Mail.ru Group

2020-2022 strategy
Focus on the core & ecosystem development
**MRG – story of constant evolution**

- Throughout our 21-year history, we have been **constantly evolving** by recognizing and adapting to existing trends and creating new trends, with extreme focus on **digitalization** of daily user needs.
- Today, we are a **user focused** consumer and entertainment company, with the **largest in Russia** direct audience access, **mass-market and high-frequency** focus and **international** presence via Games. We are a strong **B2C** player, with **ambitions in B2B**
- Our strategy is to always think about tomorrow and how to drive change for the better for our users

### Today

<table>
<thead>
<tr>
<th>Communications</th>
<th>Social networks</th>
<th>Games</th>
<th>E-commerce</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Email RU" /></td>
<td><img src="image2" alt="VK" /></td>
<td><img src="image3" alt="Warface" /></td>
<td><img src="image4" alt="Odnoklassniki" /></td>
</tr>
<tr>
<td>#1 E-mail service in Russia</td>
<td>Leading Russian social networks</td>
<td>#1 PC game in Russia</td>
<td>#1 Russian food delivery service</td>
</tr>
<tr>
<td>Outperforms Gmail in Russia</td>
<td>Largest in users / time spent in Russia</td>
<td>Successful mobile game developer</td>
<td>Leading Russian mobile classified</td>
</tr>
<tr>
<td>Email and portal launched</td>
<td>Entered the social media market</td>
<td>... And other leading titles</td>
<td>The fastest growing taxi aggregator in Russia</td>
</tr>
<tr>
<td>Entered the gaming market</td>
<td>Entered the O2O and e-commerce markets</td>
<td>Leading player in the Russian cross-border eCommerce market</td>
<td></td>
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</tbody>
</table>

### Main stages

- **1998-2001**: Email and portal launched
- **2007**: Entered the social media market
- **2008**: Entered the gaming market
- **2015 - 2018**: Entered the O2O and e-commerce markets
- **2020 – 2022**: Leveraged internally used technologies to create marketable products in:
  - **New verticals**
  - **Fintech**
  - B2B / Cloud
  - AI
  - etc

*Source: Internal data*
Focus on the core

- We have now completed the key target partnerships, including in eCommerce, mobility and foodtech, where we do not hold control and which are well-funded
- Our 2020-22 strategy is focused on the core businesses, consolidated within the Group

Source: Internal data
# Key underlying trends

## What we are seeing:

- Convergence with offline
- Dynamic change in behavior patterns
- Rising importance of scale
- The rise of ecosystems
- Overlapping interests and expertise of the leading players

## What it means:

- Total addressable market is rising
- Rapid rise of new segments (e.g. eCommerce, online food delivery, ride-hailing, smart speakers) given rising overall digitalization of life
- Openness to change, agility
- Constant monitoring and analysis of user needs, the state of domestic and global markets, and search for new opportunities
- It provides an increasing competitive advantage, with barriers to entry for new or not well-funded players
- Rising importance of technological superiority, R&D, AI & Big Data
- Increasing importance of depth, quality of offer and differentiation
- As it brings prospects of reduced CAC, higher stickiness, engagement and loyalty in the long-run
- Emergence of strategic partnerships and “coopetition”

Source: Internal data
Strategic priorities into 2022

Our product range allows us to navigate users through their daily digital journey, which has laid firm groundwork for our next target – transform into the leading domestic ecosystem, including through **deeper cross-selling, cooperation and integration** within the Group.

**Superior offer**
Broad product & service range, highest usage (measured by services used per user, % of paying users)

**Smoothly connected**
Single ID coverage of the entire ecosystem

**Omnichannel**
Leading positions in voice, with offline presence (e.g. homes, cars)

**Key SuperApp ecosystem**
Offer of most popular SuperApps for users and developers

**Audience & engagement leader**
Measured by audience reach and time spent

**Leading Russian ecosystem**

Goal is to create as efficient a platform as possible to accelerate development of existing and potential new services.

