

## Mail.ru Group Limited Annual Report for FY 2020 and unaudited IFRS results for Q1 2021

April 29, 2021. Mail.ru Group Limited (MAIL, hereinafter referred to as "the Company" and together with its subsidiaries "Mail.ru Group" or "the Group"), one of the largest companies in the Russian-speaking Internet market, today releases its annual report for the year ended 31 December 2020 and unaudited IFRS results and segment financial information for the three months ended 31 March 2021.

### Performance highlights\*

- Results for the three months ended 31 March 2021:
  - Q1 2021 Group aggregate segment revenue grew 27.4% YoY to RUB 28,290m
  - Q1 2021 Group aggregate segment EBITDA grew 8.1% YoY to RUB 6,071m
  - Q1 2021 Group aggregate net profit from consolidated subsidiaries declined 7.0% YoY to RUB 1,946m
  - Q1 2021 Group aggregate net loss including key strategic associates and joint ventures increased from RUB 167M to RUB 1,799m, including the following contributions:
    - O2O JV: RUB (3,313m) in Q1 2021 vs RUB (2,015m) in Q1 2020;
    - AER JV: RUB (478m) in Q1 2021 vs RUB (245m) in Q1 2020;
    - Uchi.ru Group: RUB 46m in Q1 2021

\* Performance highlights are based on the Group aggregate segment financial information, which is different from IFRS accounts. See "Presentation of Aggregate Segment Financial Information".

### Commenting on the results of the Group, Dmitry Grishin, Chairman of the Board, and Boris Dobrodeev, CEO (Russia) of Mail.ru Group, said:

"Our Group started 2021 strongly as our online advertising business continued its ongoing recovery following last year's COVID-19 related disruptions. We also saw a sustained robust performance within our MMO Games revenue coming from MY.GAMES as well as Other revenues, mainly driven by Online Education (EdTech segment).

Group revenues grew by 27.4% in Q1 (to RUB 28.3bn), with the most significant growth delivered by Games (+42.2% YoY to RUB 11bn), and EdTech (+2.9x YoY to RUB 2.2bn) segments.

In terms of by nature revenue split, performance was the following:

Advertising revenues in Q1 2021 grew 22.0% YoY to RUB 10,471m  
MMO revenues in Q1 2021 grew 34.3% YoY to RUB 9,424m  
Community IVAS revenues in Q1 2021 declined -3.6% YoY to RUB 4,477m  
Other revenues in Q1 2021 grew 99.8% YoY to RUB 3,918m

Advertising delivered 22.0% YoY growth in Q1, with further acceleration versus 10.2% growth seen in Q4. Among products and services, VK remains the growth engine, with its 21.2% total revenue growth in Q1. In terms of verticals, performance remains the driver for the Group's advertising revenues, with 41% YoY growth across performance formats in Q1 and active demand coming from the SMB advertiser sub-segment. Within formats, we continue to have major ambitions in video as reflected by the 36% growth of our in-stream video advertising segment in Q1. Overall, we continue to expect that our share of the online advertising market in Russia should be much closer aligned with our leading positions in audience reach and time spent over the coming years, with an ambition to hold 20%+ digital share versus today's ~15%.

MMO Games saw 34.3% YoY growth, with the overall MY.GAMES business expanding by 42.2% YoY, despite no new game launches in Q1. The business also delivered margin improvement YoY during a typically heavy investment quarter, with EBITDA margin at 13.2% in Q1 versus 7.1% a year ago. Although Q2 presents a challenging base for the growth of online games businesses globally, we remain committed to **double-digit organic growth for MY.GAMES in 2021, with YoY improvement in profitability.**

Community IVAS saw temporary negative growth in Q1 (-3.6%) due to a temporary loss of VAT benefits as part of the re-registration, which was required in relation to the announced IT industry taxation changes. Excluding this effect, IVAS growth would have been 8% YoY, with 30% growth of Group revenues for the quarter (to RUB28.9bn). The process has been completed successfully at the back end of March, with normalized performance expected already in Q2 and **mid-single digit IVAS growth anticipated for 2021**. With IVAS accounting for 16% of Group's revenues and predominantly booked within the Communication & Social segment, related adverse effect on the segment's growth seen in Q1 (8% YoY growth versus 12% excluding the effect) is also not expected in Q2, with anticipated strong revenue growth acceleration.

In terms of Other revenues, EdTech (Skillbox and GeekBrains) has been by far the largest contributor with 2.9x YoY revenue growth in Q1 (to RUB 2.2bn). **EdTech is expected to deliver up to RUB9bn in revenues, with positive EBITDA margin in 2021.**

As has been guided previously, EdTech has now become a separately reported segment, with Youla now being the largest component of the New Initiatives segment, with its RUB801mn in revenues and significant improvement in EBITDA burn in Q1 (-RUB205mn or 26% of revenues versus 134% of revenues in Q1 2020). Given the potential for Clips to become a major separate product and its target presence across the various Group's services, we have shifted Clips from Communication & Social segment into New Initiatives starting Q1 2021, along with certain ecosystem products like VK Connect or VK Superapp Kit, which are being rolled out across projects inside as well as outside the Communication & Social segment.

To drive our development and unlock new growth opportunities, we will continue to invest in our key products and services as well as our ecosystem, with further progress within VK Clips, VK Combo, VK Connect, VK Pay as well as the mini apps and social commerce, among other initiatives. This is reflected in our personnel and marketing cost dynamics, with EBITDA growth of 8.1% YoY to RUB 6.1bn and 21.5% margin in Q1. Excluding the VAT effect, EBITDA growth would have been 13% YoY (to RUB6.3bn).

The cash-generating capacity of our business remains strong. Our net debt position excluding lease liabilities at the end of March stood at RUB 13.2bn, with the effective interest rate across all outstanding bank loans payable at 7.0%.

