Mail.ru Group Limited
Annual Report for FY 2018 and unaudited IFRS results for Q1 2019

April 25, 2019. Mail.ru Group Limited (MAIL.LI, 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 2018 and unaudited IFRS results and segment financial information for the three months ended 31 March 2019.

Performance highlights*

- Including Delivery Club and Youla on a pro-forma basis:
  - Q1 2019 Group aggregate segment revenue grew 21.9% Y-o-Y to RUR 20,116 million.
  - Q1 2019 Group aggregate segment EBITDA declined 25.9% Y-o-Y to RUR 4,150 million**.
  - Q1 2019 Group aggregate net profit declined 46.6% Y-o-Y at RUR 1,632 million**.
- Excluding Delivery Club and Youla on a pro-forma basis:
  - Q1 2019 Group aggregate segment revenue grew 18.4% Y-o-Y to RUR 18,918 million.
  - Q1 2019 Group aggregate segment EBITDA declined 9.8% Y-o-Y to RUR 6,208 million**.
  - Q1 2019 Group aggregate net profit declined 19.2% Y-o-Y at RUR 3,464 million**.
- Net cash position as of 31 March 2019 was RUR 3,955 million.

** Performance highlights are based on the Group aggregate segment financial information, which is different from IFRS accounts. See "Presentation of Aggregate Segment Financial Information”.*
*** Results include an extra VAT tax accrual in the amount of around RUR 260m as a result of a tax audit.*

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

“2019 has started well, and despite the base effect for the core advertising business as well as significant ongoing investments all lines are at or above budget.

Total revenues in Q1 2019 grew 21.9% Y-o-Y to RUR 20,116m.
Advertising revenues in Q1 2019 grew 19.3% Y-o-Y to RUR 7,825m.
MMO revenues in Q1 2019 grew 22.1% Y-o-Y to RUR 6,255m.
Community IVAS revenues in Q1 2019 grew 7.9% Y-o-Y to RUR 4,202m.
Other revenues in Q1 2019 grew 98.1% Y-o-Y to RUR 1,834m.

As we stated with the FY 2018 results, 2019 costs were H1, and in particular Q1, weighted given active H1 and especially Q1 investments into marketing of our games and investments into New Initiatives. It is worth noting that Q1 saw around RUR 260m of extra VAT accruals recorded following a tax audit (in Other operating expenses). As a result, headline Q1 2019 EBITDA under IFRS 16 on a pro-forma basis declined 26% Y-o-Y to RUR 4,150m.

As part of our FY 2018 results release we stated that we are examining various strategic options for Delivery Club and for Youla and that we would give guidance ex these businesses. To provide maximum transparency and to allow for comparisons versus guidance, excluding Delivery Club and Youla on a pro-forma basis Q1 2019 revenues grew 18% to RUR 18.9bn and Q1 2019 EBITDA under IFRS 16 was RUR 6.2bn (with EBITDA margin of 33%). There was a RUR 940m positive EBITDA impact for Q1 2019 and RUR

840m for Q1 2018 from IFRS 16 implementation as most lease and server hosting costs are now taken below the EBITDA line.

Despite the more pronounced seasonality Y-o-Y and more heavily Q1 weighted games marketing, we are happy to reiterate our previous guidance ex Delivery Club and Youla on a pro-forma basis: we expect FY 2019 revenue growth of 18-22% to RUR 85-88bn and FY 2019 EBITDA under IFRS 16 of RUR 32-34bn. We would note that it does not include any effects of the target AER JV or any potential structure changes around our O2O businesses.

Outlook for the shape of the year doesn't change – we expect revenue growth to be H2 weighted and costs to be H1, with highest weighting on Q1. As such you should expect to see EBITDA again H2 and in particular Q4 weighted.

We would like to also reiterate our longer-term goals of doubling VK revenues again in the next 3-4 years and doubling our Games segment EBITDA in 4 years. Senior management across divisions is incentivized to reach given targets.

We have previously announced that in order to better reflect our strategy, the way the business is managed and units' interconnection within our eco-system we are now reporting three segments: 1) Communications and Social; 2) Games; and 3) New initiatives. More detailed composition of these is outlined on pages 9-10.

