

23rd April 2020

Mail.ru Group Limited Annual Report for FY 2019 and unaudited IFRS results for Q1 2020

April 23, 2020. Mail.ru Group Limited (MAIL, hereinafter referred to as "the Company" or "the Group"), one of the largest Internet companies in the Russian-speaking Internet market, today releases its annual report for the year ended 31 December 2019 and unaudited IFRS results and segment financial information for the three months ended 31 March 2020.

Performance highlights*

- ▶ On a pro-forma basis, for the three months ended 31 March 2020:
 - Q1 2020 Group aggregate segment revenue grew 14.3% Y-o-Y to RUB 22,332m.
 - Q1 2020 Group aggregate segment EBITDA increased 4.1% Y-o-Y to RUB 5,729m.
 - Q1 2020 Group aggregate net profit declined 22.2% Y-o-Y at RUB 2,203m.
- ▶ Net debt position as of 31 March 2020 was RUB 11,422m.

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

*** Net profit does not include the Group's share in the net results of associates and joint ventures. The Group's share in the net results of key JVs (AER and O2O), prepared based on principles used for the segment financial information of the Company's consolidated operations, was RUB 2,260m loss in Q1 2020.*

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

"While the current unprecedented situation means that 2020 has started with some significant challenges, we feel relatively well-positioned given our profitability and well-diversified revenue streams. Advertising, which accounts for less than 40% of the Group's revenues has a clear correlation with local business performance and outlook, which started to be impacted by the combination of COVID-19 and the oil shock in March. However MMO Games, which accounts for over 30% of revenues, has seen net positive effects since the back end of March, especially across traditional home PC and console platforms. As a result, we are able to offset some of the effects of ongoing local advertising weakness with MMO games revenue streams, most of which are importantly international. Despite market conditions, the overall growth of our business continued across all verticals in Q1:

Total revenues in Q1 2020 grew 14.3% Y-o-Y to RUB 22,332m.
Advertising revenues in Q1 2020 grew 9.3% Y-o-Y to RUB 8,553m.
MMO revenues in Q1 2020 grew 11.5% Y-o-Y to RUB 7,173m.
Community IVAS revenues in Q1 2020 grew 10.6% Y-o-Y to RUB 4,646m.
Other revenues in Q1 2020 grew 80.8% Y-o-Y to RUB 1,960m.

Amidst the ongoing turbulence and remaining uncertainty, we see the current crisis as a trigger for further digitalization of broader segments of the Russian economy and its population. The 2020 shocks will, we expect, accelerate the shift towards covering a broader set of people's needs through online platforms: from food to medicine delivery, from entertainment to education or work, from socialization to privacy. Hence, we believe that current events could serve as a catalyst for an accelerated digital evolution, which could potentially lead to the Group achieving even higher mid-term growth than we envisioned in our recent strategic outlook, particularly if we use this time to maximize the loyalty of our growing user base by improving our offering and brand perception.

As a Group, we remain committed to supporting our users and businesses during this challenging time. We launched a #betterathome portal showcasing multiple ways for people to safely study, work, complete

routine and business tasks, entertain themselves and stay informed, while staying at home. Our offer includes more than 70 marketing, technological and service solutions from the Group and will be further extended, including through partner services.

We have allocated RUB 1bn worth of resources from across the Group to support SMEs, who are the backbone of the well-being of tens of millions of Russian households. We are helping them move their business online, advertise online and find staff remotely. We have also allocated RUB 200m to support the local gamer community and are participating in the global 'Play Apart Together' campaign, joining the ranks of Activision Blizzard, Microsoft and Sega. Together, with Russia's Ministry of Science and Higher Education and Ministry of Education, we have been helping schools and universities switch to distance learning, by quickly providing access to tools across our social networks and educational platforms, without disruption. OK and VK now also offer an online school program for grades 5-11. In the meantime, to serve businesses working remotely, our messengers allow for video calls with up to 100 participants, among other features. Overall, we continue to seek ways on how we can best use our platforms, services and technology to help communities and businesses across Russia.

The ongoing crisis is having an impact on ad budgets, which we started to see in March and this impact will be more pronounced in Q2, where we expect negative advertising revenue growth. Advertising visibility is tied to the potential length of the lockdown as well as oil price dynamics, neither of which at this point we have a clear view on. However, we expect the structural shift to digital to remain intact in 2020 with digital holding up better than other advertising channels. We continue to expect a further shift into social within digital in the coming years and our ongoing investments into AdTech make us well-positioned, with VK revenue growth of above 20% in Q1 being a reflection of that. Also, our largest advertising verticals are FMCG and eCommerce, with both doing relatively better, while none of the other sectors account for >10% of advertising revenues. Also, we have relatively low exposure to SMEs, at less than 25% of our advertising revenues and relatively high exposure to advertising via mobile app.

The ongoing lockdowns have resulted in greater engagement and time spent across our platforms:

- PC, being the traditional home platform for online games, is seeing a positive impact, with Warface growing CCU by 33% and DAU by 23% MoM on April 15. Skyforge was +55%/+49%, Conqueror's Blade +76%/+29% and Lost Ark +26%/+25% respectively
- During the first 9 days of April, VK saw daily calls rise by 35% vs mid-February, with 20% growth in messages sent, 33% rise in video views, 48% increase in watched streams and 17% for Stories
- VK Mini Apps MAU continues to grow, up from 27.5m in March to 31m so far in April, with the number of apps rising to 16,000 versus 15,000
- Number of group calls on OK grew by 70% during the second half of March. The number of sent messages increased during the first week of April by 37% YoY, with the number of confirmed friend requests up 39.6% and video views up 28%, with a new daily record of 1 billion views reached. OK's mobile games audience growing 27% YoY
- Geekbrains saw a 648% spike in portal registrations and 89% growth in new paying students MoM during the first two weeks of lockdown
- Skillbox saw a 33% increase in WAU on April 12, with the share of active users rising to 21% from 17.6% and weekly homework submissions rising by 40% MoM
- Our e-mail service moved into the top-5 most downloaded apps in Russia in App Store and Google Play at the end of March and remains within top-10
- DC saw a 60% spike in downloads and a 22% increase in restaurant orders during the first two lockdown weeks versus two weeks prior. Share of orders from first-time users rose from <10% to 15%

At the same time, the Games segment should partially offset the impact on advertising in 2020. Games started to see a rise in engagement toward the end of March and this has carried into Q2. We expected Q1 to be the low point in the growth for Games in 2020, with single digit growth in our base case. Games ended up outperforming. Key launches remain on track in Q2 and we continue to see the base case for Games as unchallenged, with a pronounced improvement in growth already in Q2. Although games spend is discretionary, 2008 offers no lessons as the industry was significantly smaller, mostly physical, with not much mobile and no GaaS (Games as a Service), including F2P, which is our core focus.