Looking ahead, our strategic priorities remain unchanged, same as our 2021 guidance of **RUB127-130bn in revenues with an improvement in EBITDA margin YoY.**

## **Segmental highlights**

### **Communications and Social segment**

#### **VK**

VK maintains its leadership among domestic social networks, with Russian MAU of 73mn and DAU of 48mn (+5.9% YoY) in March and 66% of users accessing the social network every day. Mobile time spent stood at 36 minutes per day as of February, including 57 minutes per day for the 12–24 age group.

The number of services on the VK Mini Apps platform rose by 90% YoY in Q1 to >29,000, with MAU +36% YoY in March to 37mn and DAU +80% YoY. The most used mini apps include AliExpress, VK Food, VK Taxi, VK Classifieds, VK Health, and VK Work, with all having MAU of 1mn+. Among the latest mini app developments, VK Work (former Worki) automated paid placement of vacancies in VK groups and opened access to its base of >7mn CVs with payment for access to candidates' contact information.

16 of the Group's services have now been integrated into VK Connect, with 29.2mn people having used VK Connect for authentication in the past 9 months (excluding authentication on vk.com), with their number growing by 69% QoQ.

Product innovations continue, with the rollout of the updated app for iPad, the launch of Multimarket, a single B2B platform for managing stores on VK, OK, AliExpress and Youla, updated Messenger, video calls and the Music section in Q1.

VK remains highly focused on enhancing its video offering. The number of daily video views reached 970mn in March, driven by the development of different types of video content, including exclusive broadcasts of events.

The number of messages delivered daily rose by 7.4% YoY in March. VK, OK, and Mail.ru email service introduced noise cancelling technology in video calls, whilst VK video calls now also include the functionality, which allows for amendments of facial features.

The VK Mobile Games catalogue grew by 300% YoY, with +30% YoY mobile games audience growth in Q1. In-game payments on mobile using the internal VK currency grew by 110% YoY in Q1.

“Digital Education”, MRG JV with Rostelecom, launched digital education platform Sferum. Powered by VK software, the platform is designed for distance learning across Russian schools.

### **OK**

Russian average MAU stood at 40mn in Q1, supported by solid engagement. On March 8<sup>th</sup> OK set a new daily record with more than 650mn virtual gifts sent. The number of stickers sent grew by 15% YoY in Q1, including a 51% increase in the number of stickers sent in comments. Engagement in groups also continues to rise, including the number of group publications, which was up by 48% YoY in Q1.

Active product updates continued including the capacity to add links into Moments for official profiles, Canvas and Lead Ads ad formats update, a noise cancelling feature to improve calls made across the various Group’s platforms. Also in Q1 OK updated its desktop version and presented a new mobile applications design.

The entertainment platform continues to be a key driver of rising user activity. Mobile games DAU rose by 17% YoY in March, with related total time spent up by 10% YoY. Video uploads in Russia grew by 25% YoY in Q1. Content investments continue with the release of the first own original comedy series in March as a new step in the production of professional and exclusive content. The first episodes got more than 6mn views each with an average number of unique viewers at 3mn.

Moments MAU in Q1 exceeded 20mn (+49% YTD), with the number of views and reactions up by 83% and 84% respectively during the same period.

OK continues to focus on growing its advertising revenue share and to invest in its SMB solutions. The number of advertisers in the OK Ads Manager (internal ad creation tool for SMBs) grew by 36.9% YoY in Q1, with revenue up by 42% YoY.

### **Games segment**

MY.GAMES grew revenues by 42.2% YoY (to RUB 11bn), with the segment accounting for 39% of the Group’s revenues in Q1 versus 35% a year ago. ~98% of revenues came from F2P games, with mobile share at 78% in Q1 (vs 69% in Q1 2020). Grand Hotel Mania, Rush Royale, Zero City, War Robots and Conqueror’s Blade were the main contributors in MY.GAMES revenue YoY growth in Q1 2021. The Games segment Q1 EBITDA stood at RUB 1.4bn, delivering 165% YoY growth, with a margin of 13.2% on the back of the typical seasonal boost in marketing investment.

MAU stood at 22.7mn in Q1 with a 4.8% share of paying monthly users versus 4.4% in Q1 2020. Share of revenue coming from markets outside Russia & CIS stood at 79% (versus 69% in Q1 2020), with the US, Germany and the UK being the largest contributors.

In February 2021, MY.GAMES Venture Capital continued to make minority investments, expanding its global investment portfolio to >35 development studios, including in the hyper-casual segment. In February MGVC entered the international top-10 global gaming venture funds list<sup>1</sup>.

<sup>1</sup> Games One rating

### *Mobile*

The top-5 revenue-generating games in Q1 were War Robots, Hustle Castle, Grand Hotel Mania, Rush Royale and Left to Survive.

War Robots (~7 years old, Pixonic studio) surpassed \$500mn in lifetime revenues in Q1, with game downloads reaching 191mn in March, and the game is one of the world's biggest mobile-based tactical shooters. The project maintains the lead in terms of revenue generation with average monthly revenues of ~RUB 800mn in Q1 and significant positive EBITDA contribution.

Hustle Castle (~4 years old, Nord Studio) reached 70mn downloads, with ~RUB 400mn in monthly revenue in Q1. The Nord Studio also operates Zero City (~17mn downloads, >RUB 150mn in monthly revenue). American Dad! Apocalypse Soon also performed well, with 8.5mn downloads in Q1.

The Grand Hotel Mania (July 2020 global launch, Deus Craft) time management title reached 10mn installs, with ~RUB 350mn in monthly revenue as of March.

The Rush Royale mobile game launched by IT Territory studio in mid-December reached 5mn downloads with monthly revenue exceeding RUB 250mn in March, which makes this new launch one of our top revenue generators.