In Q1, the cash generating capacity of our business remained unchanged and cash conversion was as expected. As a result, net cash position, post M&A costs, at the end of Q1 2019 was RUR 3,955m. As previously stated with the M&A related investments we will utilize bank lines for near term cash management. To date, we have utilized RUR 8.5bn in credit lines, with an average effective interest rate of 9.2%.

Strategy and outlook

Our strategy remains unchanged. We continue to see social and communication tools at the heart of our eco-system where we aim to engage users for significant, and rising, periods of time. At the same time, there will be a number of verticals, which sit around the core being parts of the eco-system around every user. Key communication and game units will be controlled, new initiatives – co-owned with partners. Such partnerships will combine the resources and expertise while providing investment capabilities to lead the digital transformation on various markets. These partnerships will benefit from access to Mail.ru Group eco-system and will also allow us to offer the widest possible number of products to the user who sits at the core of our everyday focus.

Segmental highlights

<u>Communications and Social</u>

Communications and Social segment revenues grew 11% in Q1 to RUR 11,406m driven by continued growth in all of the major engagement metrics.

VK

Russian MAU is 70m including 60m on mobile (+3% Y-o-Y)[1], with 42% Russians using VK daily and 15 days a month. Engagement continues to rise, with 35 minutes in daily time spent per user on mobile apps, up 15% since Jan-Feb 2018.

Stories views are up by 74% Y-o-Y in Q1 rising to 6.2bn as of March 2019. We aim to make stories more interactive via hashtags, polls, replies etc.

Messages delivered per day grew to over 10bn vs 6.5bn a year ago, with targets to boost integration for businesses and boosting user experience with bots, VK apps integration and diversified messaging options.

VK started integration of AliExpress marketplace on the VK mini- apps platform and aims to offer users access to tens of millions of items, available for purchase including through VK Pay, with more than 8m wallets today.

Among the latest highlights was also VK Coin mini-app allowing users to earn and exchange coins redeeming them for special offers. Within a week mini-app had more than 10m active users with 1.1m users online concurrently at peak. This and similar services continue to promote VK's mini-app platform.

Strategic focus for the rest of the year is to continue to improve core products, launch new content discovery tools and increasingly focus on social commerce through various product integrations. We also aim to become the main app associated with QR-codes in Russia, connecting offline and online, with broad payment capability. VK Pay is aimed to be an integral part of business for more than 500,000 companies, which conduct their business on VK.

OK

OK has 43m MAU in Russia including 33m on mobile (+3% Y-o-Y)[1]. In early 2019 OK started to develop IVAS, primarily online gifts, as a communication tool. Popularity of services has increased together with the user engagement. That said, OK users sent record-breaking 500m online gifts with the holiday greetings on Women's Day on March 8th.

OK continues to develop online tools for business and interactive communication. Among the nearest releases is the launch of objects and brand recognition technology in OK Live online broadcasts. A new format will allow businesses to ramp up user engagement and loyalty through game mechanics.

Nearly 40% of OK DAU play the games, with >2x increase of penetration of games seen in the past year and games accounting for around 25% of total OK revenues and boosting user time spent.

OK remains to be a leader in video content consumption among social networks in Russia, with over 870m views daily.

Email

Mail.ru remains the largest e-mail service in Russia with 103m active accounts worldwide and 700m messages sent daily. Our focus is to remain safe, practical and secure with an ultimate goal to easily solve user's daily problems.

Music

We are pleased with the growth of the music subscriptions, where the number of active paid and trial subscriptions on our platforms and in an integrated BOOM app reached 2.1m, excluding unactivated telco bundles. Music, and increasingly content, is an important driver of user retention building loyalty and creating an important element of our eco-system for users. As we previously stated we will be putting additional investment of around RUR 0.5bn into our content offering in 2019.

Games

Games segment revenue in Q1 grew 27% Y-o-Y to RUR 6,774m driven primarily by continued globalization of major titles.