Source: Internal data
We are well-positioned in the local ecosystem race

<table>
<thead>
<tr>
<th>№1 in social networks</th>
<th><img src="https://via.placeholder.com/50" alt="vk" /> <img src="https://via.placeholder.com/50" alt="ok" /></th>
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</thead>
<tbody>
<tr>
<td>№1 in e-mail</td>
<td><img src="https://via.placeholder.com/50" alt="mail" /></td>
</tr>
<tr>
<td>№1 in Games*</td>
<td><img src="https://via.placeholder.com/50" alt="mgames" /></td>
</tr>
<tr>
<td>№1 in food delivery</td>
<td><img src="https://via.placeholder.com/50" alt="ostrich" /></td>
</tr>
<tr>
<td>№1 in eCommerce** &amp; №2 in general classifieds</td>
<td><img src="https://via.placeholder.com/50" alt="bebefy" /> <img src="https://via.placeholder.com/50" alt="pock" /> <img src="https://via.placeholder.com/50" alt="tutu" /></td>
</tr>
<tr>
<td>№2 in Taxi across 13 largest Russian cities, including Moscow</td>
<td><img src="https://via.placeholder.com/50" alt="taxi" /></td>
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<tr>
<td>Diversified in content</td>
<td><img src="https://via.placeholder.com/50" alt="vcs" /> <img src="https://via.placeholder.com/50" alt="mail" /> <img src="https://via.placeholder.com/50" alt="com" /></td>
</tr>
<tr>
<td>Present in Fintech</td>
<td><img src="https://via.placeholder.com/50" alt="pay" /></td>
</tr>
<tr>
<td>Present in B2B</td>
<td><img src="https://via.placeholder.com/50" alt="mail" /> <img src="https://via.placeholder.com/50" alt="cloud" /> <img src="https://via.placeholder.com/50" alt="myz" /></td>
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<tr>
<td>Strong in AI</td>
<td><img src="https://via.placeholder.com/50" alt="marusa" /> <img src="https://via.placeholder.com/50" alt="vision" /> <img src="https://via.placeholder.com/50" alt="predict" /></td>
</tr>
</tbody>
</table>

- **Largest Internet audience reach** in Russia, at ~70% daily and >93% monthly
- **№3** across Europe in terms of **mobile app revenues**, **№1** among Russia-headquartered companies
- Among the most **diversified product portfolios** and **leadership** in multiple **verticals** online and in O2O, whether through own or partner products
- Presence in some of the **highest-frequency + transactional verticals** and **dominance in online time spent**. We are in phones, computers and entering cars & homes
- **Competitive advantage / differentiation** via **dominance in social networks**, which account for ~50% of Internet time spent in Russia and are most advanced in their move into mobile
- **Backed by expertise and capital of global Internet leaders**, with Alibaba, Tencent and Naspers among our shareholders and project partners

*Source: Internal data, App Annie, Mediascope (December), * among European games companies domiciled in Russia ** cross-border*
Our goal is to become the leading local ecosystem

**Wide range of services**
- Presence in all major markets and verticals
- Always be the "first choice", most effectively meeting the needs of users

**Availability**
- 24/7 with the user
- Omni-channel approach
- Easy navigation within and between services

Source: Internal data
Cross-integration and cross-selling focus

We will focus on tools, which will enhance our ecosystem and drive long-term growth and loyalty.