Left to Survive (~3 years old, Whalekit studio) reached 33mn downloads. Another title from this studio, Warface: Global Operations (~1 year-old), reached 16mn downloads and was named "Best Shooter of the Year" at the Pocket Gamer Awards 2021.

### *PC & Console*

The Warface franchise (9 years old) reached 114mn players worldwide across all platforms and remains a top-3 revenue generator for MY.GAMES. Warface on consoles reached 23mn installs, with the release of the new 'Heist' season on PC in Q1.

The 7<sup>th</sup> season in a tactical action MMO Conqueror's Blade (PC, 2+ year old) was launched in Q1, with the user base reaching 3.1mn and with the launch of a Polish localization in March.

Free-to-play MMO Skyforge (PC, Allods Team) reached 12mn registered users, with acceleration in growth following the game's expansion to Nintendo Switch in February.

In Q1 MY.GAMES launched PC versions of mobile games War Robots, World Above, Left to Survive and Guild of Heroes on MY.GAMES Store as part of internal cross-selling and cross-integration.

### **EdTech segment**

The consolidated Skillbox and GeekBrains assets continued to demonstrate solid performance in Q1, with revenue of RUB 2.2bn, up 2.9x YoY. Consolidated EBITDA was largely flat in Q1.

The two platforms had 782,200 in the cumulative number of registered students as of the end of March, up 2.2x times YoY. The cumulative number of paying students exceeded 215,000, up 2.7x YoY, with nearly 46,000 new paying students added during the quarter, with an average 39.5% share of monthly active users among paying users.

Our consolidated assets launched more than 140 new courses and programs (professions and faculties) during Q1, including in cybersports, design, B2B, music and many others, with the overall number of available courses surpassing 900. The average check stood at RUB 48,500 in Q1.

Despite the expected post-COVID normalization, we anticipate further strong growth from the segment in 2021, with potential for up to RUB 9bn in revenues and an expected positive EBITDA margin.

### **New Initiatives segment**

#### ***Youla***

Youla delivered 15% YoY revenue growth in Q1 (RUB 801mn), driven by the rising share of B2B sales. EBITDA loss as a proportion of revenue continued to decline, at 26% in Q1 versus 134% a year prior, with Youla continuing its steady progress towards break-even, anticipated in 2022.

VK Classifieds launched in December 2020 within VK saw strong traction, as more than 39,000 VK groups have started using the new feature and the cross-integration resulting in Youla MAU rising 27% YoY (to 33 mn) in March.

The Jobs vertical formed on the basis of VK Rabota (former Worki) contributed 20% of Youla classifieds revenues, with related DAU rising by 47% YoY, and with the number of new CVs increasing by 2x YoY in Q1.

### ***VK Clips***

VK Clips reached a new peak of 246mn views per day in March, with time spent per user up 49% versus September. We continue to roll out more Professional User Generated Content ('PUGC') and other exclusive content (e.g. mini series) to drive engagement and time spent on Clips. These complement ongoing product enhancements, such as the launch of Duets, new personalized recommendations, technological improvements to the Clips Player, etc. Monetization experiments are also ongoing but with further product development and engagement increase currently prioritized. VK Clips has become part of the New Initiatives reporting segment as of Q1, same as the broader ecosystem-related projects developed inside VK, such as VK Connect and VK Superapp Kit, given that they service the entire Group, rather than just the Communication & Social segment products.

### ***Pulse and Relap (recommendation platforms)***

The number of people who used both of our recommendation platforms reached 62.4mn per month (+38% YoY) in Q1. Average Relap DAU rose to 7.3mn (+23% YoY) in Q1 2021, with MAU of 99mn (16% YoY), while average Pulse DAU stood at 5.7mn (+60% YoY), with a MAU of 62.1mn (+49% YoY). The two platforms' combined revenue almost doubled to RUB 174mn in Q1.

### ***O2O JV (equal ownership with Sberbank and Mail.ru Group)***

O2O JV saw its GMV double YoY in Q1 to RUB 40.7bn.

### ***Food-tech, including Delivery Club (98.1%), Samokat (85.1%), r\_keeper (99.1%) and Local Kitchen (84.7%)***

Delivery Club delivered RUB 3.2bn in gross revenue (+1.8x YoY), with 1.6x growth in orders YoY (to 17.6mn) in Q1.

Delivery Club is present across 316 localities covering >50% of the Russian population, with the share of 1P at 61% of total orders as of March. The platform's connected partner network reached 43,300 (+2.7x YoY) in March, with more than 13,600 restaurants using the takeaway option.

In March Delivery Club reached a new peak of 280,000 in daily orders. Having been first-to-market with e-grocery, takeaway, pharma and meal kit initiatives, Delivery Club continues to broaden its customer offer, with the launch of delivery of flowers, pet food and other non-food items as well as catering services and customer reviews from experts.

Delivery Club continues to demonstrate improvement in unit economics, while developing pricing and marketing processes as well as AI and analytical instruments in logistics.

Samokat grew gross revenues by 10.3x YoY (to RUB 6.0bn), with 11mn in orders (+7.8x YoY) in Q1, including up to 160,000 in daily orders in March.

Throughout Q1 Samokat launched operations in Novosibirsk, Yekaterinburg, Krasnodar and Samara, in addition to its presence in Moscow, St Petersburg, Nizhny Novgorod and Kazan. Further active regional expansion is expected this year.

Samokat's dark store base reached 490 in March (+3.6x YoY). The private label SKU base expanded to 350 out of 2,600 in total and contributed to >17% of revenue in Q1. Samokat has been testing a larger dark store format. It also plans to expand its assortment to 10,000 SKUs, expanding existing categories as well as adding new categories such as small household electronics, cosmetics etc. It also continues to add new value-added customer features, including electronic tip payment.