International revenue share expanded further from 63% of total MMO revenue in Q4 2018 to 67% in Q1 2019 with USA, Germany and Japan being the largest non-Russian markets. This means that international gaming revenues make up about 21% of the Group total revenues. Our long-term target is to reach 80% international revenue share and for this segment to serve as our hedge against any local currency volatility.

Growth in games continues to be driven by a broad base with ongoing success in both established and recently released titles. Hustle Castle remains our most successful in-house developed gaming project. As of the end of Q1 2019, its total user numbers reached 38 million installs. There are further updates to the game expected in 2019 and we continue to expect that Hustle Castle will be a bigger revenue generator through its life than War Robots.

War Robots and Warface remain our number 2 and 3 games and both have had a successful Q1. In 2019 there will be a series of further updates for War Robots (>120m installs since its launch) including new robots and modules and an updated monetization system to be released in summer 2019. In January 2019, Warface became #3 free-to-play game on PS4 in the US in terms of downloads. We expect to see further growth of the Warface franchise through the release of the mobile game in 2019, as well as effective continued support for the console versions of the game. As such we continue to see Warface as a key ongoing franchise. Left to Survive, which is a new internally developed title released in July 2018 is now our number 4 revenue generating game and we see significant potential for this title.

We have a busy pipeline of further releases for 2019. We believe that our games portfolio, both existing and new releases, is well positioned and as such expect that games growth for the rest of the year will likely be at a slightly higher level than in Q1.

As ever, the margin of our gaming business is a function of mix between different platforms and timing of marketing spend for the new titles. Games profitability is expected to be higher for the rest of the year and particularly Q4 weighted. As we previously commented at the FY 2018 results, we target to double games EBITDA over the next 4 years.

2019 will see further investment into games and then our expectation is that for the following 3 years the investment will be at a lower proportional rate. We remain committed to the target of reaching low to mid 20's sustainable margin for the given segment through the cycle.

New initiatives

New Initiatives segment revenue in Q1 2019 grew 115% Y-o-Y to RUR 1,949m on the back of intensified growth of Delivery Club and progress being made in Youla monetization.

Delivery Club

Since Q2 2018 Delivery Club has seen acceleration in the growth rates in each quarter. This continued in Q1 2019 were revenues grew Y-o-Y 108% to RUR 881m. This was driven by both a 85% Y-o-Y increase in mobile monthly active users and also growing order frequency. The number of restaurants also continued to grow reaching 9.4k in Q1 2019. Over the last 2 quarters we have launched in 8 new cities bringing our total number of cities to 115.

During Q1 we started to test a new courier app and also launched a redesigned page for the restaurants. Additionally we launched the new check out page and started to schedule couriers using our new AI based software which has led to significant improvements in efficiency and timing of deliveries. As a result, our 1P deliveries grew 3.2x Y-o-Y to around a third of total orders in Q1 2019.

We also launched partnerships with KFC and McDonald's. This means we are the only service in Russia, which has all of the major quick service restaurant franchises.

Over the next few quarters, we will see further performance gains from ongoing product innovations including courier tracking for orders placed on 1P delivery, and integration of a new chat in the app and courier ratings. Combined with the significant increase in the number of own couriers since mid-2018 this ensures we aim to achieve the fastest delivery in Russia. As a result, we believe that the platform can continue to exercise a leading position in the market. We continue to see the underlying market growing at very good rates and believe that Delivery Club now has unique reach in terms of both user offering and features for vendors.

Youla

Our location-based mobile marketplace Youla demonstrated a solid performance in terms of both operational and financial metrics. In Q1 2019 monthly active users on all platforms exceeded 27m, while the number of active listings reached 33m (+30% Y-o-Y). Q1 revenue grew by 167% Y-o-Y to RUR 384m and we expect FY'19 revenue to be around RUR 2bn.

The team remained focused on user experience and introduced a number of new features to drive both user involvement and monetization. As such, the listing feed got new architecture behind it, which aimed to increase number of deals and speed up sales. Further expansion of B2B platform with more value-added features is among one of the key revenue drivers for this stream over the next quarters.

E-commerce / AER

Negotiations to finalize our new strategic partnership with Alibaba, RDIF and MegaFon have progressed further since March. We expect the partnership to be launched soon.