**Unified ID**
- VK at the heart of Group’s ID
- Provides for soft integration of all MRG products under core brand as part of ecosystem and brand-awareness development

**Mini Apps**
- Allows to boost use case offering & user penetration across the group

**Loyalty program**
- Increases stickiness and cross-selling. We will further diversify our loyalty offering, including through partner services

Source: Internal data
Digital ad market is far from saturation

Digital ad market should be stimulated by expected macro recovery, while we should continue to benefit from further shifts within digital & rising digital TAM

1. Digital ad revenue in Russia has surpassed that of TV for the first time in history in 2018
2. Digital has 65%+ ad share in many countries vs ~50% in Russia
3. Digital continues to gain share in time spent and social accounts for ~50% of time spent online in Russia
4. Digital TAM is rising by capturing a share of marketing revenue and other adjacent markets so actual digital share even in the established market like the US is perhaps ~25-30% vs reported 55%
5. GDP growth is expected to accelerate to 2%+, with online advertising having a very strong +ve correlation with growth in Russia, among the highest globally
6. We have the largest audience reach, yet account for 16% of digital wallet after 4 years of share gains

Source: HSBC, Morgan Stanley, BofA Global Research, street estimates, eMarketer, Zenith Optimedia
We aim to continue to gain market share

- We see multiple growth opportunities ahead given our ~16% digital market share in a growing market
- SME segment and performance advertising are among key growth areas

Russian advertising market forecasts, 2018-2022, RUBbn

<table>
<thead>
<tr>
<th>Year</th>
<th>Offline</th>
<th>Digital</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>266</td>
<td>244</td>
<td>514</td>
</tr>
<tr>
<td>2019</td>
<td>244</td>
<td>278</td>
<td>542</td>
</tr>
<tr>
<td>2020</td>
<td>229</td>
<td>308</td>
<td>571</td>
</tr>
<tr>
<td>2021</td>
<td>224</td>
<td>336</td>
<td>602</td>
</tr>
<tr>
<td>2022</td>
<td>228</td>
<td>367</td>
<td>641</td>
</tr>
</tbody>
</table>

TAM across some of the adjacent markets to advertising, 2019E, RUBbn

- Sales & promo: 510
- Content production: 177
- Data analysis: 111
- Research & Analytics: 21

* Accounts of revenues of Avito, regional classifieds, ads in social network groups, offline placements

Source: Internal forecasts, AKAR, IAB, Ministry of Economic Development
Sources: ОИРОМ, AKAR, DAN, PWC, IDC EMEA, iKS-Consulting, Nielsen
MRG vs Facebook in the US and globally

ARPU comparison shows significant upside potential

- We have seen Facebook gain >10p.p in digital share in the US since 2015 vs Google flat in the meantime, as budgets continue to shift into social even in more established markets.
- Market comparison suggests that Russia has only started this journey. We are encouraged & motivated by the vast difference in APRU & will be extremely focused in bridging this gap, with GDP differential in mind.
- Success should result in further market outperformance.

Source: Facebook Q4’19 earnings slides, Internal data
Advertising Strategy – omnichannel approach

- We will further advance in performance advertising, grow exposure across SMEs, and will be more active in video
- We are building ecosystem of marketing tools for all types of clients, including tools for omnichannel reach
- Our sales approach will be to create and enhance synergy in sales of advertising and IT solutions
- We will expand our ad network and experiment across adjacent markets
Maintain leadership in reach and time spent

Our strategy is to use current market position and competitive advantages (e.g. access to social networks, broad portfolio of services, strong partners) to strengthen market position through broader integration, cooperation, cross-selling, exploitation of synergies within MRG and through our partners.

Source: Mediascope WEB-Index, Desktop&Mobile, Russia: cities of 0+, age of 12+, December 2019

Source: Mediascope (Desktop&Apps): Russia 0+, age 12+, Daily Attention (Desktop&Apps) – average daily time spent share, December 2019
**AUDIENCE**
- Our ultimate goal is to grow VK’s audience in Russia and the CIS to **above 100mn** within the next 2–3 years

**ENGAGEMENT**
- VK is focused on boosting time spent and stickiness
- We plan to **significantly increase time spent, especially in the 30+ audience** in which we see large potential

**REVENUE**
- VK revenue grew 4x between 2014 and 2018
- Our goal is to **further double VK revenue by FY22 to ~37bn**
- We are on track, with **>20% revenue growth in 2019**

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**Source:** Internal data, Mediascope – December 2019
VK has very strong social and content features which allow users to create content, chat, learn new information and have all of their communication needs met all in one place.