Local Kitchen serviced 1.7 mn in orders (+2.0x YoY) and generated RUB 867mn in revenues (+2.2x YoY) in Q1 from its 45 kitchens across Moscow (average for Q1).

**Mobility, including Citymobil (97.4%) and Citydrive (former YouDrive) (77.3%)**

In Q1 Citymobil reached 51mn rides with GMV growth of 53% YoY (to RUB 14.3bn), with no new locational rollouts, unlike during Q1 2020, but rather organic growth, supported by the ongoing effort in B2B and Premium segments (3x YoY). Completion rates, driver utilization and ETAs continue to improve, with contribution per trip improving in Q1.

Citymobil continues to expand its delivery business, up 40% QoQ in Q1. More than 700 new SMB clients have joined Citymobil, with improvement in unit economics of delivery by 35% QoQ.

In March Citymobil signed a strategic partnership with Gett, which allows Citymobil's drivers to receive orders from the Gett rider app.

In January Citymobil launched a new loyalty program, already used by more than 40% of Citymobil's daily users, which are demonstrating higher retention and increased frequency. Customer offering has also been enhanced with strengthened processing of passenger complaints as well as the ability to order a taxi for another person.

As a part of its multimodal vision, Citymobil continued consolidation with YouDrive (now branded as Citydrive).

**AliExpress Russia (AER) JV (15% stake held by Mail.ru Group)**

AER continues to scale, with their FY2021 (financial year ended in March 2021) GMV reaching RUB229bn, including RUB55bn local share (+151% YoY), with the number of local sellers reaching 45,000 in March (+350% YoY) and the number of local SPUs (Standardized product units) at around 7mn (+368% YoY). Some of the new local categories include Food, Toys & Hobbies, Lights & Lighting, Office & School Supplies. Local GMV is expected to surpass 50% of total by the end of AER's FY2022.

The platform continues to improve the level of service and value proposition for buyers and sellers:

- Group purchase option on the basis of VK mini apps has been launched
- AER customers can also now pay for goods in installments for purchases completed within the AER mini app in VK and using VK Pay
- Sellers gained access to a single B2B platform to manage online stores, including related inventory and pricing simultaneously across VK, OK, AliExpress and Youla
- AER and Svyaznoy have started testing joint pick-up points in Moscow and Kazan
- Subsidies for discounts for local sellers have been launched with a plan to invest ~RUB 1.5bn into such subsidies during 1H 2021
- AER is also offering free of charge delivery for the first 100 orders to any region of Russia for sellers who started using the Cainiao logistic service since March. Overall, AER and Cainiao plan to invest RUB 3bn+ into support of local sellers in 2021
- Social commerce development continues, with AER's active MAU in VK mini app reaching 4.6mn in March, up 2.2x YoY
- AliExpress Plus accounted for 38% of total AER GMV share during the calendar Q1.

**Conference call and webcast:**

The management team will host an analyst and investor conference call and webcast at 14.00 Moscow time (12.00 London, 7.00 New York) today, including a Question and Answer session.



**Conference call details:**

**Date:** Thursday, April 29

**Time:** 14.00 (Moscow), 12.00 (London), 7.00 (New York)

**Dial-in Numbers** (recommended option to be able to ask questions\*):

From the UK/International: +44 (0)330 336 9434 (local access) / 0800 279 7209 (toll free)

From Russia: +7 495 646 9190 (local access) / 8 10 8002 8675011 (toll free)

From the US: +1 929-477-0324 (local access) / 800-458-4121 (toll free)

**Confirmation Code: 7731236**

**Webcast** (recommended option to be able to listen and view related slides):

<https://www.webcast-egs.com/mailru20210429>

\*We recommend participants to dial at least 5 minutes prior to the start of the conference call.

**For further information please contact:**

Investors

Tatiana Volochkovich

Phone: +7 495 725 6357 extension: 3434

Mobile: +7 905 594 6604

E-mail: [t.volochkovich@corp.mail.ru](mailto:t.volochkovich@corp.mail.ru)

Press

Sergei Luchin

Mobile: +7 915 223 35 71

E-mail: [s.luchin@corp.mail.ru](mailto:s.luchin@corp.mail.ru)

**Cautionary Statement regarding Forward Looking Statements and Disclaimers**

This press release contains statements of expectation and other forward-looking statements regarding future events or the future financial performance of the Group. You can identify forward looking statements by terms such as "expect", "believe", "anticipate", "estimate", "forecast", "intend", "will", "could", "may" or "might", the negative of such terms or other similar expressions including "outlook" or "guidance". The forward-looking statements in this release are based upon various assumptions that are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and may be beyond the Group's control. Actual results could differ materially from those discussed in the forward-looking statements herein. Many factors could cause actual results to differ materially from those discussed in the forward looking statements included herein, including competition in the marketplace, changes in consumer preferences, the degree of Internet penetration and online advertising in Russia, concerns about data security, claims of intellectual property infringement, adverse media speculation, changes in political, social, legal or economic conditions in Russia, exchange rate fluctuations, and the Group's success in identifying and responding to these and other risks involved in its business, including those referenced under "Risk Factors" in the Group's public filings. The forward-looking statements contained herein speak only as of the date they were made, and the Group does not intend to amend or update these statements except to the extent required by law to reflect events and circumstances occurring after the date hereof.



## **About Mail.ru Group**

Mail.ru Group develops the VK ecosystem helping millions of people with their day-to-day needs online. More than 90% of the Russian internet audience use it every day.

The ecosystem enables people to keep in touch (using social networks OK and VK, messaging apps and email service), play video games (via MY.GAMES), get and offer items and services, browse jobs and hire talent (via Youla and VK Jobs), order food and grocery delivery (via Delivery Club, Samokat and Local Kitchen), get a ride (with Citymobil and Citydrive), master new skills (at GeekBrains, Skillbox and other educational services), buy and sell at Aliexpress Russia and fulfill other needs.