MRG Tech Lab

With the FY 2018 results we announced that in 2019 we plan to put more resources behind our initiatives in new technologies especially in areas of artificial intelligence, speech and visual recognition, including implementation of those for voice powered features and products, as well as behind development of new experimental communication products. For this we created MRG Tech Lab that will include teams from various units inside the Group.

In 2019 we continue to expect that these projects will not have any material revenues and the costs of MRG Tech Lab are included into FY 2019 EBITDA guidance. Depending on the success of these projects, it is not anticipated that the scale of these investments will be repeated.

Other

We are starting to see good traction and noticeable contribution from Geekbrains, our online education business, with registered users growing from 2.5 to 3.6m in 2018. We are delighted to be among the leading local players involved in transformation of traditional education. We are also upbeat on our B2B cloud business, which is showing triple digit growth."

[1] as presented in the Group's annual report for FY 2018.

Conference call

The management team will host an analyst and investor conference call at 9.00 UK time (11.00 Moscow time), on Thursday 25th April 2019, including a Question and Answer session.

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

Confirmation Code:	1329125
Participant Toll Free Telephone Numbers:	
From Russia	8 800 500 9283
From the UK	0800 358 6377
From the US	888 254 3590

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

Press
Olga Zyryaeva
Phone: +7 909 974 5996
E-mail: o.zyryaeva@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, international brand My.com (MAIL.LI, listed since November 5, 2010) is the largest internet business in Russia in terms of total daily audience (Mediascope Web Index, Russia, cities with population of 100k+, age 12-64, February 2019).

In line with the communitainment strategy, the Group is developing an integrated communications and entertainment platform. The Group owns Russia's leading email service and one of Russia's largest internet portals, Mail.ru; the two largest Russian language social networks, VKontakte (VK) and Odnoklassniki (OK); Russia's largest MMO games, such as Warface and Perfect World, and global mobile games, such as War Robots and Hustle Castle; and instant messaging services ICQ, Agent Mail.ru and TamTam.

The Group operates largest food delivery businesses in Russia, Delivery Club, and a location-based mobile marketplace Youla.

The Group owns Pixonic, a mobile games developer, UMA, the largest music streaming service in Russia, and ESforce, one of the largest esports businesses globally. The Group's portfolio also includes a leading OpenStreetMap-based offline mobile maps and navigation service MAPS.ME and a controlling stake in GeekBrains, an online education platform for developers. In addition, Mail.ru Group holds equity stakes in a number of small venture capital investments in various Internet companies in Russia, other CIS countries and Israel.

Mail.ru Group is actively involved in IT education in Russia and has a number of education centers in partnership with major Russian universities. Mail.ru Group also holds Russia's most important programming contests.

Filing of the Annual Report for FY 2018 and Interim Condensed Consolidated Financial Statements for Q1 2019

The Group's Annual Report and audited consolidated financial statements for the year ended December 31, 2018 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.rugrouparfy2018.pdf.

The Group's interim condensed consolidated financial statements for the three months ended 31 March 2019 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.rugroupifrsq12019.pdf.

Group Aggregate Segment Financial Information*

RUR millions	Three months ended 31 March		
	2018	2019	YoY, %
Group aggregate segment revenue (1)			
Online advertising	6,559	7,825	19.3%
MMO games	5,121	6,255	22.1%
Community IVAS	3,893	4,202	7.9%
Other revenue**	926	1,834	98.1%
Total Group aggregate segment revenue	**16,499**	**20,116**	**21.9%**
Group aggregate operating expenses			
Personnel expenses	3,648	4,456	22.1%
Office rent and maintenance	60	70	16.7%
Agent/partner fees	3,667	5,218	42.3%
Marketing expenses	2,641	4,966	88.0%
Server hosting expenses	159	170	6.9%
Professional services	154	152	-1.3%
Other operating expenses, excl. D&A	568	934	64.4%
Total Group aggregate operating expenses	**10,897**	**15,966**	**46.5%**
Group aggregate segment EBITDA (2)	**5,602**	**4,150**	**-25.9%**
margin, %	*34.0%*	*20.6%*	
Depreciation, amortisation and impairment (3)	1,892	2,278	20.4%
Other non-operating income (expense), net	33	-53	-260.6%
Profit before tax (4)	**3,743**	**1,819**	**-51.4%**
Income tax expense (5)	685	187	-72.7%
Group aggregate net profit (6)	**3,058**	**1,632**	**-46.6%**
margin, %	*18.5%*	*8.1%*	