With Mini Apps, for example, users can take care of any task they need, from ordering food to finding your soulmate. Such products are one of the strongest features of VK, and we will continue to develop them.

We will also continue to diversify our product offering in order to stimulate retention, creativity, and time spent, while further expanding audience reach across Russia and the CIS.
VK and MRG – significant potential for synergies

VK ecosystem offer for MRG

1. VK Mini Apps
2. Music
3. Social graph
4. Messenger platform
5. Content preferences & recommendations

MRG access benefits

- **Video, audio and streaming technologies** (e.g. launching video service with OK, use tools & expertise of Portal)
- **SME & B2B**
- **Social Commerce & O2O services** (e.g. AER, CM, DC, Combo, Youla)
- **Payment instruments** (e.g. VK Pay, Money.Mail.ru)

Source: Internal data
VK is already a Super App

**Communication**
- Personal messages, Group chats, Calls, Business chats

**Content**
- News, memes, Stories

**Services**
- Games & entertainment, shopping, services, loyalty program

**Payments**
- Payment for goods & services of VK + our partners, deferred and regular payments

**Infrastructure**
- Profile + Service profile; properties & account management; entry points; sharing & hosting

Source: Internal data
VK – ways to reach our goal to become a leading Super App

• VK will expand its line of products and continue developing VK as a Super App
• VK will also expand its ecosystem beyond the main app using the VK Mini Apps platform, a universal authentication system, VK Pay, a broad loyalty program, and other integrations with Mail.ru Group products. This will allow VK to grow its audience, meet even more of its users’ needs and become the main app for addressing everyday tasks of users across Russia/CIS
• By 2018, VK had already become a Super App, thanks to the launch of the VK Mini Apps platform. Even then, developers had the ability to easily create Mini Apps of their choice, and users could do any task they needed to without leaving VK. The platform grew quickly since. Now, there are more than 13k active Mini Apps, with a MAU of 23mn. We will continue to develop the platform and make it more functional so that anyone could use it to meet any need they have

TRANSFORM VK
into the main app for communication, entertainment & solving daily needs for users across Russia/CIS through a broad and differentiated offer as well as extreme convenience

<table>
<thead>
<tr>
<th>COMMUNICATION</th>
<th>ENTERTAINMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>(e.g. communities, chats, calls, news, business communication)</td>
<td>(e.g. memes, music, video, stories, games)</td>
</tr>
<tr>
<td>SELF-REALIZATION</td>
<td>UTILITIES</td>
</tr>
<tr>
<td>(e.g. education, work, shopping)</td>
<td>(e.g. payments, services, loyalty program)</td>
</tr>
</tbody>
</table>

Source: Internal data
### Super App: Prospects with Mini Apps — Penetration Upside Potential

- Penetration of Mini Apps can more than double from here

<table>
<thead>
<tr>
<th>App</th>
<th>Current Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>WeChat</td>
<td>72%</td>
</tr>
<tr>
<td>Alipay</td>
<td>62%</td>
</tr>
<tr>
<td>VK</td>
<td>25%</td>
</tr>
<tr>
<td>Baidu</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: QuestMobile China Mobile Internet Insight Report, April 2019
Single ID - platform advantages for users

- VK will form the basis for the unified MRG's user identification product
- VK is already used as an identification system, with > 15 mn OAuth-authorizations daily

**Single identification**
Much more than just a VK login page: an overall MRG user account service center

**Smooth authorization**
One-click access to all of MRG's services for those with a VK account

**VK passport**
Access point to key user information (e.g. name, credit card, phone number, address, bonus points, loyalty), which allows for smooth and secure data storage and exchange

**Unified service**
Unique access methodology and algorithms, loyalty and subscription program, unified account management system

Source: Internal data
Strong synergy between various Mail.ru Group products. Helps promote them more efficiently and improves new user conversion rate.