The scale, profitability and diversity of our business mean that the Group has a competitive advantage, which allows us to invest through the present downturn, in order to convert the Company's highly engaged and broadening user base into future growth. Although non-essential discretionary spend has been stopped and we are now focusing on increased discipline around investments across New Initiatives, the Group's ecosystem strategy remains in place, with our assets becoming increasingly inter-connected and investments into the core businesses continuing as planned. This should create a solid footing for further growth and market share gains for the Group upon macro upturn.

Our revenues and opex are largely matched with regards to FX exposure, while most of our capex is in foreign currency. This means that RUB weakness is marginally positive when it comes to EBITDA, and broadly neutral for FCF on an all else equal basis.

Our net debt position, post M&A costs (including the \$100mn contribution for AER JV and RUB 8.5bn contribution to O2O JV), at the end of Q1 stood at RUB 11.4bn. We have another \$82m contribution to make towards AER JV in October 2020 and a potential RUB 4.6bn payment due to O2O JV in November, subject to KPIs. The only significant USD based liability we have is the \$82mn future payment under AER JV. All of our borrowing is in RUB.

Given the current challenging and uncertain market environment, with the ongoing lockdowns and pressures on the advertising market, we decided to take a conservative stance and carried out a stress-test with an assumption that this might be the first-ever year that Russia's digital advertising market experiences a decline. This resulted in an impairment of goodwill to the amount of RUB 6.4bn in relation to search, email, portal and instant messengers, albeit we continue to believe in long-term prospects of these businesses. All other assets have passed the stress-test and hence no further write-downs are expected under given assumptions.

While the challenges all companies are facing are significant, we have a well-diversified business, with a robust balance sheet and solid FCF generation capacity. Our primary concern therefore remains the welfare of our employees and customers, their families, local communities and local businesses. Given the continued uncertainty, we do not believe it is possible to retain the Group's 2020 guidance as communicated at our full year results on 26 February. Although we are not yet in position to provide explicit updated guidance for the Group, in our current stress-test scenario, where we see a return to growth in digital advertising only in 2021, we still expect 2020 to be a solid growth year for the Group, albeit at the expense of lower profitability given the temporary shift in revenue mix towards the structurally lower-margin Games segment.

We maintain our intention to list on the Moscow Exchange as part of our continued commitment to public markets and liquidity improvement. We also plan to publish our first Sustainability Report in 2020 as a sign of our rising focus on ESG.

Segmental highlights

Communications and Social

Communications and Social segment revenues grew 8.8% in Q1 to RUB 12,523m, driven by continued growth in all of the major engagement metrics.

VK

VK remains a strong leader among communication platforms in Russia, with 73.4m MAU (+4% YoY), including 67m on mobile (+9% YoY) as of March.

VK maintains its focus on boosting time spent and stickiness, with time spent +5.5% YoY to 38 minutes¹, including 11% growth on mobile. Since Russia started to move into a stay-at-home regime in light of COVID-19, VK started to experience an engagement boost, with +35% in daily calls, +20% in messages sent, +33% in video views, +48% in watched streams and +17% - for Stories. Gaming DAU was +15%

WoW. VK Mini Apps DAU was +260% MoM in March, with a 120% increase in the number of those looking through Mini Apps catalogue and a new record of 27.5m MAU in March (vs 23mn in Dec), with “Business” becoming one of the top-3 most popular categories.

In Q1, VK had the important task of providing users with reliable information about COVID-19, protecting users from fake news and giving them tools to use for entertainment, daily tasks, distance learning, communication and work. In total, the VK Team launched and supported over 50 related projects, including: 1) integration tools for schools, universities and businesses to be able to carry out online education and communication; 2) temporary doubling of advertising budgets on SMEs’ mobile accounts; 3) videos of theatrical performances to celebrate the day of theatre in Russia despite the lockdown as well as daily live concerts and reading club meetings; 4) limited-time special music subscription trial offer for just RUB1; 5) launched a news tab and COVID-19 information center, which not only offers related newsflow, but also various discounts for online services as well as ideas about how to productively spend quarantine, with over 20mn WAU in these services; 6) various flash mobs to entertain and distract users from ongoing crisis.

Extensive product updates continue. During the quarter, VK launched a new version of its mobile app, with changed navigation and design, with recommendations and newsfeed in first tab, followed by Mini Apps, VK Pay, Communities and streaming services, which is a reflection of VK’s focus and the basis for its ecosystem’s development in the coming years, with deep focus on communication and content. The goal is for services to become increasingly integrated, native and personalized while covering an increasingly broad set of users’ online and offline needs through now >16,000 mini apps on the platform as well as VK Pay.

VK added likes to Stories, with tests showing a 33% boost to reactions. VK also added interactive stickers for Stories. The tool allows third-party app developers to collect feedback inside the app, collect orders, boost brand awareness, creatively promote their products and services. VK plans to launch more instruments boosting interaction between users and authors in 2020. 9mn authors publish 114mn Stories monthly on VK, with 7.6bn monthly views from 42mn users.

In order to further boost convenience for users, VK is testing a service based on neural networks, which would allow users to convert voice messages into text in order to preview them prior to listening or eventually being able to search history, inclusive of voice messages. 30mn people exchange voice messages on VK monthly.

VK updated its eCommerce platform, which allows it to set-up sales through VK even more conveniently. The platform allows shoppers to communicate with sellers, and for users to shop through mini apps or external seller websites. Own shopping history is accessible. There are hundreds of thousands of active sellers on VK and millions of users interacting with eCommerce. As part of ongoing cross-selling efforts, VK will explore related integration with Youla during later periods of the year.

VK launched a Wishlist section where users can create wish lists and tag items available on VK, including its mini apps, with lists visible to friends. Purchases can be made directly on VK. For those seeking ideas, there is a recommendation section.

VK has also unified its payment solutions, with the user not having to choose between payment methods, including VK Pay – VK offers the most convenient and cheapest transfer option depending on the amount, card’s payment system, VK Pay accessibility and wallet balance. Functionality has expanded as well: transfers can be done by just a click of a button while chatting in the messenger inside VK or on user’s home page. Payment history is visible within “Payment transfers”.

Overall, we continue to expect a further shift into social within digital advertising in the coming years and our ongoing investments into advertising technologies and core products make us well-positioned, with VK revenue growth of above 20% in Q1 against a weakening market being a reflection of that.