The VK ecosystem features a number of shared elements bringing the services together. Users can sign in to different services with a single VK Connect account, pay and earn cash back with the VK Pay platform, get discounts and deals with VK Combo, access their favorite services via the VK Mini Apps platform — and the Marusya voice assistant can help with any task.

The company offers enterprises to employ its dynamic ecosystem to digitize their business processes, providing a range of solutions from online promotion and predictive analytics to corporate social networks, cloud services and enterprise automation.

## Filing of the Annual Report for FY 2020 and Interim Condensed Consolidated Financial Statements for Q1 2021

The Group's Annual Report and audited consolidated financial statements for the year ended December 31, 2020 prepared in accordance with IFRS and accompanied by an independent auditor's report have been filed on the National Storage Mechanism appointed by the Financial Conduct Authority and can be accessed at <http://www.morningstar.co.uk/uk/NSM> or on the Group's website at <https://corp.mail.ru/media/files/mail.rugrouparfy2020.pdf>.

The Group's interim condensed consolidated financial statements for the three months ended 31 March 2021 prepared in accordance with IFRS and accompanied by an independent auditor's review report have been filed on the National Storage Mechanism appointed by the Financial Conduct Authority and can be accessed at <http://www.morningstar.co.uk/uk/NSM> or on the Group's website at <http://corp.mail.ru/media/files/mail.rugroupifrsq12021.pdf>.

### Group Aggregate Segment Financial Information\*

RUB millions	Three months ended 31 March		
	2020	2021	YoY, %
<b>Group aggregate segment revenue (1)</b>			
Online advertising	8,580	10,471	22.0%
MMO games	7,019	9,424	34.3%
Community IVAS	4,646	4,477	-3.6%
Other revenue**	1,961	3,918	99.8%
<b>Total Group aggregate segment revenue</b>	<b>22,206</b>	<b>28,290</b>	<b>27.4%</b>
<b>Group aggregate operating expenses</b>			
Personnel expenses	5,449	7,659	40.6%
Agent/partner fees	5,926	7,821	32.0%
Marketing expenses	4,092	5,800	41.7%
Server hosting expenses	167	203	21.6%
Professional services	173	335	93.6%
Other operating expenses, excl. D&A	783	401	-48.8%
<b>Total Group aggregate operating expenses</b>	<b>16,590</b>	<b>22,219</b>	<b>33.9%</b>
<b>Group aggregate segment EBITDA (2)</b>	<b>5,616</b>	<b>6,071</b>	<b>8.1%</b>
<i>margin, %</i>	25.3%	21.5%	
Depreciation and amortisation (3)	2,586	3,424	32.4%
Share of loss of key JVs and equity associates	2,260	3,745	65.7%
Other non-operating income (expense), net	-503	-521	3.6%
<b>Profit/(loss) before tax (4)</b>	<b>267</b>	<b>-1,619</b>	<b>-707.2%</b>
Income tax expense (5)	434	180	-58.5%
<b>Group aggregate net profit from consolidated subsidiaries(6)</b>	<b>2,093</b>	<b>1,946</b>	<b>-7.0%</b>
<i>margin, %</i>	9.4%	6.9%	
<b>Group aggregate net loss (7)</b>	<b>-167</b>	<b>-1,799</b>	<b>974.2%</b>
<i>margin, %</i>	-0.8%	-6.4%	

(\*) The numbers in this table and further in the document may not exactly foot or cross-foot due to rounding.

(\*\*) Including Other IVAS revenues.

- (1) Group aggregate segment revenue is calculated by aggregating the segment revenue of the Group's operating segments and eliminating intra-segment and inter-segment revenues. This measure differs in significant respects from IFRS consolidated net revenue. See "Presentation of Aggregate Segment Financial Information" below.
- (2) Group aggregate segment EBITDA is calculated by subtracting Group aggregate segment operating expenses from Group aggregate segment revenue. Group aggregate segment operating

expenses are calculated by aggregating the segment operating expenses (excluding the depreciation and amortisation) of the Group's operating segments including allocated Group's corporate expenses, and eliminating intra-segment and inter-segment expenses. See "Presentation of Aggregate Segment Financial Information".

- (3) Group aggregate depreciation, amortisation and impairment expense is calculated by aggregating the depreciation, amortisation and impairment expense of the subsidiaries consolidated as of the date hereof, excluding amortisation and impairment of fair value adjustments to intangible assets acquired in business combinations.
- (4) Profit before tax is calculated by deducting from Group aggregate segment EBITDA Group aggregate depreciation, amortisation and impairment expense and adding/deducting Group aggregate other non-operating incomes/expenses primarily consisting of interest income on cash deposits, interest expenses, dividends from financial and available-for-sale investments and other non-operating items.
- (5) Group aggregate income tax expense is calculated by aggregating the income tax expense of the subsidiaries consolidated as of the date hereof. Group aggregate income tax expense is different from income tax as would be recorded under IFRS, as (i) it excludes deferred tax on unremitted earnings of the Group's subsidiaries and (ii) it is adjusted for the tax effect of differences in profit before tax between Group aggregate segment financial information and IFRS.
- (6) Group aggregate net profit from consolidated subsidiaries is the the (i) Group aggregate segment EBITDA; less (ii) Group aggregate depreciation, amortisation and impairment expense; less (iii) Group aggregate other non-operating expense; plus (iv) Group aggregate other non-operating income; less (v) Group aggregate income tax expense.
- (7) Group aggregate net profit is the the (i) Group aggregate net profit from consolidated subsidiaries; less (ii) Share of loss of key JVs and equity associates. Group aggregate net profit differs in significant respects from IFRS consolidated net profit. See "Presentation of Aggregate Segment Financial Information".