Transactionality improvements
VK Pay is a unified and convenient payment service that covers all of our users’ online payment needs. The platform will offer digital payment services and e-wallets to Russian users.

Improving user knowledge
using a unified data warehouse. On the platform, users share data with MRG, which helps us improve our services. For example, using Big Data and machine learning, we can recommend posts that users would find more interesting and show ads that would be more relevant.

Source: Internal data
Single ID - penetration across the Group by 2022

- We want all our users of all our products to be smoothly connected through a Single ID by the end of 2022, if not earlier.

Source: Internal data
Combo – benefit for the user of our ecosystem

- **Music and video** offers have been enhanced, with further updates expect in 2020
- Combo is available on VK as a Mini App, with VK Pay integrated as a payment method. More integrations to come

**Services included in Combo as of Feb:**

- **Delivery Club (O2O)**
  - Additional 10% discount on top of any current discounts

- **VK Music + Boom (MRG)**
  - Free unlimited access, ad-free, works offline

- **YouDrive (O2O)**
  - 50% discount on the first trip and 10% cashback on all trips

- **Citymobil (O2O)**
  - 10% discount on all trips (+3% on top of any existing discount)

- **MegaFon TV (Amediateka by HBO) & Okko (Partners)**
  - Free access to video content from Amediateka through free access to promo package of MegaFon TV
  - *Okko was added in Feb

- **Perekrestok Online/Offline (Partner)**
  - 10% off the check

- **Cloud Mail.ru (MRG)**
  - 16GB of free space

- **McDonald’s (Partner)**
  - Buy 1 get 1 free Big Mac (per month)
  - *10% discount for the menu via Delivery Club

**New Services included in Combo as of Feb:**

- Additional 10% discount on top of any current discounts
- Perekrestok Online/Offline (Partner)
- 10% discount on all trips (+3% on top of any existing discount)
- 10% off the check
- 16GB of free space

**Source:** Internal data * Features launched after the initial Combo rollout on October 17, 2019

- Focus is on offering **superior customer value proposition** to boost cross-selling and paying audience share
- **Frequency uplift** among Combo-users is registered in transaction-based services
VK Kit – platform for connecting MRG services into an ecosystem

Unified account for MRG user

- **mini apps**
  - Group’s mini app platform
- **маруся**
  - Group’s voice assistant
- **widgets**
  - Group’s widget platform
- **Combo**
  - Group’s digital loyalty program
- **pay**
  - Group’s payment system
Path towards an ecosystem of Super Apps and Mini Apps

• Our strategic vision is to boost VK Mini Apps penetration and expand the platform across Mail.ru Group products while simultaneously establishing VK as the core of the Group’s user identification system
• With Mini Apps, other MRG products can also become Super Apps
• With the single ID system, users will receive an ecosystem of ecosystems that will accompany them in everything they do, both online and offline

Source: Internal data
Ultimate goal - each interface will fulfill any need at any time

Habit Data

Content Consumption Data

Single ID Marusia

Wake up
Have breakfast
Go to work
Read news
Work
Have lunch
Go home
Have dinner
Watch TV

UGC News Feed (VK, OK)
News (Portal, Pulse)
Music (VK, OK, Boom)
Video (VK, OK, etc.)
Food (Delivery Club)
Taxi (CityMobil)
Car Sharing (YouDrive)
Financial Products (VK Pay)

Time of day
User needs
Interface
Content

Source: Internal data
OK & IVAS – key strategic priorities into 2022

- **Maintain differentiation between OK & VK**, with OK positioned as a social network focused on features to emotions exchange and entertainment (e.g. presents, like-service, video, games, music, stickers), including through IVAS-driven features, with a goal to continue to gradually expand IVAS revenue for the Group without negatively affecting audience, but with a declining share of IVAS in Group revenues due to single digit growth rate potential.

