's receivables for supplied diamonds	15	1
Loans issued	8	47
Trade receivables for supplied diamonds	1	-
Other short-term receivables	4,494	4,402
<i>Non-financial accounts receivable</i>	10,455	8,931
VAT recoverable	5,909	6,194
Advances to suppliers	4,263	2,516
Prepaid taxes, other than income tax	283	221
Total short-term accounts receivable	14,973	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 as at 30 June 2025 and 31 December 2024 approximates their carrying value.

The credit loss allowance for trade and other financial receivables is presented in the amount of RR'mln 4,233 as at 30 June 2025 (31 December 2024: RR'mln 33,149, most of which related to the amount of outstanding dividends from Catoca Mining Company Ltd (note 4)).

11. SHAREHOLDERS' EQUITY

Share capital

Share capital authorised, issued and paid in totals RR'mln 12,473 as at 30 June 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 30 June 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 30 June 2025 and 31 December 2024 subsidiaries of the Group held 152,329,800 shares of the Company.



11. SHAREHOLDERS' EQUITY (CONTINUED)

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 number of shares outstanding for the three and the six months ended 30 June 2025 and for the three and the six months ended 30 June 2024. There are no dilutive financial instruments.

Other reserves

	Currency translation reserve	Reserve on purchase of non-controlling interest	Accumulated actuarial loss	Total other reserves
Balance as at 1 January 2025	1,033	7	(21,316)	(20,276)
Disposal of an associate (note 4)	(1,380)	-	-	(1,380)
Disposal of a subsidiary (note 4)	902	-	-	902
Remeasurement on post-employment benefit obligations (note 17)	-	-	(29)	(29)
Currency translation differences	(555)	-	-	(555)
Balance as at 30 June 2025	-	7	(21,345)	(21,338)
	Currency translation reserve	Reserve on purchase of non-controlling interest	Accumulated actuarial loss	Total other reserves
Balance as at 1 January 2024	824	7	(21,477)	(20,646)
Remeasurement on post-employment benefit obligations (note 17)	-	-	228	228
Currency translation differences	(76)	-	-	(76)
Balance as at 30 June 2024	748	7	(21,249)	(20,494)

Dividends

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

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.



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

	30 June 2025	31 December 2024
Debt to banks:		
RR denominated fixed rate	5,249	6,269
RR denominated floating rate	2,510	2,816
	7,759	9,085
RR denominated exchange traded bonds floating rate	70,552	70,493
US\$ denominated eurobonds	48,329	62,956
US\$ denominated replacement bonds	15,576	20,184
RR denominated exchange traded bonds fixed rate	-	25,185
	142,216	187,903
Less: current portion of long term debt to banks (note 13)	(2,434)	(2,351)
Less: current portion of long-term RR denominated exchange traded bonds (note 13)	(25,552)	(25,678)
Less: current portion of long-term US\$ denominated Eurobonds (note 13)	(24,726)	(32,681)
Less: current portion of long-term debt on US\$ denominated replacement bonds (note 13)	(7)	(9)
Total long-term debt	89,497	127,184
Lease liabilities	6,654	8,270
Less: current portion of long-term lease liabilities (notes 8, 13)	(5,847)	(6,750)
Total long-term lease liabilities	807	1,520
Total long-term debt and other financial liabilities	90,304	128,704

Issue of bonds

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 27). 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 .

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

	30 June 2025	31 December 2024
Debt to banks, RR denominated fixed rate	23.9%	27.8%
Debt to banks, RR denominated floating rate	23.9%	26.5%
US\$ denominated Eurobonds*	n/a	n/a
RR denominated exchange traded bonds floating rate	17.6%	21.0%
RR denominated exchange traded bonds fixed rate	-	18.2%
US\$ denominated replacement bonds	6.5%	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, the listing of the Company's Eurobonds on the Irish Stock Exchange (Euronext Dublin) was discontinued in early April 2022 (note 27), data on market interest rates for the Company's Eurobonds is no longer available, including as at 30 June 2025 and 31 December 2024.