¹ Mediascope, Russia, Desktop + mobile, all cities 0+, aged 12+, February 2020

OK

OK is not just a social network for communicating with friends – it's also a large platform for entertainment, exchange of emotions and consumption of differentiated content. In a situation where the COVID-19 pandemic induced a spike in online time spent, OK saw user engagement increase, with time spent using apps up 24% YoY for Android and +9% for the iOS during the first week on April and +12.7% for iOS vs mid-March.

OK's key services for communicating and exchanging emotions have been seeing elevated demand lately. Number of group calls in the second half of March grew 70%, up 4x for calls with five+ participants, with OK being the only social network in Russia with up to 100 people group call capacity and ability for users to exchange files, send screenshots, use virtual reality add-ons and other tools during the call. The number of sent messages increased during the first week of April by 37% YoY, with the number of confirmed friend requests up 39.6%.

During the first week of lockdown, OK users have been consuming significantly more content: the number of viewed newsfeed items has risen by 14%, number of unique users of the Recommendation newsfeed grew by 22%, video views have increased by 28%.

During Q1, OK improved algorithms in recommended videos, expanded its range of compiled video lists, and recommendation algorithm's reach by employing it in the newsfeed and in the similar videos feed. This led to a three-fold increase in total viewing duration and 80% growth in the number of views of recommended videos Quarter-over-quarter, with total daily views reaching a new record of 1 billion. OK's video platform now also features online virtual tours to Russia's top museums, broadcasts of theater shows as well as online music concerts and eSports tournaments like OK Challenge.

Games also became one of the services seeing higher demand, with OK's mobile games audience growing 27% YoY during the first lockdown week. To support players for their efforts in social distancing, OK together with VK and MY.GAMES launched the #PlayAtHomeStandUnited campaign, with 200 iPhones in giveaway prizes and other bonuses to support safe entertainment.

OK has also launched multiple initiatives supporting its users and local businesses through the difficult time:

1. OK provides users with relevant and verified content: the Recommendation feed added a tab for socio-political news on COVID-19 as well as Russia's Health Ministry's guidelines
2. In March 2020, in cooperation with Russian Ministry of Education, OK provided its platform for distance learning with a published set of recommendations on how to organize online learning and a hotline service desk to provide assistance to teachers
3. OK became the first social network to integrate with Russia's public services portal Gosuslugi, which means that users can access multiple state services without leaving the network (e.g. register a new car, apply for a new passport, apply for maternity capital, etc)
4. Between April 2 and June 30, the social network will double the value of all advertising purchases from SMEs on its platforms as a measure to support local businesses.

Games

Mail.ru Group was ranked among the top-3 European mobile app publishers in terms of revenues in 2019². This progress was driven largely by the Games segment, +26% in 2019. While we expected the growth of Games in Q1 to be lower than in Q4 2019 given the launch schedule and base effects, growth for the quarter came in at 13.4% YoY to RUB 7,896m, with acceleration to above 20% YoY growth in March. In Q1 2020, international revenues accounted for 69% of total MMO revenue.

By adapting to the global COVID-19 context, we have successfully rolled-out remote work for all our in-house studios and keep following our initial 2020 publishing pipeline along with helping our users to safely entertain while staying at home. In March MY.GAMES collaborated with VK and OK social networks,

supporting Russians during self-isolation by offering bonuses and gifts in its games across platforms worth ~RUB200m. MY.GAMES launched the #PlayAtHomeStandUnited campaign with >150,000 gamers voicing their support one week post-launch. In addition, we launched a raft of new social features for the MY.GAMES Store including a new messenger, multi-profile account and Twitch and Mixer streaming integration, which were fast-tracked through development to improve remote communication for players. At the end of March, we saw traffic jump 25% on MY.GAMES Store. Over 615,000 unique users have used the messenger since its launch on March 24, opening it 3.2m times. More than a third of our users tried the multi-profile function. Social distancing boosted the increase of interest in streaming, where we own DonationAlerts, which holds an estimated 85% streaming market share locally.

² App Annie

PC & Console

Since self-isolation gained traction globally, MY.GAMES started to see a positive impact on engagement in terms of DAU and CCU on traditional home platforms: PC and consoles. We saw activity picking up in Russia during the fourth week of March. In Europe, this growth began one-two weeks earlier, depending on the country. Warface has shown a jump in daily audience numbers in Europe, with DAU growing 45% in late March compared to the baseline. For Conqueror's Blade, DAU grew 75%. New registrations in March spiked by 267% MoM for Conqueror's Blade to reach 2.6m, and 70% for Warface compared with February. These trends could carry through Q2, depending on the duration and spread of lockdown policies.

Warface launched on Nintendo Switch on February 18, which marked the fourth platform where the game is now available, and reaching 1m users within a month. Warface also became the first CryEngine title in the world to be ported to the Nintendo Switch. The game's daily audience on two other consoles also grew in the third week of March, by 16% WoW on the PlayStation 4 and 13% WoW on Xbox One. Warface, despite being in its eighth year in operation, remains one of the top three franchises for MY.GAMES, with plans to launch another console game within the franchise in Q2 for the PS4 and Xbox One.

The MMORPG Lost Ark (licensed from Smilegate RPG) had a PC update, which had a good response, with audiences reaching 1.8m of registered users across Russia/CIS since its launch in October.

Mobile

As of Q1, 66% of Games revenues came from mobile. War Robots reached a new milestone of 150mn in downloads in January 2020. It is in a mature phase of its lifecycle (over 6 years old) and therefore is expected to continue to show EBITDA improvement throughout 2020. Hustle Castle (over 3 years old) continues to show strong performance, at 58m downloads, and remains a strong margin generator. The game set a new daily revenue record of RUB 128m on April 15th and remains among the top-3 in our portfolio, with a full pipeline of updates planned for 2020. The American Dad! Apocalypse Soon mobile game, developed in partnership with FOX Next, has 4.5m downloads. Left to Survive, developed by the Whalekit studio, remains among our top-5 revenue-generating games with around 22m downloads. The narrative-driven mobile game Love Sick: Interactive Stories, developed by SWAG MASHA studio is among the top-10 titles with 12m downloads since its launch in February 2019. In Q1 we acquired control in the Belngame Studio – developer of the mobile title Zero City with >9mn downloads, experiment in a very trending postapocalyptic zombie setting.