- Continue to **increase in engagement and sticky factor** on OK

- **Grow share of advertising revenues** on OK and **boost advertiser numbers**. Penetrate deeper into SMEs

- **Launch unified video platform** based on OK technologies for all MRG video services

- **Grow time spent and avg video view time**

- Further **enhance mobile social gaming platform, with a goal to triple related revenues** in OK in 3 years in order to offset expected decline in social gaming revenues on desktop
  1. Increase playing audience penetration on mobile;
  2. Attract new mobile titles;
  3. Develop additional monetization models (e.g. in-game advertising, subscriptions)

- **Develop more technological products** with ML-based algorithms to increase engagement and new UX cases

- Launch experiments with **other sources of monetization**: video subscriptions, donations etc

- Get benefit from product synergy with other MRG business units and vice versa

Source: Internal data
Omnichannel approach for channels of presence

• Broad penetration, with presence around the user across multiple platforms is important for long-term leadership

• Platforms will complement each other

Platform penetration among households in the world by 2023

- Smart TV: 78%
- Mobile devices: 66%
- Smart speaker: 73%
- Smart car: 70%
- Smart house: 17%

Source: HIS, Dataxis, Forrester, Statista, IDC
Marusia smart assistant vision into 2022

Smart speaker

- music
- Q&A
- weather
- news
- routes
- local info
- games
- children's content
- 60+ skills

food delivery / taxi

- news, weather, horoscopes, traffic
- reading and writing emails
- calendar, meeting reminders
- shopping list and tasks
- help

Music

- video calls
- satellite
- video content platform

Calls

- music
- events from newsfeed
- video
- onboarding, support

Horoscopes, Traffic

- answers to questions
- voice browsing
- reference information

Source: Internal data
Games Division – Becoming More Global

- **Global games** market is ~80x larger than the Russian market and mobile is the largest gaming segment globally.
- Hence, our ongoing efforts to become increasingly global and mobile, with the share of international and mobile revenues at 64% as of 4Q and expected to reach 80%+ in 2022.
- Our goal is to be 80%+ international and 80% mobile by FY22, while maintaining strong position in Russia.

Source: internal data, Newzoo 2019 report
MY.GAMES – Product strategy

• We will continue to focus on global audience and revenue growth through the creation and management of the gaming portfolio diversified in terms of platforms and genres
• Our competitive advantages come from our scale, experience, diversification, quality of analytics and marketing
• Strategy assumes annual launch of 2 or more PC and console games and 4 mobile games and ongoing consolidation of MRGV portfolio studios

<table>
<thead>
<tr>
<th>Diversified</th>
<th>Experienced</th>
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</thead>
<tbody>
<tr>
<td>100+ Games in operation</td>
<td>70+ Games developed</td>
</tr>
<tr>
<td>15+ Games in development</td>
<td>16+ Years of gaming experience</td>
</tr>
<tr>
<td>10 / 200+ Offices / countries of game sales</td>
<td>605mn Game registrations</td>
</tr>
<tr>
<td>13 / 22 Studios in-house / MRGV</td>
<td></td>
</tr>
</tbody>
</table>

Source: Internal data
Our strategic focus is on further development of our gaming ecosystem with focus on risk/volatility management and sustainable growth of revenue through:

- **Scaling of success** of existing franchises (e.g. WarRobots, Hustle Castle and Warface), by developing new engaging gaming experiences and moving them across platforms (where suitable). There are 7 franchise-based games in the pipeline.
- Creating and developing **new strong gaming franchises** across existing as well as new genres.
- Utilizing but also modifying and enhancing proven gaming mechanics.
- Identifying **new talent** and diversification opportunities through MRGV, related gradual consolidation.