## Operating Segments

The composition of the reporting segments reflects the Group's strategy, the way the business is managed and units' interconnection within its eco-system. From the first quarter of 2021 the Group has identified the following reportable segments on this basis:

- Communications and Social;
- Games;
- Education Technologies (EdTech); and
- New initiatives.

The Communications and Social segment includes email, instant messaging and portal (main page and media projects). It earns substantially all revenues from display and context advertising. This segment also aggregates the Group's social network Vkontakte (VK) and two other social networks (OK and My World) and earns revenues from (i) commission from application developers based on the respective applications' revenue, (ii) user payments for virtual gifts, stickers and music subscriptions and (iii) online advertising, including display and context advertising. It also includes Search and music services (UMA). These businesses have similar nature and economic characteristics as they are represented by social networks and online communications, common type of customers for their products and services and are regulated under similar regulatory environment.

The Games segment includes online gaming services, including MMO, social and mobile games operated by the Group. It earns substantially all revenues from (i) sale of virtual in-game items to users, (ii) royalties for games licensed to third-party online game operators and (iii) in-game advertising.

The Education Technologies (EdTech) segment includes our consolidated education businesses presented by GeekBrains and Skillbox. The businesses earn substantially all revenues from educational services.

The New initiatives segment primarily consists of Youla classifieds earning substantially all revenues from advertising and listing fees, VK Clips with potential to become a major separate product with the planned launch of own application and target presence across the various Group's services, B2B new projects including cloud along with other services, which are considered insignificant by the CODM for the purposes of performance review and resource allocation.

Each segment's EBITDA is calculated as the respective segment's revenue less operating expenses (excluding depreciation and amortisation and impairment of intangible assets), including our corporate expenses allocated to the respective segment.

### Operating Segments Performance – Q1 2021

RUB millions	Communications and Social	Games	EdTech	New initiatives	Eliminations	Group
Revenue						
External revenue	13,362	10,927	2,152	1,849	-	28,290
Intersegment revenue	56	24	-	1	(81)	-
<b>Total revenue</b>	<b>13,418</b>	<b>10,951</b>	<b>2,152</b>	<b>1,850</b>	<b>(81)</b>	<b>28,290</b>
Total operating expenses	7,453	9,508	2,149	3,190	(81)	22,219
<b>EBITDA</b>	<b>5,965</b>	<b>1,443</b>	<b>3</b>	<b>(1,340)</b>	<b>-</b>	<b>6,071</b>
<i>EBITDA margin, %</i>	<i>44.5%</i>	<i>13.2%</i>	<i>0.1%</i>	<i>-72.4%</i>	<i>0.0%</i>	<i>21.5%</i>
<b>Net profit from consolidated subsidiaries</b>						<b>1,946</b>
<i>Net profit from consolidated subsidiaries margin, %</i>						<i>6.9%</i>
<b>Share of loss of equity accounted associates and joint ventures</b>						<b>(3,745)</b>
Aliexpress Russia JV						(478)
O2O JV						(3,313)
Uchi.ru						46
<b>Net loss</b>						<b>(1,799)</b>
<i>Net loss margin, %</i>						<i>-6.4%</i>

### Operating Segments Performance – Q1 2020

RUB millions	Communications and Social	Games	EdTech	New initiatives	Eliminations	Group
Revenue						
External revenue	12,397	7,684	738	1,387	-	22,206
Intersegment revenue	-	17	-	14	(31)	-
<b>Total revenue</b>	<b>12,397</b>	<b>7,701</b>	<b>738</b>	<b>1,401</b>	<b>(31)</b>	<b>22,206</b>
Total operating expenses	5,791	7,157	675	2,998	(31)	16,590
<b>EBITDA</b>	<b>6,606</b>	<b>544</b>	<b>63</b>	<b>(1,597)</b>	<b>-</b>	<b>5,616</b>
<i>EBITDA margin, %</i>	<i>53.3%</i>	<i>7.1%</i>	<i>8.5%</i>	<i>-114.0%</i>	<i>0.0%</i>	<i>25.3%</i>

<b>Net profit from consolidated subsidiaries</b>	<b>2,093</b>
<i>Net profit from consolidated subsidiaries margin, %</i>	<i>9.4%</i>
<b>Share of loss of joint ventures</b>	<b>(2,260)</b>
Aliexpress Russia JV	(245)
O2O JV	(2,015)
<b>Net loss</b>	<b>(167)</b>
<i>Net loss margin, %</i>	<i>-0.8%</i>

## Liquidity

As of 31 March 2021, the Group had RUB 34,552m of cash and RUB 47,717m of debt outstanding (excluding lease liabilities), therefore the Group's net debt position was RUB 13,165 million.

## Presentation of Aggregate Segment Financial Information

The Group aggregate segment financial information is derived from the financial information used by management to manage the Group's business by aggregating the segment financial data of the Group's operating segments and eliminating intra-segment and inter-segment revenues and expenses. Group aggregate segment financial information differs significantly from the financial information presented on the face of the Group's consolidated financial statements in accordance with IFRS. In particular:

- The Group's segment financial information excludes certain IFRS adjustments which are not analysed by management in assessing the core operating performance of the business. Such adjustments affect such major areas as revenue recognition, share-based payment transactions, disposal of and impairment of investments, fair value adjustments, amortisation and impairment thereof, net foreign exchange gains and losses, as well as irregular non-recurring items that occur from time to time and are evaluated for adjustment as and when they occur. The tax effect of these adjustments is also excluded from segment reporting.
- In 2021 the Group changed the approach to the presentation and composition of reporting segments in order to better reflect the Group's strategy and the way the business is managed. From the first quarter of 2021 the Group has presented reportable segments based on the consolidation scope as determined in accordance with IFRS, a change from previously applying a pro forma approach to acquisitions, disposals and assets held for sale.
- Segment revenues do not reflect certain other adjustments required when presenting consolidated revenues under IFRS. For example, segment revenue excludes barter revenues and adjustments to defer online gaming, social network and education revenues under IFRS.