In the meantime, we continue to roll out new titles according to our pipeline. Warface: Global Operations, a F2P mobile title launched by Whalekit in January, has 5.5m downloads. In the first month, the shooter became the game of the month on the App Store in Russia and Europe. The IT Territory studio launched the World Above: Cloud Harbor mobile adventure puzzle game on March 16, while the Pixonic studio launched the new Dino Squad mobile game on April 20.

As Mail.ru Group's Games segment accounted for 36% of its revenues in 2019, with a 69% international revenue share in total MMO revenue, a weaker RUB spells a positive impact. Protracted global macroeconomic weakness could adversely impact Games given their discretionary nature. Yet, the financial crisis in 2008 offers few lessons as the industry was much smaller, mostly physical, barely mobile

and with no GaaS (games as a service). Therefore, while uncertainty remains, we continue to expect strong revenue growth for Games, with continued market share gains in the largest entertainment market globally.

New initiatives

The New Initiatives segment revenue in Q1 2020 grew 80.3% YoY to RUB 1,987m. Among key drivers was continued progress in monetization of Youla as well as rising scale of online education, which is now the largest component of the New Initiatives.

Youla

Youla delivered 1.75x YoY growth in Q1 with revenue of RUB 699mn. In March, we began to observe a slight decrease in engagement, with MAU at 26m, down 3.7% YoY, as well as impact on revenue from actions taken to support our customers. In the first 9 days of April, MAU showed a rebound and revenue across all the key services has been recovering even faster (up to +30% WoW in daily revenue). However, at this point it is not clear whether this improvement might be temporary, subject to COVID-19 developments and overall macroeconomic situation.

As part of Mail.ru Group's COVID-19 related support package Youla added a number of measures, including showcasing collection of remote services in its main feed, allowing for up to 200 free listings per month in select categories (previously limited to 50), option of free promotion in exchange for bonuses. Our 33 Slona digital real estate agency has temporarily waived commissions in favor of realtors and agencies. The Worki jobs service has offered bonuses for businesses and extended the duration of prepaid services with the possibility of using them at a later date.

Youla also supports users during the pandemic with its product features: 1) video calls between users; 2) contactless delivery in Moscow and Moscow region, which is free for sellers; 3) interactive virtual 3D home tours by 33 Slona, with the remote look option growing to 57% share in April versus only 6% in March; 4) special feeds for remote jobs at Worki, and an option for the unemployed to apply for a free promo of their resumé in employers' search feeds.

Youla's largest exposure is in the Generals vertical, which tends to be more resilient during macroeconomic weakness as people tend to switch to second-hand goods, given pressure on disposable incomes. In terms of user acquisition, Youla benefits from access to the Group's sources of traffic, which can replace external channels.

To boost engagement, Youla became one of the first among Group's services to integrate VK Connect, the Group's identity system, which allows for a fast and seamless login into Youla for existing VK users. Since launch, 20% of new authorizations used VK Connect, with conversion to authorization exceeding 90%.

Worki integration with VK continues to show solid traction, with 30% of authorizations using the social network's IDs. Development of simple but mandatory registration using VK profile data resulted in six-fold growth in conversion to registration made through the Worki Mini app on VK. In Q1 Worki also made several new features available for recruiters including a generator of customized feeds with posting on other aggregators to expand application pull, which enables faster closures of rare or mass hiring vacancies and adds up to 20-40 applications daily per client. Recruiters now also have an option to brand their own pages on the web platform and pay to have access to the CV database, both supportive for monetization. As a result, Worki saw a 1.8x increase in paying customers YoY in March.

During Q1 Youla continued to enhance its B2B platform, providing sellers with additional ways to pay for services with wallet and simplifying their workflow with features like automated billing, auto verification of legal entity's ID and downloadable list of transactions. Youla also improved its C2C flow, developing the bargaining feature as users have natural need to discuss the price, with up to 30% of all contacts related to bargaining.

Given the ongoing macroeconomic volatility, the near-term focus of Youla will be on further development of general, jobs and services verticals. Investments will continue in 2020, albeit could be less than the initial budget, subject to revenue performance.

Online education

Following the consolidation of Skillbox in Q4, our online education products generated a combined RUB 738m in revenues in Q1, growing at triple digit rate YoY despite the ongoing COVID-19 related initiatives, which assume provision of temporary free access to some of their services. These services are currently the largest revenue contributor within the New Initiatives reporting segment.

Geekbrains saw a 648% spike in portal registrations and 89% growth in new paying students MoM during the first two weeks of ongoing lockdown.

Skillbox saw a 33% increase in WAU on April 12, with the share of active users rising to 21% from 17.6% and weekly homework submissions rising by 40% MoM.

MRG Tech Lab

Capsule smart-speaker, powered by our Marusia virtual voice assistant, was launched for sale this week, including on AliExpress. It can search for information, read stories and fairy-tales, manage smart-home devices, forecast the weather, share interesting facts, quotes and much more. Importantly, Capsule has become the first smart speaker in Russia to provide online call functionality.

Advertising technologies

Despite the challenging backdrop, we maintain our leadership among all the Internet holdings present in Russia in terms of daily reach³, at ~58.5m or 48% of local population and ~71% reach monthly (~87m or ~92% of domestic Internet users). This comes as a result of our strong focus on technological advancement with differentiation across mobile and desktop platforms as well as dedication to retaining the highest possible ROIs for our clients.

The pandemic started to influence local businesses in mid-March, boosting digitization across business processes – from distribution channels to traditional ways of working and advertising. Despite the ongoing macroeconomic turbulence, this positions digital marketing solutions for a structurally higher longer-term TAM. In the meantime, SMEs represent one of the most vulnerable economic segments, which is why we are supporting local entrepreneurs with our emergency team and their expertise as well as RUB 1bn worth in allocated resources, including bonuses for digital advertising in VK and OK ad accounts.

Due to the ongoing challenges advertisers are now in a greater demand for transparent and effective marketing channels which can support their specific needs. That is why our strategic goal of boosting development of the performance ad formats and technologies is becoming even more relevant.

Mobile solutions are among our main priorities, given that ~89% of Russian Internet users access the Internet via mobile devices⁴. Mail.ru Group ranks 3rd in Europe and 52nd globally in terms of app monetization⁵, and with great expertise in the mobile apps and games we continue to invest into mobile advertising solutions in order to further grow our market share into 2022.