Note 1: Group aggregate segment financial information for the three months ended March 31, 2018 has been retrospectively adjusted to account for pro-forma consolidation of UMA and pro-forma deconsolidation of Pandao from January 1, 2018.

(*) 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 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

We have changed the composition of the reporting segments in order to better reflect 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 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 New initiatives reportable segment represents separate operating segments aggregated in one reportable segment for its similar nature of newly acquired and dynamically developing businesses. This segment primarily consists of food delivery services (Delivery Club, ZakaZaka) earning substantially all revenue from restaurant's commission, our ESforce eSports business earning substantially all revenues from sponsorship and other advertising, Youla classifieds earning substantially all revenues from advertising and listing fees. Maps.me, Geek Brains, B2B new projects including cloud as well as MRG Tech Lab initiatives are booked here 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 2019

RUR millions	**Communications and Social**	**Games**	**New initiatives**	**Eliminations**	**Group**
Revenue					
External revenue	11,406	6,761	1,949	-	20,116
Intersegment revenue	-	13	-	(13)	-
Total revenue	**11,406**	**6,774**	**1,949**	**(13)**	**20,116**
Total operating expenses	4,924	7,007	4,048	(13)	15,966
EBITDA	**6,482**	**(233)**	**(2,099)**	**-**	**4,150**
EBITDA margin, %	*56.8%*	*-3.4%*	*-107.7%*		*20.6%*
Net profit					**1,632**
Net profit margin, %					*8.1%*

Operating Segments Performance – Q1 2018

RUR millions	**Communications and Social**	**Games**	**New initiatives**	**Eliminations**	**Group**
Revenue					
External revenue	10,242	5,351	906	-	16,499
Intersegment revenue	55	-	2	(57)	-
Total revenue	**10,297**	**5,351**	**908**	**(57)**	**16,499**
Total operating expenses	4,209	4,272	2,473	(57)	10,897
EBITDA	**6,088**	**1,079**	**(1,565)**	**-**	**5,602**
EBITDA margin, %	*59.1%*	*20.2%*	*-172.4%*		*34.0%*
Net profit					**3,058**
Net profit margin, %					*18.5%*

Note 1: Group aggregate segment financial information for the three months ended March 31, 2018 has been retrospectively adjusted to account for pro-forma consolidation of UMA and pro-forma deconsolidation of Pandao from January 1, 2018.

Liquidity

As of 31 March 2019, the Group had RUR 12,455 million of cash and RUR 8,500 million of debt outstanding, therefore the Group's net cash position was RUR 3,955 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 2018 and 2019 is presented below:

RUR millions	**Q1 2019**	**Q1 2018**
Group aggregate segment revenue, as presented to the CODM	**20,116**	**16,499**
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	(330)	(227)
Differences in timing of revenue recognition	(2,275)	(1,183)
Barter revenue	7	5
Consolidated revenue under IFRS	**17,518**	**15,094**

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 2018 and 2019 is presented below:

RUR millions	**Q1 2019**	**Q1 2018**
Group aggregate segment EBITDA, as presented to the CODM	**4,150**	**5,602**
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	(818)	(752)
IFRS 16 implementation	-	(840)
Differences in timing of revenue recognition	(1,716)	(1,083)
Net gain/(loss) on venture capital investments	9	(39)
Share-based payment transactions	(310)	(1,723)
Other	-	25
EBITDA	**1,315**	**1,190**
Depreciation and amortisation	(2,985)	(2,385)
Share of loss of equity accounted associates	(293)	-
Finance income	143	177
Finance expenses	(203)	(15)
Other non-operating loss	(57)	(33)
Net gain/(loss) on derivative financial assets and liabilities at fair value through profit or loss	(110)	678
Loss on re-measurement of previously held interest in equity accounted associate	(115)	-
Net foreign exchange gain/(loss)	(719)	170
Consolidated loss before income tax expense under IFRS	**(3,024)**	**(218)**