A reconciliation of Group aggregate segment revenue to IFRS consolidated revenue of the Group for the three months ended 31 March 2020 and 2021 is presented below:

RUB millions	Q1 2021	Q1 2020
<b>Group aggregate segment revenue, as presented to the CODM</b>	<b>28,290</b>	<b>22,206</b>
Adjustments to reconcile revenue as presented to the CODM to consolidated revenue under IFRS:		
Differences in timing of revenue recognition	(555)	(584)
<b>Consolidated revenue under IFRS</b>	<b>27,735</b>	<b>21,622</b>

A reconciliation of Group aggregate segment EBITDA to IFRS consolidated loss before income tax expense of the Group for the three months ended 31 March 2020 and 2021 is presented below:

RUB millions	Q1 2021	Q1 2020
<b>Group aggregate segment EBITDA, as presented to the CODM</b>	<b>6,071</b>	<b>5,616</b>
Adjustments to reconcile EBITDA as presented to the CODM to consolidated loss before income tax expenses under IFRS:		
Differences in timing of revenue recognition	(555)	(584)
Net (loss)/gain on venture on venture capital investments	5	(41)
Share-based payment transactions	(306)	(429)
Other	(25)	(26)
<b>EBITDA</b>	<b>5,190</b>	<b>4,536</b>
Depreciation and amortisation	(4,430)	(3,383)
Share of loss of equity accounted associates and joint ventures	(3,289)	(2,823)
Finance income	130	119
Finance expenses	(962)	(611)
Other non-operating loss	(135)	(120)
Net gain on derivative financial assets and liabilities at fair value through profit or loss	1,294	211
Goodwill impairment	-	(6,430)
Gain on remeasurement of previously held interest in equity accounted associate	-	46
Impairment of equity accounted associates	-	(222)
Net foreign exchange loss	(600)	(342)
<b>Consolidated loss before income tax expense under IFRS</b>	<b>(2,802)</b>	<b>(9,019)</b>

A reconciliation of Group aggregate net loss to IFRS consolidated net loss of the Group for the three months ended 31 March 2020 and 2021 is presented below:

RUB millions	Q1 2021	Q1 2020
<b>Group aggregate segment net loss, as presented to the CODM</b>	<b>(1,799)</b>	<b>(167)</b>
Adjustments to reconcile net loss as presented to the CODM to consolidated net loss under IFRS:		
Share-based payment transactions	(306)	(429)
Differences in timing of revenue recognition	(555)	(584)
Amortisation of fair value adjustments to intangible assets	(1,006)	(791)
Net gain on financial instruments at fair value through profit or loss	1,300	170
Net loss on financial liabilities at amortised cost	(216)	-
Goodwill impairment	-	(6,430)
Gain on remeasurement of previously held interest in equity accounted associate	-	46
Net foreign exchange loss	(600)	(342)
Differences in recognition of net share in loss of equity accounted associates and joint ventures	456	(563)
Impairment of equity accounted associates	-	(222)
Other non-operating loss	(236)	(120)
Other	(19)	(21)
Tax effect of the adjustments	524	321
<b>Consolidated net loss under IFRS</b>	<b>(2,457)</b>	<b>(9,132)</b>

**Interim Condensed Consolidated IFRS Statement of Financial Position**

RUB millions	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments in equity accounted associates and joint ventures	37,562	41,948
Goodwill	135,670	135,670
Right-of-use assets	16,359	15,618
Other intangible assets	19,200	19,623
Property and equipment	12,790	11,651
Financial assets at fair value through profit or loss	3,566	2,305
Deferred income tax assets	3,292	2,924
Long-term loans receivable	506	422
Advance under office lease contract	397	249
<b>Total non-current assets</b>	<b>229,342</b>	<b>230,410</b>
<b>Current assets</b>		
Trade accounts receivable	14,777	16,707
Prepaid income tax	311	358
Prepaid expenses and advances to suppliers	1,112	853
Loans receivable	6,169	2,441
Other current assets	2,091	1,345
Cash and cash equivalents	34,552	39,297
Assets held for sale	2,248	-
<b>Total current assets</b>	<b>61,260</b>	<b>61,001</b>
<b>Total assets</b>	<b>290,602</b>	<b>291,411</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Issued capital	-	-
Share premium	77,446	77,101
Treasury shares	(1,044)	(1,071)
Retained earnings	100,638	103,103
Foreign currency translation reserve	1,811	1,195
<b>Total equity attributable to equity holders of the parent</b>	<b>178,851</b>	<b>180,328</b>
Non-controlling interests	1,598	1,663
<b>Total equity</b>	<b>180,449</b>	<b>181,991</b>
<b>Non-current liabilities</b>		
Deferred income tax liabilities	990	1,379
Deferred revenue	1,825	1,871
Non-current lease liabilities	12,564	11,338
Non-current financial liabilities at fair value through profit or loss	2,441	3,506
Long-term interest-bearing loans and bonds	40,454	41,497
Other non-current liabilities	265	265
<b>Total non-current liabilities</b>	<b>58,539</b>	<b>59,856</b>
<b>Current liabilities</b>		
Trade accounts payable	12,996	10,923
Income tax payable	2,425	2,673
VAT and other taxes payable	3,055	2,259
Deferred revenue and customer advances	17,622	16,912
Short-term portion of long-term interest-bearing loans	4,822	3,718
Current lease liabilities	3,902	3,861
Other payables, accrued expenses and contingent consideration liabilities	6,040	9,218
Liabilities directly associated with assets held for sale	752	-
<b>Total current liabilities</b>	<b>51,614</b>	<b>49,564</b>
<b>Total liabilities</b>	<b>110,153</b>	<b>109,420</b>
<b>Total equity and liabilities</b>	<b>290,602</b>	<b>291,411</b>