At the performance level, we continue to target improving efficiency and increasing usage of our higher value-added products as well as growing the number of paying customers, with a number of new advertising solutions launched in Q1:

- New product to promote business pages in VK with easy launch from mobile, which already accounts for 15% of budgets spent on VK's mobile ad platform;
- Subscription to VK business page was launched as a new goal in oCPM model, which optimizes ad impressions thus maximizing acquisition of new subscribers while keeping the cost of subscriber within the set target. Since launch, the average cost of a new subscriber has been

reduced by 58%. Campaign efficiency measurement also now allows to track messages coming from ads to VK business pages;

- The sophisticated ML-based algorithm behind the VK target audience identification interface has been further improved: it identifies similar communities and analyses their patterns and content, suggesting the most relevant audience. This has led to a twofold increase in CTR;
- Audience crossing was enabled in VK for fine tuning of target audiences, which helps to combine user interests as well as remove the unwanted ones from targeting settings. 13% of daily spending on the VK ad platform comes from campaigns with the audience crossing feature.

As a combined result, the total number of paying SME customers on VK increased by 21% YoY in March. oCPM model, used by both VK and myTarget, has grown in share of ad budgets by 80% YoY in Q1.

myTarget boosted its ad network by integrating with one of the top-3 mediation platforms, which allows to display myTarget ads on additional placements, including MY.GAMES inventory. Beyond adding several largest publishers, myTarget improved the site quality rating system which is used for discounting CPM rates and rebalancing traffic. Playable ads in rewarded video format are now supported by the myTarget SDK providing publishers with an opportunity to monetize additional placements.

Development of advanced O2O marketing technologies provided for a partnership with Magnit, second largest domestic retailer. The joint solution enables deeper ad targeting to the retailer's relevant customers as well as assessing influence of digital marketing on sales. Collaboration on data-driven solutions with key partners in various fields including retail and eCommerce is among our top priorities.

Other significant product developments to the myTarget platform:

- Loan buttons ad format on Youla is now available for financial organizations allowing them to show offers to users. Campaign efficiency could be improved with targeting across specific product categories and price ranges as well as additional myTarget technologies;
- A platform for in-app ads verification was launched, which will provide advertisers with third-party analytics on ad viewability metrics in Mail.ru Group (including VK and OK apps) and within the partner networks' mobile apps. First integrations are planned for H1;
- Contextual targeting in myTarget received additional high-quality sources and simplified selection of contextual phrases. Improvements led to 2.1x YoY revenue growth within the segment.

In February Delivery Club became the first food delivery service in the Russian market which started selling ad inventory. Clients of DC and Mail.ru Group Non-Standard Advertising teams can promote their products with a range of O2O ad formats, including in-app advertising, leaflets and special projects with an opportunity to use in-depth offline targeting within the campaigns.

myTracker launched post-view attribution through myTarget with users able to analyze effectiveness of ad channels using all the attribution types. First tests using eCommerce platforms suggested 50%+ increase in conversions of ad campaigns using post-view models.

We introduced a new native in-image advertising format, which has been tested in our recommendation advertising service Relap. With this technology publishers get additional resources for monetization while advertisers are able to increase campaigns efficiency as user attention is mostly focused on content, and this is where the in-image ads are built in. Reach of the in-image ad format has increased dramatically in March since launch in January.

We continue to enhance our ad tools while simplifying them, so that our platforms can be used by all types of clients, including individual entrepreneurs. Partnerships with other market players, expansion of performance-based advertising share, support and broader SME rollout as well as scaling of our own ad network remain our key strategic priorities in advertising through the rest of this year.

³ Mediascope, Russia, Desktop + mobile, all cities 0+, aged 12+, February 2020

⁴ Mediascope, Russia, Desktop + mobile, all cities 0+, aged 12+, February 2020

⁵ [App Annie](#), Top 52 Publishers by Revenue, 2020

Key Partnerships

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

Food-tech, including Delivery Club

Delivery Club revenues were up 2.1x YoY to RUB 1.8bn in Q1. Platform saw a new peak of 3.78mn restaurant orders in March, up 88% YoY, given supportive seasonality and some effects from COVID-19, with March revenues doubling YoY to RUB663m. In April Delivery Club completed 1 million orders per week for the first time.

Delivery Club is present across 150 cities with own delivery available in 70 of them, with a 53% order share of own delivery in Q1. Since the middle of March, when COVID-19 impact started to emerge, Delivery Club connected >2,000 of new restaurants, with a total of 16,300 in connected restaurants at the end of Q1. Due to continuous improvement in logistics tech, application of algorithmic zones and further roll-out of Alan – AI based scheduling system, Delivery Club demonstrated gradual improvement of delivery time to low 30s in terms of minutes and cost reduction to record low level while improving customer satisfaction.

The O2O JV has announced the signing of binding agreement to consolidate control in Samokat (75.6%), the leading express e-grocery platform operating 140 dark stores in Moscow and St Petersburg. Samokat saw >30,000 in daily orders in March, up >30% since January. The deal is expected to be closed in H1 2020, pending approval from Russia's Federal Antimonopoly Service. Since the beginning of the year Samokat is available for users of Delivery Club mobile app and website.

O2O foodtech businesses have taken multiple measures around supporting restaurant partners, couriers and customers in light of ongoing pandemic:

- 1) Delivery Club has temporarily waived commissions charged to some of its smaller marketplace partners. Moreover, Delivery Club is offering a 20% discount for orders from small local partners;
- 2) Commission for 1P sign-ups was temporarily set to 25% (both in effect between March 15 and June 30). The government also announced intention to compensate half of the commission, if set up to 20%;
- 3) Delivery Club launched a hotline for restaurants and created a courier reserve in order to meet potentially higher demand while restaurants are closed for walk-ins, and further automated restaurant onboarding system with onboarding period shortened to 1 day;
- 4) Delivery Club made contactless and cashless delivery as default options, with tipping of couriers done through VK Pay. At the end of April Delivery Club will double the tips as a gratitude for couriers;
- 5) Delivery Club launched take-away, which will be scaled during post quarantine period in order to support restaurants and reduce their costs;
- 6) Delivery Club is looking to launch deliveries of OTC pharmaceuticals in partnerships with Mail.ru Group's "Vse Apteki" platform, which is connected to almost half of the local pharma market;
- 7) All services have been providing their couriers with masks, antiseptics and other protective tools, while office staff has been working remotely;
- 8) Delivery Club launched mobile testing units to check couriers for COVID-19.

Foodtech businesses of O2O JV continue to explore ways to expand their value proposition in order to maintain the leading market position and maximize long-term profitability. COVID-19 has had a net positive effect on the business so far, given the rising demand, especially for e-grocery services, but we are monitoring the situation closely given the potential adverse impacts on supply chain as well as consumer demand, in case of prolonged lockdown and sustained macroeconomic weakness.