A reconciliation of Group aggregate net profit to IFRS consolidated net loss of the Group for the three months ended 31 March 2018 and 2019 is presented below:

RUR millions	Q1 2019	Q1 2018
Group aggregate segment net profit, as presented to the CODM	**1,632**	**3,058**
Adjustments to reconcile net profit as presented to the CODM to consolidated net loss under IFRS:		
Share-based payment transactions	(310)	(1,723)
Differences in timing of revenue recognition	(1,716)	(1,083)
Effect of difference in dates of acquisition, loss of control in subsidiaries and assets held for sale	(792)	(739)
IFRS 16 implementation	-	125
Amortisation of fair value adjustments to intangible assets	(779)	(1,330)
Net gain/(loss) on financial instruments at fair value through profit or loss	(101)	639
Loss on re-measurement of previously held interest in equity accounted associate	(115)	-
Net foreign exchange gain/(loss)	(719)	170
Share of loss of equity accounted associates	(293)	-
Other	(13)	3
Tax effect of the adjustments and tax on unremitted earnings	(248)	189
Consolidated net loss under IFRS	**(3,454)**	**(691)**

Consolidated IFRS Statement of Financial Position

RUR millions	March 31, 2019	December 31, 2018
ASSETS		
Non-current assets		
Investments in equity accounted associates	1,260	2,816
Goodwill	147,059	140,446
Right-of-use assets	6,595	-
Other intangible assets	20,697	20,759
Property and equipment	7,191	7,050
Financial assets at fair value through profit or loss	2,058	2,015
Deferred income tax assets	4,829	4,793
Other non-current assets	252	1,684
Total non-current assets	**189,941**	**179,563**
Current assets		
Trade accounts receivable	8,402	9,916
Prepaid expenses and advances to suppliers	652	1,123
Financial assets at fair value through profit or loss	1,169	1,072
Other current assets	1,796	1,353
Cash and cash equivalents	12,455	11,723
Total current assets	**24,474**	**25,187**
Assets held for sale	**1,391**	**32**
TOTAL ASSETS	**215,806**	**204,782**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Issued capital	-	-
Share premium	58,757	58,482
Treasury shares	(805)	(286)
Retained earnings	103,195	106,685
Foreign currency translation reserve	165	(165)
Total equity attributable to equity holders of the parent	**161,312**	**164,717**
Non-controlling interests	275	259
Total equity	**161,587**	**164,976**
Non-current liabilities		
Deferred income tax liabilities	2,362	2,405
Deferred revenue	12,272	12,397
Non-current lease liability	2,446	-
Long-term interest-bearing loans and borrowings	6,375	-
Total non-current liabilities	**23,455**	**14,802**
Current liabilities		
Trade accounts payable	9,189	8,263
Income tax payable	430	893
VAT and other taxes payable	1,671	1,430
Deferred revenue and customer advances	9,541	8,809
Short-term portion of long-term interest-bearing loans	2,125	-
Other payables, accrued expenses and contingent consideration liabilities	6,620	5,610
Total current liabilities	**29,576**	**25,005**
Liabilities directly associated with the assets held for sale	**1,188**	**-**
Total liabilities	**54,219**	**39,807**
TOTAL EQUITY AND LIABILITIES	**215,806**	**204,783**