12. LONG TERM DEBT AND LOANS AND OTHER FINANCIAL LIABILITIES (CONTINUED)

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:

	30 June 2025		31 December 2024	
	Carrying value	Fair value	Carrying value	Fair value
Debt to banks, RR denominated fixed rate	5,249	3,505	6,269	3,868
Debt to banks, RR denominated floating rate	2,510	1,933	2,816	1,936
US\$ denominated Eurobonds	48,329	48,329	62,956	62,956
RR denominated exchange traded bonds floating rate	70,552	70,039	70,493	69,484
RR denominated exchange traded bonds fixed rate	-	-	25,185	24,176
US\$ denominated replacement bonds	15,576	14,639	20,184	17,500

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

	30 June 2025	31 December 2024
US\$ denominated exchange traded bonds fixed rate	27,474	-
Debt to banks: overdraft	-	404
Other short-term financial liabilities	-	54
	27,474	458
Current portion of long term debt:		
Current portion of long term debt to banks (note 12)	2,434	2,351
Current portion of long-term RR denominated exchange traded bonds (note 12)	25,552	25,678
Current portion of long term US\$ denominated Eurobonds (note 12)	24,726	32,681
Current portion of long-term debt on US\$ denominated replacement bonds (note 12)	7	9
Current portion of lease liabilities (notes 8, 12)	5,847	6,750
Total current portion of long term debt	58,566	67,469
Total short term loans and debt and other financial liabilities	86,040	67,927

As at 30 June 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 April 2024, the Company in accordance with the current Russian regulation 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 2025, the Company under current Russian regulation, 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 last coupon totalling US\$ 14,3 mln. 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 27).

14. OTHER PROVISIONS

	30 June 2025	31 December 2024
Provision for land reclamation	17,071	15,886
Other provisions	2,431	2,264
Total other provisions	19,502	18,150



15. TRADE AND OTHER PAYABLES

	30 June 2025	31 December 2024
Trade payables	11,866	12,102
Accrual for employee holidays and cost of travel	10,605	10,312
Advances from customers	8,570	11,559
Wages and salaries	5,766	9,226
Current portion of provision for land recultivation and reimbursable repair and maintenance	924	1,016
Other payables	1,055	1,823
Total trade and other payables	38,786	46,038

In accordance with Russian legislation, the Group is required to pay for the holiday entitlement, and 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 30 June 2025 and 31 December 2024 approximates their carrying value.

16. INCOME TAX AND OTHER TAX ASSETS AND LIABILITIES

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

	30 June 2025	31 December 2024
Payments to social funds	3,979	4,576
Value added tax	1,393	1,289
Property tax	1,021	1,061
Personal income tax (employees)	689	906
Extraction tax	343	2,685
Other taxes and accruals	296	121
Total taxes payable, other than income tax	7,721	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 comprise the following:

	Three months ended		Six months ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Current income tax expense	2,581	2,658	4,370	11,661
Adjustments of income tax expense for prior periods	-	-	83	-
Deferred income tax expense / (benefit)	(2,308)	(1,419)	890	(2,492)
Total income tax expense	273	1,239	5,343	9,169

On 1 January 2025 Federal Law No. 176-FZ of 12 July 2024 became effective, 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%.

17. PROVISION FOR PENSION OBLIGATIONS

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

	30 June 2025	31 December 2024
Present value of obligations	2,855	2,820
Fair value of pension plan assets	(65)	(64)
Pension obligations for the funded plan	2,790	2,756
Present value of unfunded obligation	1,210	1,123
Net value of the obligations	4,000	3,879



17. PROVISION FOR PENSION OBLIGATIONS (CONTINUED)

On 2 April 2024, non-state pension fund JSC NPF “Almaznaya osen” was reorganized in the form of joining JSC “NPF GAZFOND Pensionnye Nakopleniya”.

18. REVENUE

	Three months ended		Six months ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
	<i>[Limited access to information⁴].</i>			
Total revenue	67,967	60,791	134,257	179,468

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

[Limited access to information⁴].