Citymobil

In Q1 Citymobil grew rides by 3.7x YoY to 39.5mn, including 14.1mn rides in March, up 3.8x YoY and 4.4% MoM. Citymobil strengthened its status as a federal player, having rolled out to three new 1M+ cities (Voronezh, Rostov-on-Don, and Volgograd) and a number of smaller towns in Moscow and Saint-Petersburg regions. Another noticeable driver of uptake in rides was VK Taxi, which rapidly increased growth rates in the last weeks of Q1 due to major product and marketing updates.

Citymobil has also gained momentum on the unit economics side. In Q1 unit economics were positive in Moscow and Moscow Region, and contribution per trip increased by ~30% QoQ across the entire platform.

Citymobil has taken multiple measures to provide continuous support for partners, drivers, clients, and the community in light of the ongoing pandemic:

1. Created a support fund for drivers who had been diagnosed with COVID-19, launched disinfection stations for vehicles and installed plastic dividing fences into cars to separate riders and drivers;
2. Started to provide free rides for doctors, donors, and volunteers, as well as daily discounts (up to 30%) for rides from home and back;
3. Launched a delivery tariff across all geographies. A number of delivery integrations with companies within and outside of the ecosystem are in the pipeline;

For the rest of 2020, Citymobil will focus on further enhancement of product and technology stack, while keeping key marketplace metrics on sustainable levels despite the ongoing turbulence and growing across existing cities of presence, with further diversification of service offer, including through synergies with shareholders and other units within O2O JV.

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

COVID-19 has had a temporary adverse impact on logistics in China, with orders made after January 20 and in February experiencing delivery delays. However, logistics has now fully normalized, with AliExpress having serviced >11mn packages in March, with all delayed orders having been serviced. Furthermore, given COVID-19, AER JV created a special section on its website with most necessary items available for doorstep delivery by Russian Post (RP). Together with RP, it has provided 1mn face masks to employees of RP, which is servicing ~80% of AliExpress deliveries.

In order to support local businesses during COVID-19, AliExpress Russia has eliminated commissions for new local sellers signing up from April 1, in effect for 6 months or for initial 100 orders. Commissions for others remain within an attractive 5-8% range. There are already >1.5mn SKUs (+38x YoY) from >10,000 local sellers (>100x YoY) on the platform with >RUB500mn in daily GMV coming from local marketplace during March sales event. Local marketplace is expected to scale significantly versus its 15% GMV share in Q4. Local sellers are now present across most categories, with the largest being goods for moms and kids (49% of GMV), accessories (25%), health and beauty (19%) and clothes/shoes (7%).

Expansion of the pick-up points network continues, at 12,000 in March, with availability across 3,500 cities. Logistics are done through Cainiao as well as local players, including Russian Post, 5Post, DPD, PickPoint and others. All lockers are servicing cross-border orders and ~8,600 are servicing local orders. The growing number of pick-up points resulted in nearly halving of the cross-border delivery period to up to 20 days and 10 days across cities with population of 1mn+. The goal is to reduce delivery time to major Russian cities to 7-10 days.

AliExpress and VK are working on the launch of a referral program, which will allow VK users to essentially become sellers of AliExpress goods by using referral links. Goal is to educate Russians how to be able to sell through AER given its access to social networks and make it as simple and convenient as possible. Bloggers and other opinion leaders could be onboarded for the referral platform.

The top three strategic priorities for AER remain unchanged: a) Enhancement of the cross-border AliExpress platform, with a focus on service improvement, particularly around delivery time; b) Scaling the domestic marketplace; c) Development of Social commerce, primarily via the social networks of Mail.ru Group. The plan is to also be integrated into Mail.ru Group's Combo loyalty program in 2020.

**Conference call and webcast:**

The management team will host an analyst and investor conference call at 13.00 UK time (15.00 Moscow time, 8.00 NY), on the same day, including a Question and Answer session.

To participate in this conference call, please use the following access details:

Participant Toll Free Telephone Numbers:

From the UK/International +44 (0) 2071 928000

From Russia 4952499849

From the US 16315107495

Additional dial-in number options can be seen in the Appendix [here](#).

Confirmation Code: 9960607

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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 (MAIL, listed since November 5, 2010) is the largest internet business in Russia in terms of total daily audience (Mediascope WEB-Index Desktop&Mobile, Russia 0+, population aged 12+, February 2020).

Mail.ru Group is developing the leading domestic internet communications and entertainment platform. The company owns Russia's two largest Russian language social networks, VKontakte (VK) and Odnoklassniki (OK), leading email service, one of Russia's largest internet portals (Mail.ru), and four instant messaging services. The company also holds the international gaming brand MY.GAMES, with a



portfolio of hundreds of popular games for a range of platforms and over 540 million users worldwide. In 2019, Mail.ru Group Tech Lab was launched with a primary focus on technology and innovation development.

Mail.ru Group is a shareholder of AliExpress Russia JV along with Alibaba Group, MegaFon and Russian Direct Investment Fund. The company partners with Sberbank to jointly develop O2O service platform targeting food delivery and taxi markets.

Filing of the Annual Report for FY 2019 and Interim Condensed Consolidated Financial Statements for Q1 2020

The Group's Annual Report and audited consolidated financial statements for the year ended December 31, 2019 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.rugrouparfy2019.pdf>.

The Group's interim condensed consolidated financial statements for the three months ended 31 March 2020 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.rugroupifrsq12020.pdf>.

Group Aggregate Segment Financial Information*

RUR millions	Three months ended 31 March		
	2019	2020	YoY, %
Group aggregate segment revenue (1)			
Online advertising	7,827	8,553	9.3%
MMO games	6,431	7,173	11.5%
Community IVAS	4,202	4,646	10.6%
Other revenue**	1,084	1,960	80.8%
Total Group aggregate segment revenue	19,544	22,332	14.3%
Group aggregate operating expenses			
Personnel expenses	4,308	5,308	23.2%
Agent/partner fees	4,477	5,776	29.0%
Marketing expenses	3,811	4,246	11.4%
Server hosting expenses	184	166	-9.8%
Professional services	156	172	10.3%
Other operating expenses, excl. D&A	1,105	935	-15.4%
Total Group aggregate operating expenses	14,041	16,603	18.2%
Group aggregate segment EBITDA (2)	5,503	5,729	4.1%
<i>margin, %</i>	<i>28.2%</i>	<i>25.7%</i>	
Depreciation, amortisation and impairment (3)	2,157	2,559	18.6%
Other non-operating income (expense), net	-43	-501	1065.1%
Profit before tax (4)	3,303	2,669	-19.2%
Income tax expense (5)	470	466	-0.9%
Group aggregate net profit (6)	2,833	2,203	-22.2%
<i>margin, %</i>	<i>14.5%</i>	<i>9.9%</i>	

Note 1: Group aggregate segment financial information for the three months ended March 31, 2019 has been retrospectively adjusted to account for pro-forma inclusion of Relap, Panzerdog, Worki, SwagMasha, Skillbox, BeIngame studio and pro-forma exclusion of Delivery Club and ESforce.