## Interim Condensed Consolidated IFRS Statement of Comprehensive Income

RUB millions	Three months ended March 31,	
	2021	2020
Online advertising	10,471	8,581
MMO games	9,399	6,825
Community IVAS	4,359	4,521
Other revenue	3,506	1,695
<b>Total revenue</b>	<b>27,735</b>	<b>21,622</b>
Net gain/(loss) on venture capital investments	5	(41)
Personnel expenses	(7,964)	(5,878)
Agent/partner fees	(7,832)	(5,926)
Marketing expenses	(5,799)	(4,090)
Server hosting expenses	(203)	(167)
Professional services	(343)	(180)
Other operating expenses	(409)	(804)
<b>Total operating expenses</b>	<b>(22,550)</b>	<b>(17,045)</b>
<b>EBITDA</b>	<b>5,190</b>	<b>4,536</b>
Depreciation and amortisation	(4,430)	(3,383)
Share of loss of equity accounted associates and joint ventures	(3,289)	(2,823)
Finance income	130	119
Finance expenses	(962)	(611)
Other non-operating loss	(135)	(120)
Goodwill impairment	-	(6,430)
Net gain on derivative financial assets and liabilities at fair value through profit or loss	1,294	211
Impairment of equity accounted associates	-	(222)
Gain on remeasurement of previously held interest in equity accounted associate	-	46
Net foreign exchange loss	(600)	(342)
<b>Loss before income tax expense</b>	<b>(2,802)</b>	<b>(9,019)</b>
Income tax benefit/(expense)	345	(113)
<b>Net loss</b>	<b>(2,457)</b>	<b>(9,132)</b>
Attributable to:		
Equity holders of the parent	(2,465)	(9,077)
Non-controlling interest	8	(55)
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>		
Exchange differences on translation of foreign operations:		
Differences arising during the period	616	131
<b>Total other comprehensive income, net of tax effect of 0</b>	<b>616</b>	<b>131</b>
<b>Total comprehensive loss, net of tax</b>	<b>(1,841)</b>	<b>(9,001)</b>
Attributable to:		
Equity holders of the parent	(1,849)	(8,946)
Non-controlling interest	8	(55)
<b>Loss per share, in RUB:</b>		
Basic loss per share attributable to ordinary equity holders of the parent	(11)	(42)
Diluted loss per share attributable to ordinary equity holders of the parent	n/a	n/a

**Interim Condensed Consolidated IFRS Statement of Cash Flows**

RUB millions	Three months ended March 31, 2021	Three months ended March 31, 2020
<b>Cash flows from operating activities</b>		
Loss before income tax	(2,802)	(9,019)
Adjustments to reconcile loss before income tax to cash flows:		
Depreciation and amortisation	4,430	3,383
Impairment losses on financial assets at amortized cost	296	301
Net gain on financial assets and liabilities at fair value through profit or loss	(1,294)	(211)
Goodwill impairment	-	6,430
Gain on remeasurement of previously held interest in equity accounted associates	-	(46)
Finance income	(130)	(119)
Finance expenses	962	611
Share of loss of equity accounted associates and joint ventures	3,289	2,823
Net foreign exchange loss	600	342
Share-based payments expenses	306	429
Other non-cash items	(26)	44
Net (gain)/loss on venture capital investments	(5)	41
Impairment of equity accounted associates	-	222
Change in operating assets and liabilities:		
Decrease in accounts receivable	1,464	1,863
Decrease in prepaid expenses and advances to suppliers	28	482
(Increase)/decrease in other assets	(1,277)	320
Decrease in accounts payable and accrued expenses	(55)	(2,014)
Decrease/(increase) in other non-current assets	271	(110)
Increase in deferred revenue and customer advances	670	433
Increase in financial assets at fair value through profit or loss	(1,426)	(30)
<b>Operating cash flows before interest, income taxes and contingent consideration settlement</b>	<b>5,301</b>	<b>6,175</b>
Interest received	51	193
Interest paid	(842)	(561)
Income tax paid	(617)	(1,086)
<b>Net cash provided by operating activities</b>	<b>3,893</b>	<b>4,721</b>
<b>Cash flows from investing activities:</b>		
Cash paid for property and equipment	(1,887)	(1,266)
Cash paid for intangible assets	(819)	(813)
Dividends received from equity accounted associates	461	29
Loans issued	(3,836)	(189)
Loans collected	-	253
Cash paid for acquisitions of subsidiaries, net of cash acquired	(192)	292
Cash paid for investments in equity accounted associates	(103)	(73)
<b>Net cash used in investing activities</b>	<b>(6,376)</b>	<b>(1,767)</b>
<b>Cash flows from financing activities:</b>		
Repayment of lease liabilities	(956)	(922)
Loans repaid	(653)	(654)
Cash paid for non-controlling interests in subsidiaries	(24)	-
Dividends paid by subsidiaries to non-controlling shareholders	(53)	(224)
<b>Net cash used in financing activities</b>	<b>(1,686)</b>	<b>(1,800)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,169)</b>	<b>1,154</b>
Effect of exchange differences on cash balances	618	705
Cash and cash equivalents at the beginning of the period	39,297	9,825
<b>Cash and cash equivalents at the end of the period relating to continuing operations</b>	<b>35,746</b>	<b>11,684</b>
<b>Change in cash related to asset held for sale</b>	<b>(1,194)</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>34,552</b>	<b>11,684</b>