19. COST OF SALES

	Three months ended		Six months ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Wages, salaries and other staff costs	18,677	17,317	38,126	34,735
Depreciation	8,962	7,804	17,415	14,938
Fuel and energy	6,557	5,464	14,242	11,993
Materials	5,203	5,914	10,235	10,738
Extraction tax	3,674	5,095	11,619	13,058
Services	1,886	2,332	4,416	4,658
Property tax	939	952	1,915	1,924
Transport	805	767	1,872	1,669
Cost of diamonds for resale	2	-	38	109
Other	346	189	774	737
Movement in inventory of rough and polished diamonds, ores, sands and gold	4,465	(7,666)	(5,826)	19,534
Total cost of sales	51,516	38,168	94,826	114,093

Wages, salaries and other staff costs include payments to social funds in the amount of RR'mln 4,078 and RR'mln 8,274 for the three and the six months ended 30 June 2025, respectively (for the three and the six months ended 30 June 2024: RR'mln 3,751 and RR'mln 7,461, respectively).

Depreciation includes depreciation of the right-of-use assets amounting to RR'mln 460 and RR'mln 875 for the three and the six months ended 30 June 2025, respectively (for the three and the six months ended 30 June 2024: RR'mln 469 and RR'mln 936, respectively).

Depreciation of property, plant and equipment totalling RR'mln 141 and RR'mln 349 for the three and the six months ended 30 June 2025, respectively (for the three and the six months ended 30 June 2024: RR'mln 456 and RR'mln 630, respectively) and wages, salaries and other staff costs totalling RR'mln 1,078 and RR'mln 2,343 for the three and the six months ended 30 June 2025, respectively (for the three and the six months ended 30 June 2024: RR'mln 1,296 and RR'mln 2,382, respectively) were capitalised in the respective periods.

⁴ 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.



20. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended		Six months ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Wages, salaries and other staff costs	3,477	4,400	7,276	7,885
Services and other administrative expenses	1,237	1,498	2,236	2,533
Provision / (reversal of provision) for expected credit losses	289	273	744	(11)
Total general and administrative expenses	5,003	6,171	10,256	10,407

Wages, salaries and other staff costs include payments to social funds in the amount of RR'mln 570 and RR'mln 1,431 for the three and the six months ended 30 June 2025, respectively (for the three and the six months ended 30 June 2024: RR'mln 675 and RR'mln 1,376, respectively).

21. SELLING AND MARKETING EXPENSES

	Three months ended		Six months ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Wages, salaries and other staff costs	531	531	1,103	1,104
Services and other selling and marketing expenses	1,413	463	1,973	908
Total selling and marketing expenses	1,944	994	3,076	2,012

Wages, salaries and other staff costs include payments to social funds in the amount of RR'mln 109 and RR'mln 257 for the three and the six months ended 30 June 2025, respectively (for the three and the six months ended 30 June 2024: RR'mln 111 and RR'mln 254, respectively).

22. OTHER OPERATING INCOME

	Three months ended		Six months ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Gain on assignment of rights of claim to receivables for dividends from an associate (note 4)	19,019	-	19,019	-
Gain on sale of investments in associates (note 4)	6,747	696	6,747	696
Foreign exchange gain	68	406	597	892
Gain on disposal of property, plant and equipment	17	39	59	115
Change in estimate of provision for land reclamation, allocated to other income	-	1,620	-	1,620
Gain on realised foreign exchange differences from cash and cash equivalents	-	70	-	317
Reversal of impairment loss of property, plant and equipment	-	2	-	7
Gain on disposal of subsidiaries	-	-	-	27
Other	1,374	575	2,322	1,225
Total other operating income	27,225	3,408	28,744	4,899



23. OTHER OPERATING EXPENSES

	Three months ended		Six months ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Loss on impairment of property, plant and equipment	8,328	-	8,347	-
Exploration, research and development expenses	2,931	2,583	5,619	5,080
Social costs	1,593	1,966	3,069	3,603
Foreign exchange loss	1,420	2,072	8,076	2,173
Loss on disposal of a subsidiary (note 4)	915	-	915	-
Loss on realised foreign exchange differences from cash and cash equivalents	288	-	861	-
Loss on disposal of property, plant and equipment	234	152	248	317
Inventory shortage expenses	134	-	1,156	-
Other taxes	111	89	220	180
Loss on impairment of intangible assets	-	-	98	-
Provision for expected credit losses for the outstanding dividends due from Catoca Mining Company Ltd (note 4)	-	10,340	-	10,340
Other	315	358	616	837
Total other operating expenses	16,269	17,560	29,225	22,530