(*) 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.

Group aggregate net profit is 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. 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 2019 the Group has identified the following reportable segments on this basis:

- Communications and Social;
- Games; 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 V Kontakte (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 New initiatives reportable segment represents separate operating segments aggregated in one reportable segment for its similar nature of newly acquired or recently started and dynamically developing businesses. This segment primarily consists of the Youla classifieds earning substantially all revenues from advertising and listing fees. Maps.me, Geek Brains, Skillbox, B2B new projects including cloud as well as MRG Tech Lab initiatives, 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 2020

RUR millions	Communications and Social	Games	New initiatives	Eliminations	Group
Revenue					
External revenue	12,482	7,879	1,971	-	22,332
Intersegment revenue	41	17	16	(74)	-
Total revenue	12,523	7,896	1,987	(74)	22,332
Total operating expenses	5,833	7,376	3,468	(74)	16,603
EBITDA	6,690	520	(1,481)	-	5,729
<i>EBITDA margin, %</i>	53.4%	6.6%	-74.5%		25.7%
Net profit					2,203
<i>Net profit margin, %</i>					9.9%

Operating Segments Performance – Q1 2019

RUR millions	Communications and Social	Games	New initiatives	Eliminations	Group
Revenue					
External revenue	11,502	6,940	1,102	-	19,544
Intersegment revenue	3	20	-	(23)	-
Total revenue	11,505	6,960	1,102	(23)	19,544
Total operating expenses	5,073	7,171	1,820	(23)	14,041
EBITDA	6,432	(211)	(718)	-	5,503
<i>EBITDA margin, %</i>	55.9%	-3.0%	-65.2%		28.2%
Net profit					2,833
<i>Net profit margin, %</i>					14.5%

Note 1: Group aggregate segment financial information for the three months ended March 31, 2019 has been retrospectively adjusted to account for pro-forma inclusion of Relap, Panzerdog, Worki, SwagMasha, Skillbox, Belngame studio and pro-forma exclusion of Delivery Club and ESforce.

Liquidity

As of 31 March 2020, the Group had RUR 11,547m of cash and RUR 22,969m of debt outstanding, therefore the Group's net debt position was RUR 11,422 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, deferred tax on unremitted earnings of subsidiaries, share-based payment transactions, disposal of and impairment of investments, business combinations, fair value adjustments, amortisation and impairment thereof, net foreign exchange gains and losses, share in financial results of associates, 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.

- The segment financial information is presented for each period on the basis of an ownership interest as of the date hereof and consolidation of each of the Group's subsidiaries, including for periods prior to the acquisition of control of the entities in question. The financial information of subsidiaries disposed of prior to the date hereof is excluded from the segment presentation starting from the beginning of the earliest period presented.
- 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 and social network revenues under IFRS.

A reconciliation of Group aggregate segment revenue to IFRS consolidated revenue of the Group for the three months ended 31 March 2019 and 2020 is presented below:

RUR millions	Q1 2020	Q1 2019
Group aggregate segment revenue, as presented to the CODM	22,332	19,544
Adjustments to reconcile revenue as presented to the CODM to consolidated revenue under IFRS:		
Effect of difference in dates of acquisition, loss of control in subsidiaries and assets held for sale	(106)	243
Differences in timing of revenue recognition	(605)	(2,275)
Barter revenue	1	6
Consolidated revenue under IFRS	21,622	17,518

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 2019 and 2020 is presented below:

RUR millions	Q1 2020	Q1 2019
Group aggregate segment EBITDA, as presented to the CODM	5,729	5,503
Adjustments to reconcile EBITDA as presented to the CODM to consolidated loss before income tax expenses under IFRS:		
Effect of difference in dates of acquisition, loss of control in subsidiaries and assets held for sale	(103)	(2,188)
Differences in timing of revenue recognition	(605)	(1,716)
Net (loss)/gain on venture capital investments	(41)	9
Share-based payment transactions	(429)	(310)
Other	(15)	17
EBITDA	4,536	1,315
Depreciation and amortisation	(3,383)	(2,985)
Share of loss of equity accounted associates and joint ventures	(2,823)	(293)
Finance income	119	143
Finance expenses	(611)	(203)
Other non-operating loss	(120)	(57)
Net gain/(loss) on derivative financial assets and liabilities at fair value through profit or loss	211	(110)
Goodwill impairment	(6,430)	-
Gain/(loss) on remeasurement of previously held interest in equity accounted associate	46	(115)
Impairment of equity accounted associates	(222)	-
Net foreign exchange loss	(342)	(719)
Consolidated loss before income tax expense under IFRS	(9,019)	(3,024)

A reconciliation of Group aggregate segment net profit to IFRS consolidated net loss of the Group for the three months ended 31 March 2019 and 2020 is presented below:

RUR millions	Q1 2020	Q1 2019
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Group aggregate segment net profit, as presented to the CODM	2,203	2,833
Adjustments to reconcile net profit as presented to the CODM to consolidated net loss under IFRS:		
Share-based payment transactions	(429)	(310)
Differences in timing of revenue recognition	(605)	(1,715)
Effect of difference in dates of acquisition, loss of control in subsidiaries and assets held for sale	(105)	(1,937)
Amortisation of fair value adjustments to intangible assets	(791)	(779)
Net gain/(loss) on financial instruments at fair value through profit or loss	170	(101)
Goodwill impairment	(6,430)	-
Gain/(loss) on remeasurement of previously held interest in equity accounted associate	46	(115)
Net foreign exchange loss	(342)	(719)
Share of loss of equity accounted associates and joint ventures	(2,823)	(293)
Impairment of equity accounted associate	(222)	-
Other non-operating loss	(120)	(57)
Other	(5)	(13)
Tax effect of the adjustments	321	(248)
Consolidated net loss under IFRS	(9,132)	(3,454)