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**Successful Game Mechanics Re-usage**
- War Robots → TBA
- Hustle Castle → TBA
- American Dad → TBA
- Dino Squad → Love Sick
- Tactcool

**MRGV**
- Warface: PC + Console + Mobile
- Evolution: Mobile1 + Mobile2
- PC + Console

**Franchise Development**
MY.GAMES – Strategic pillars in becoming a top-25 player globally

- We have entered 2020 with a **single international gaming brand MY.GAMES launched in mid-2019** bringing together a growing variety of our products and services, with a goal to further expand them internationally
- We are **top-50 games company globally today**, with a goal to be among **top-25** largest global players in the medium term
- We also remain committed to **doubling reported Games EBITDA vs 2018 level**, while achieving **low to mid-20s margin through the 2018-2022 cycle**

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**DEVERSIFIED PORTFOLIO**

Maintain a diversified portfolio, ensuring a constant flow of high potential products

**INTERNATIONAL EXPANSION**

Boost international expansion through partnership with local expertise

**FRANCHISE DEVELOPMENT**

Create and develop own viable gaming franchises as WF, WR, HC

**GLOBAL BRAND**

Grow MY.GAMES brand, ensuring its high recognition and positive perception among players, partners and employees

**GROW TALENTS**

Build a strongly performing team with an agile mindset and versatile professional capabilities
Classifieds - ~RUB 48-50bn market
There is room for significant further expansion for Youla

Market size, RUB bn\(^{(1)}\)

\(~48-50\)

\(\text{HH.ru} \quad \text{Avito} \quad \text{Yandex} \quad \text{Others} \quad \text{Youla}\)

\(\text{…with potential to reach RUB 75bn by 2022}\(^{(2)}\)\)

\begin{align*}
\text{2019 E} & \quad \text{50} \\
\text{2022 F} & \quad \text{75}
\end{align*}

CAGR ~15%

Source: Public data, Internal data, SPARK/Interfax.
1Others include N1, CIAN, Drom.ru, Superjob, Zarplata, Rabota, Profi.ru, Youdo etc.
2 Calculation is done using 2019 market size estimate and GAGR, forecasted by Goldman Sachs for 2020-2022.
Classifieds – opportunities across 5 verticals

Jobs & Services offer high growth potential with relatively lower competition

Jobs & Services (~RUB 21bn):
- Segment offers high growth potential. Drivers include ongoing shift from offline, increase in blue-collar category, expansion of the base of self-employed, the rise of freelance
- Average level of competition, with multiple players

Generals (~RUB 6bn):
- Segment offers potential GMV of >RUB 350 bn, but is difficult to monetize through C2C
- Growth drivers come from deeper penetration into transaction, organized consumption
- Segment is facing a risk of rising competition with e-commerce

Real estate & Autos (~RUB 22bn):
- Limited growth potential – market is not expanding in terms of units on sale, online penetration is already quite high
- High competition for same wallets
- Growth drivers – deeper penetration into the value chain, change in the market structure in favor of an increase in the share of agents/dealers

Source: Public data, Internal data, SPARK/Interfax
Youla – competitive advantage from access to MRG

- Full integration into the Group provides Youla with access to the most attractive customer acquisition channels – social networks and related integrations
- MRG provides Youla with access to almost entire Internet audience base of Russia, allows for lower CAC

### Social networks and classifieds are the most popular social commerce platforms

<table>
<thead>
<tr>
<th>Platform</th>
<th>% of Internet users, making purchases through social platforms&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>VK</td>
<td>44%</td>
</tr>
<tr>
<td>Avito</td>
<td>28%</td>
</tr>
<tr>
<td>Youla</td>
<td>16%</td>
</tr>
<tr>
<td>OK</td>
<td>10%</td>
</tr>
<tr>
<td>Instagram</td>
<td>10%</td>
</tr>
</tbody>
</table>

### ...as well as are the most popular channels in attracting service providers

<table>
<thead>
<tr>
<th>Channel</th>
<th>% of service providers, using the channel for securing orders&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classifieds</td>
<td>35%</td>
</tr>
<tr>
<td>Social networks</td>
<td>32%</td>
</tr>
<tr>
<td>Press</td>
<td>29%</td>
</tr>
<tr>
<td>Banner ads</td>
<td>25%</td>
</tr>
<tr>
<td>Leaflets</td>
<td>21%</td>
</tr>
</tbody>
</table>