Social costs consist of:

	Three months ended		Six months ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Charity	1,120	1,542	2,179	2,735
Maintenance of local infrastructure	400	362	770	749
Other	73	62	120	119
Total social costs	1,593	1,966	3,069	3,603

24. FINANCE INCOME

	Three months ended		Six months ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Foreign exchange gain	6,022	5,522	21,944	5,522
Interest income	2,938	2,840	6,331	5,662
Total finance income	8,960	8,362	28,275	11,184

25. FINANCE COSTS

	Three months ended		Six months ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Interest expense:				
RR denominated exchange traded bonds floating rate	3,878	-	7,707	-
Eurobonds	435	620	929	1,511
US\$ denominated exchange traded bonds fixed rate	314	-	314	-
RR denominated exchange traded bonds fixed rate	177	345	532	700
Bank loans	150	161	309	291
US\$ denominated replacement bonds	122	-	260	-
Other liabilities	171	132	313	263
Change in the present value of provisions	773	640	1,484	1,222
Change in the present value of lease liabilities	80	61	182	127
Foreign exchange loss	782	7,487	799	10,775
Total finance costs	6,882	9,446	12,829	14,889

Other liabilities include interest on obligations under the defined benefit plan in the amount of RR'mln 142 and RR'mln 289 for the three and the six months ended 30 June 2025, respectively (for the three and the six months ended 30 June 2024: RR'mln 117 and RR'mln 236, respectively).

Foreign exchange gains and losses (notes 24, 25) for the three and the six months ended 30 June 2025 and the three and the six months ended 30 June 2024 are related to revaluation of foreign currency bank deposits, debt, lease liability, Eurobonds and replacement bonds.



26. CASH GENERATED FROM OPERATING ACTIVITIES

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

	Six months ended	
	30 June 2025	30 June 2024
Profit before income tax	45,941	45,795
Adjustments for:		
Interest income (note 24)	(1,110)	(2,612)
Interest expense (note 25)	12,030	4,114
Loss on disposal of property, plant and equipment (notes 22, 23)	189	202
Depreciation and amortisation of non-current assets (notes 7, 8, 19)	17,856	15,176
Loss / (income) on disposal of subsidiaries (notes 22, 23)	915	(27)
Proceeds from assignment of rights of claim to receivables for dividends and income from sale of investments in associates (note 22)	(25,766)	(696)
Adjustments for non-cash financing transactions	(139)	(762)
Change in allowance for expected credit losses and obsolete inventories, net	775	(54)
Change in impairment of property, plant and equipment and intangible assets, net (notes 7, 22, 23)	8,445	(7)
Unrealised foreign exchange differences on non-operating items	(13,459)	5,989
Share of net profit of associates and joint venture (note 4)	(2,518)	(11,668)
Net operating cash flows before changes in working capital	43,159	55,450
Net (increase) / decrease in inventories	(3,216)	15,580
Net (increase) / decrease in trade and other receivables, excluding dividends receivable	(2,999)	5,402
Net decrease in provisions, trade and other payables, excluding interest payable and payables for acquired property, plant and equipment	(7,095)	(6,607)
Net (decrease) / increase in taxes payable other than income tax	(1,127)	130
Cash inflows from operating activities	28,722	69,955
Income tax paid	(3,826)	(9,361)
Net Cash Inflows from Operating Activities	24,896	60,594



27. 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 against some sectors of the Russian economy, Russian companies and citizens, continue to have a negative impact on the Russian economy.

Events after 24 February 2022

In 2024 and continuing through the first half of 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.

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

The sanctions imposed on the Group are disclosed in detail in the disclosed consolidated financial statements for the year ended 31 December 2024. The sanctions include blocking sanctions against all companies of the Group, personal blocking sanctions against some of the Company's executives, and are also related to the ban on the import of gem-quality diamonds and polished diamonds of Russian origin, the work of Russian airlines, the fulfillment of the Group's obligations to pay coupons on Eurobonds, other issues.