Interim Condensed Consolidated IFRS Statement of Financial Position

RUB millions	March 31, 2020	December 31, 2019
ASSETS		
Non-current assets		
Investments in equity accounted associates and joint ventures	46,780	49,834
Goodwill	134,687	140,665
Right-of-use assets	11,923	4,942
Other intangible assets	19,509	19,526
Property and equipment	8,727	8,330
Financial assets at fair value through profit or loss	1,689	1,749
Deferred income tax assets	2,041	1,774
Long-term loans receivable	342	286
Advance under office lease contract	225	115
Total non-current assets	225,923	227,221
Current assets		
Trade accounts receivable	11,682	12,288
Prepaid income tax	363	147
Prepaid expenses and advances to suppliers	679	978
Financial assets at fair value through profit or loss	291	90
Loans receivable	448	655
Other current assets	964	1,220
Cash and cash equivalents	11,547	9,782
Assets held for sale	2,286	2,334
Total current assets	28,260	27,494
Total assets	254,183	254,715
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Issued capital	-	-
Share premium	60,824	60,286
Treasury shares	(1,152)	(1,152)
Retained earnings	116,274	125,351
Foreign currency translation reserve	301	170
Total equity attributable to equity holders of the parent	176,247	184,655
Non-controlling interests	530	809
Total equity	176,777	185,464
Non-current liabilities		
Deferred income tax liabilities	1,960	2,181
Deferred revenue	1,875	1,737
Non-current lease liabilities	7,881	1,568
Long-term interest-bearing loans and borrowings	17,855	19,474
Total non-current liabilities	29,571	24,960
Current liabilities		
Trade accounts payable	9,433	7,863
Income tax payable	229	481
VAT and other taxes payable	1,905	1,939
Deferred revenue and customer advances	11,407	10,920
Short-term portion of long-term interest-bearing loans	5,114	4,044
Current lease liabilities	3,820	3,153
Other payables, accrued expenses and contingent consideration liabilities	15,490	15,348
Liabilities directly associated with assets held for sale	437	543
Total current liabilities	47,835	44,291
Total liabilities	77,406	69,251
Total equity and liabilities	254,183	254,715

Interim Condensed Consolidated IFRS Statement of Comprehensive Income

RUB millions	Three months ended March 31,	
	2020	2019
Online advertising	8,581	7,747
MMO games	6,825	4,710
Community IVAS	4,521	3,722
Other revenue	1,695	1,339
Total revenue	21,622	17,518
Net (loss)/gain on venture capital investments	(41)	9
Personnel expenses	(5,878)	(4,765)
Agent/partner fees	(5,926)	(4,967)
Marketing expenses	(4,090)	(5,156)
Server hosting expenses	(167)	(170)
Professional services	(180)	(142)
Other operating expenses	(804)	(1,012)
Total operating expenses	(17,045)	(16,212)
EBITDA	4,536	1,315
Depreciation and amortisation	(3,383)	(2,985)
Share of loss of equity accounted associates and joint ventures	(2,823)	(293)
Finance income	119	143
Finance expenses	(611)	(203)
Other non-operating loss	(120)	(57)
Goodwill impairment	(6,430)	-
Net gain/(loss) on derivative financial assets and liabilities at fair value through profit or loss	211	(110)
Impairment of equity accounted associate	(222)	-
Gain/(loss) on re-measurement of previously held interest in equity accounted associates	46	(115)
Net foreign exchange loss	(342)	(719)
Loss before income tax expense	(9,019)	(3,024)
Income tax expense	(113)	(430)
Net loss	(9,132)	(3,454)
Attributable to:		
Equity holders of the parent	(9,077)	(3,470)
Non-controlling interest	(55)	16
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations:		
Differences arising during the period	131	330
Total other comprehensive income net of tax effect of 0	131	330
Total comprehensive loss, net of tax	(9,001)	(3,124)
Attributable to:		
Equity holders of the parent	(8,946)	(3,140)
Non-controlling interest	(55)	16
Loss per share, in RUR:		
Basic and diluted loss per share attributable to ordinary equity holders of the parent	(42)	(16)

Interim Condensed Consolidated IFRS Statement of Cash Flows

RUB millions	Three months ended March 31, 2020	Three months ended March 31, 2019
Cash flows from operating activities		
Loss before income tax	(9,019)	(3,024)
Adjustments to reconcile loss before income tax to cash flows:		
Depreciation and amortization	3,383	2,985
Impairment losses on financial assets at amortized cost	301	118
Net (gain)/loss on financial assets and liabilities at fair value through profit or loss	(211)	110
Goodwill impairment	6,430	-
(Gain)/loss on remeasurement of previously held interest in equity accounted associate	(46)	115
Finance income	(119)	(143)
Finance expenses	611	203
Share of loss of equity accounted associates and joint ventures	2,823	293
Net foreign exchange loss	342	719
Share-based payment expense	429	310
Other non-cash items	44	7
Net loss/(gain) on venture capital investments	41	(9)
Impairment of equity accounted associate	222	-
<i>Change in operating assets and liabilities:</i>		
Decrease in accounts receivable	1,863	1,447
Decrease/(increase) in prepaid expenses and advances to suppliers	482	(249)
Decrease/(increase) in other assets	320	(213)
(Decrease)/increase in accounts payable and accrued expenses	(2,014)	412
(Increase)/decrease in other non-current assets	(110)	45
Increase in deferred revenue and customer advances	433	1,827
Increase in financial assets at fair value through profit or loss	(30)	(352)
Operating cash flows before interest, income taxes and contingent consideration settlement	6,175	4,601
Settlement of contingent consideration of business combinations	-	(688)
Interest received	193	117
Interest paid	(561)	(136)
Income tax paid	(1,086)	(1,303)
Net cash provided by operating activities	4,721	2,591
Cash flows from investing activities:		
Cash paid for property and equipment	(1,266)	(789)
Cash paid for intangible assets	(813)	(825)
Dividends received from equity accounted associates	29	35
Loans issued	(189)	(134)
Loans collected	253	-
Cash paid for acquisitions of subsidiaries, net of cash acquired	292	(5,314)
Settlement of initial fair value of the contingent consideration at acquisition date	-	(1,132)
Cash paid for investments in equity accounted associates and joint ventures	(73)	(482)
Net cash provided by investing activities	(1,767)	(8,641)
Cash flows from financing activities:		
Payment of lease liabilities	(922)	(859)
Loans received, net of bank commission	-	8,458
Loans repaid	(654)	-
Dividends paid by subsidiaries to non-controlling shareholders	(224)	-
Cash paid for treasury shares	-	(539)
Net cash used in financing activities	(1,800)	7,060
Net decrease in cash and cash equivalents	1,154	1,010
Effect of exchange differences on cash balances	705	(278)
Cash and cash equivalents at the beginning of the period	9,782	11,723
Change in cash related to asset held for sale	(94)	-
Cash and cash equivalents at the end of the period	11,547	12,455