### ...as well as among recruiters

<table>
<thead>
<tr>
<th>Channel</th>
<th>% of recruiters, using the channel for placement of vacancies&lt;sup&gt;(2)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job boards</td>
<td>91%</td>
</tr>
<tr>
<td>Social networks</td>
<td>86%</td>
</tr>
<tr>
<td>Professional groups</td>
<td>50%</td>
</tr>
<tr>
<td>Industry portals</td>
<td>45%</td>
</tr>
<tr>
<td>Distributions</td>
<td>14%</td>
</tr>
</tbody>
</table>

Source: (1) Data Insight research using customer poll data, showing only top-5 platforms; (2) Internal research
Youla strategy – audience and monetization growth

Gap between revenue of Youla and market leader* by ~12x

Audience of Youla is 1.4x smaller vs the leader

- MAU is 1.4x below

Depth of monetization is 8x lower vs the leader

- Revenue from 1 MAU is 8.4x lower
- Share of paying users is 2.8x lower
- ARPPU is 3x lower
  - We are behind in terms of the number of available monetization instruments due to recent monetization launch
  - Few B2B clients
  - Undeveloped high-APRU verticals

Target 1: Grow in audience

Target 2: Progress towards break-even driven by more extensive monetization

Source: Internal data * Using 2019 estimates
### Youla strategy – remain highly product-driven

<table>
<thead>
<tr>
<th>First-to-market features launched by Youla</th>
<th>Global trends in classifieds products(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location-based search</td>
<td>Mobile-first innovations</td>
</tr>
<tr>
<td>Quick registration with phone number</td>
<td></td>
</tr>
<tr>
<td>Escrow payments</td>
<td>Escrow payments and delivery to get deeper into a transaction</td>
</tr>
<tr>
<td>C2C delivery</td>
<td></td>
</tr>
<tr>
<td>Gamification</td>
<td>Focus on improvement of user experience</td>
</tr>
<tr>
<td>Subscription on sellers</td>
<td></td>
</tr>
<tr>
<td>Rankings across users</td>
<td></td>
</tr>
<tr>
<td>Smart personalized listings feed</td>
<td></td>
</tr>
<tr>
<td>C2C discounts</td>
<td></td>
</tr>
<tr>
<td>In-app audio &amp; video calls</td>
<td></td>
</tr>
<tr>
<td>App in App integration in social networks</td>
<td></td>
</tr>
<tr>
<td>Stories</td>
<td></td>
</tr>
</tbody>
</table>

Source: (1) AIM Group reports: 2018 Classified Intelligence Report; and Marketplaces Report, Vol.20 No.11, May 2019
Approach to entry into new verticals

We are pleased with our portfolio offer today, but rapid evolution means openness and readiness to change. We want to be transparent in our thinking. We will remain fast, flexible and entrepreneurial. When looking for new development vectors, we assess hundreds of factors, take into account thousands of nuances, and review tens of thousands of assumptions. However, there are six main criteria, which are most important:

1. **Positive effect**: The new product or technology should change people’s lives for the better, making them more comfortable. We want technology to serve people.

2. **Potential coverage and market size**: MRG is a sizeable company, and we only invest in a way that would benefit and drive development and further growth of the Group.

3. **Barriers to entry**: We need to be able to create moats around the business that eliminate potential entrants. Markets that may have more than three key players and are relatively established are of limited interest to us.

4. **Complementarity**: The service should hold value for MRG and vice versa.

5. **Economics**: We are prepared to invest a lot and wait for a return, but with a clear vision about how and when a business is set to at least break even.

6. **Team**: We make a point of having products managed by an energetic and ambitious team fueled by their entrepreneurial spirit, which can be unique and should not be influenced.

If the business meets all of the foregoing criteria, we will venture into the new market, including through M&A, to save time-to-market.

Source: Internal data
For further information please contact:

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