**27. 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, on 17 April 2024, the Company fulfilled its obligations to repay the nominal value and the last coupon in the manner described above.

With regard to the issue of Eurobonds maturing on 9 April 2024, in accordance with Decree 430, PJSC ALROSA 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, in March 2025, the Company fulfilled its obligations to repay the nominal value and the last coupon under Decree 529 in the amount of US\$’mln 14.3 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 condensed consolidated interim financial statements amounts to 47.55% 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 condensed consolidated interim 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, 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 countries), who have not received payments due to the sanctions, 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.).

**27. CONTINGENCIES AND COMMITMENTS (CONTINUED)****(a) Operating environment of the Russian Federation (continued)**

The Company is also given the opportunity to choose a new paying agent and trustee not registered in unfriendly countries and make payments, as a Guarantor of Eurobonds, in alternative currencies, including Russian roubles. Thus, the documentation on the issue of 2020 Eurobonds is presented in a form consistent with the applicable Russian regulations, and the Company, as a Guarantor, is able to repay 2020 Eurobonds 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.

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 30 June 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 12). 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 13).

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 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, on 21 June 2024 – in the blocking sanctions list of Japan. In terms of content, these sanctions are similar to the US blocking sanctions imposed on the Company earlier and also apply to its subsidiaries.

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 non-compliant counterparties.

Fiscal periods remain open for review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover earlier periods.

**27. CONTINGENCIES AND COMMITMENTS (CONTINUED)****(b) Taxes (continued)**

During 2022-2024, the main changes in the field of tax, customs and other types of legislation are 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 were due to measures to reduce the 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 procedure for international intra-group services, investment and other aspects of taxation.

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 20% (from 1 January 2025 – 25%).

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.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. As at 30 June 2025 and 31 December 2024, Management believes that its position on taxes and the interpretations applied by the Group are highly likely to be confirmed, however, there is a risk that the Group will incur additional costs if management's position on taxes and the interpretations of legislation applied by the Group are challenged by the tax authorities. The impact of such a development cannot be reliably estimated, but it may be significant in terms of the financial position and/or business activities of the Group as a whole.

(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 30 June 2025.

(d) Capital commitments

As at 30 June 2025 the Group had contractual commitments for capital expenditures of approximately RR'mln 60,534 (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. At 30 June 2025 the Group recognised a provision for these future expenses in the amount of RR'mln 17,913 (31 December 2024: RR'mln 16,727).



27. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(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 30 June 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 condensed consolidated interim 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.

28. 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 30 June 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 30 June 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).

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 condensed consolidated interim statement of financial position and in notes 10 and 16. Tax transactions are disclosed in the disclosed condensed consolidated interim statement of profit or loss and other comprehensive income, the disclosed condensed consolidated interim statement of cash flows and in notes 16, 19, 20, 21, 23 and 26.

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 Antimonopoly Service.



28. RELATED PARTY TRANSACTIONS (CONTINUED)

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

<i>Disclosed condensed consolidated interim statement of financial position</i>	30 June 2025	31 December 2024
Long-term accounts receivable	42	31
Short-term accounts receivable	6,688	4,362
Short-term accounts payable	6,289	3,328
Loans	2,294	3,137
Cash and cash equivalents	60,500	71,054
Bank deposits	38,743	3,264

The line “loans” includes the loans received from banks under the Government control (notes 12, 13). The lines “cash and cash equivalents” and “bank deposits” includes assets placed in banks under the Government control (notes 5, 6).

<i>Disclosed condensed consolidated interim statement of profit or loss and other comprehensive income</i>	Three months ended		Six months ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Other sales	1,793	3,976	3,541	6,142
Income from grants	2,081	1,452	2,964	3,112
Fuel purchases	(1,966)	(2,213)	(2,448)	(2,643)
Electricity and heating purchases	(1,255)	(1,071)	(3,312)	(3,853)
Other purchases	(1,349)	(3,158)	(2,505)	(3,967)
Interest income	2,751	1,894	5,750	4,208
Interest expense	(58)	(64)	(117)	(84)

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 30 June 2025 and 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 received short-term benefits for the three and the six months ended 30 June 2025 totalling RR’mn 315 and RR’mn 361, respectively (the three and the six months ended 30 June 2024: RR’mn 348 and RR’mn 394, respectively). For the six months ended 30 June 2025 the Group did not declare dividends to key management who held the Company’s shares (for the six months ended 30 June 2024 the Group declared dividends in the amount of RR’mn 4 to key management holding the Company’s shares).