Consolidated IFRS Statement of Comprehensive Income

RUR millions	Q1 2019	Q1 2018
Online advertising	7,747	6,557
MMO games	4,710	3,753
Community IVAS	3,722	3,843
Other revenue	1,339	941
Total revenue	**17,518**	**15,094**
Net gain/(loss) on venture capital investments	9	(39)
Personnel expenses	(4,765)	(5,443)
Office rent and maintenance	(66)	(598)
Agent/partner fees	(4,967)	(3,533)
Marketing expenses	(5,156)	(3,086)
Server hosting expenses	(170)	(466)
Professional services	(142)	(155)
Other operating expenses	(946)	(584)
Total operating expenses	**(16,212)**	**(13,865)**
EBITDA	**1,315**	**1,190**
Depreciation and amortisation	(2,985)	(2,385)
Share of loss of equity accounted associates	(293)	-
Finance income	143	177
Finance expenses	(203)	(15)
Other non-operating loss	(57)	(33)
Net gain/(loss) on derivative financial assets and liabilities at fair value through profit or loss	(110)	678
Loss on re-measurement of previously held interest in equity accounted associate	(115)	-
Net foreign exchange gain/(loss)	(719)	170
Loss before income tax expense	**(3,024)**	**(218)**
Income tax expense	(430)	(473)
Net loss	**(3,454)**	**(691)**
Attributable to:		
Equity holders of the parent	(3,470)	(696)
Non-controlling interest	16	5
Other comprehensive gain/(loss) that may be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations:		
Differences arising during the period	330	(68)
Total other comprehensive gain/(loss) net of tax effect of 0	**330**	**(68)**
Total comprehensive loss, net of tax	**(3,124)**	**(759)**
Attributable to:		
Equity holders of the parent	(3,140)	(764)
Non-controlling interest	16	5
Loss per share, in RUR:		
Basic loss per share attributable to ordinary equity holders of the parent	(16)	(3)
Diluted loss per share attributable to ordinary equity holders of the parent	(16)	(3)

.

Consolidated IFRS Statement of Cash Flows

RUR millions	Q1 2019	Q1 2018
Cash flows from operating activities:		
Loss before income tax	(3,024)	(218)
Adjustments to reconcile loss before income tax to cash flows:		
Depreciation and amortisation	2,985	2,385
Impairment losses on financial assets at amortized cost	118	9
Net (gain)/loss on financial assets and liabilities at fair value through profit or loss	110	(678)
Loss on re-measurement of previously held interest in equity accounted associate	115	-
Loss on disposal of property and equipment and intangible assets	4	-
Finance income	(143)	(177)
Finance expenses	203	15
Share of loss of equity accounted associates	293	-
Net foreign exchange (gain)/loss	719	(170)
Share-based payment expense	310	1,723
Other non-cash items	3	3
Net (gain)/loss on venture capital investments	(9)	39
Change in operating assets and liabilities:		
Increase in accounts receivable	1,447	710
(Increase)/Decrease in prepaid expenses and advances to suppliers	(249)	533
Increase in inventories	-	(57)
(Increase)/decrease in other assets	(213)	25
Increase in accounts payable and accrued expenses	412	30
(Increase)/decrease in non-current prepaid expenses and advances	45	(85)
Increase in deferred revenue and customer advances	1,827	1,042
Increase in financial assets at fair value through profit or loss	(352)	(312)
Operating cash flows before interest, income taxes and contingent consideration settlement	**4,601**	**4,817**
Settlement of contingent consideration of business combination	(688)	-
Interest received	117	173
Interest paid	(136)	(13)
Income tax paid	(1,303)	(944)
Net cash provided by operating activities	**2,591**	**4,033**
Cash flows from investing activities:		
Cash paid for property and equipment	(789)	(1,005)
Cash paid for intangible assets	(825)	(394)
Dividends received from equity accounted associates	35	-
Loans issued	(134)	(164)
Cash paid for acquisitions of subsidiaries, net of cash acquired	(5,314)	(5,491)
Settlement of initial fair value of the contingent consideration at acquisition date	(1,132)	-
Cash paid for investments in equity accounted associates	(482)	-
Net cash used in investing activities	**(8,641)**	**(7,054)**
Cash flows from financing activities:		
Payment of lease liabilities	(859)	**-**
Loans received, net of bank commission	8,458	**-**
Cash paid for treasury shares	(539)	-
Net cash provided by financing activities	**7,060**	**-**
Net increase/(decrease) in cash and cash equivalents	**1,010**	**(3,021)**
Effect of exchange differences on cash balances	(278)	62
Cash and cash equivalents at the beginning of the period	11,723	15,371
Cash and cash equivalents at the end of the period	**12,455**	**12,412**