⁵ 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.

**28. RELATED PARTY TRANSACTIONS (CONTINUED)*****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 30 June 2025 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 43 in other non-current liabilities (as at 31 December 2024 it was recognised in the amount of RR'mln 249). Remeasurement of the liability for the six months ended 30 June 2025 amounted to RR'mln 206 (income) (for the six months ended 30 June 2024 amounted to RR'mln 447 (expense)) and was recognised within general and administrative expenses in the disclosed condensed consolidated interim 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 related parties

Significant balances and transactions with associates are disclosed in note 4. 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 23.



29. 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 costs;
- 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 – include 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.



29. SEGMENT INFORMATION (CONTINUED)

Three months ended 30 June 2025	Diamonds segment	Transport	Social infra- structure	Other activities	Total
					[Limited access to information ⁶].
Sub-total: Reportable revenue					67,967
					[Limited access to information ⁶].

Three months ended 30 June 2024	Diamonds segment	Transport	Social infra- structure	Other activities	Total
					[Limited access to information ⁶].
Sub-total: Reportable revenue					60,791
					[Limited access to information ⁶].

Six months ended 30 June 2025	Diamonds segment	Transport	Social infra- structure	Other activities	Total
					[Limited access to information ⁶].
Sub-total: Reportable revenue					134,257
					[Limited access to information ⁶].

Six months ended 30 June 2024	Diamonds segment	Transport	Social infra- structure	Other activities	Total
					[Limited access to information ⁶].
Sub-total: Reportable revenue					179,468
					[Limited access to information ⁶].

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

	Three months ended		Six months ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Total revenue and income from grants as per the Disclosed Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	70,048	62,243	137,221	182,580
				[Limited access to information ⁶].

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:

	30 June 2025	31 December 2024
Russian Federation	306,117	310,275
Other countries	142	151
Total non-current assets*	306,259	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 4.2), and non-current assets in the amount of RR'mln 143 are also recorded separately as assets of the disposal group (note 4.2).

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.



30. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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 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.

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

As at 30 June 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	-	54,729	-	54,729
Current and non-current financial receivables	-	4,734	-	4,734
Loans issued	-	-	16	16
Cash and cash equivalents	-	60,642	-	60,642
Total financial assets	-	120,105	16	120,121
Current and non-current financial liabilities				
Loans and borrowings	-	7,759	-	7,759
Eurobonds*	-	-	48,329	48,329
RR denominated exchange traded bonds floating rate	70,552	-	-	70,552
US\$ denominated exchange traded bonds fixed rate	27,474	-	-	27,474
US\$ denominated replacement bonds	15,576	-	-	15,576
Financial accounts payable	-	12,921	-	12,921
Dividends payable	-	1,308	-	1,308
Total financial liabilities	113,602	21,988	48,329	183,919

* For disclosure in this table as of 30 June 2025: due to the reasons described in note 12, Eurobonds issued by the Group and not quoted on the active market as of 30 June 2025 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 due to the fact that the Group plans to repay these liabilities in full and on time (note 12, 27).



30. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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 of 31 December 2024: due to the reasons described in note 12, Eurobonds issued by the Group and not quoted on the active market as of 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 due to the fact that the Group plans to repay these liabilities in full and on time (note 27).

31. SUBSEQUENT EVENTS

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

- the exchange rate of the Bank of Russia at the date of issue of the financial statements was RR 79.7796 per US\$ 1 (30 June 2025 – RR 78.4685 per US\$ 1), RR 92.8800 per EUR 1 (30 June 2025 – RR 92.2785 per EUR 1) and RR 11.0665 per Chinese Yuan 1 (30 June 2025 – RR 10.9433 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 18% (30 June 2025 – 20%).