



VK Company Limited unaudited results for Q2 2022

August 11, 2022. VK Company Limited (LSE, MOEX: VKCO, hereinafter referred to as "the Company" and together with its subsidiaries "VK" or "the Group"), today releases unaudited IFRS results and segment financial information for the three and six months ended 30 June 2022

Performance highlights*

Results for the three months ended 30 June 2022:

- Q2 2022 Group Total Adjusted revenue grew 4% YoY to RUB 31,160mn. Total IFRS revenue was up 11% YoY to RUB 32,836mn.
- Q2 2022 Group Total Adjusted EBITDA declined 37% YoY to RUB 4,206mn
- Q2 2022 Group Total Adjusted net loss was RUB (3,435mn), compared to Q2 2022 Total Adjusted net loss of RUB (2,232mn), including the following contributions from the major strategic associates and joint ventures:
 - O2O JV: RUB (2,649mn) in Q2 2022 vs RUB (3,903mn) in Q2 2021;
 - AER JV: RUB (0mn) in Q2 2022 vs RUB (489mn) in Q2 2021;
 - Uchi Group: RUB 43mn in Q2 2022 vs RUB (25mn) in Q2 2021;
 - Umschool: RUB 11mn in Q2 2022 (the Group acquired the 25% stake in October 2021)
- Q2 2022 Group Total IFRS net profit was RUB 3,616mn, compared to Q2 2021 Total IFRS net loss of RUB (4,977mn), including the following contributions from the major strategic associates and joint ventures:
 - O2O JV: RUB (3,831mn) in Q2 2022 vs RUB (4,114mn) in Q2 2021;
 - AER JV: RUB (0mn) in Q2 2022 vs RUB (1,127mn) in Q2 2021;
 - Uchi Group: RUB (26mn) in Q2 2022 vs RUB (97mn) in Q2 2021;
 - Umschool: RUB 27mn in Q2 2022 (the Group acquired the 25% stake in October 2021)

Results for the six months ended 30 June 2022:

- H1 2022 Group Total Adjusted revenue grew 6% YoY to RUB 62,062mn. Total IFRS revenue was up 10% YoY to RUB 63,413mn.
- H1 2022 Group Total Adjusted EBITDA declined 44% YoY to RUB 7,167mn
- H1 2022 Group Total Adjusted net loss was RUB (10,805mn), compared to H1 2021 Total Adjusted net loss of RUB (3,230mn), including the following contributions from the major strategic associates and joint ventures:
 - O2O JV: RUB (7,753mn) in H1 2022 vs RUB (7,216mn) in H1 2021;
 - AER JV: RUB (828mn) in H1 2022 vs RUB (967mn) in H1 2021;
 - Uchi Group: RUB 80mn in H1 2022 vs RUB 21mn in H1 2021;
 - Umschool: RUB 80mn in H1 2022 (the Group acquired the 25% stake in October 2021)
- H1 2022 Group Total IFRS net loss was RUB (51,291mn), compared to H1 2021 Total IFRS net loss of RUB (7,434mn), including the following contributions from the major strategic associates and joint ventures:
 - O2O JV: RUB (13,132mn) in H1 2022 vs RUB (7,609mn) in H1 2021;
 - AER JV: RUB (1,228mn) in H1 2022 vs RUB (1,768mn) in H1 2021;
 - Uchi Group: RUB (60mn) in H1 2022 vs RUB (51mn) in H1 2021;
 - Umschool: RUB 63mn in H1 2022 (the Group acquired the 25% stake in October 2021)

RUB millions	Q2 2021	Q2 2022	YoY, %	H1 2021	H1 2022	YoY, %
Adjusted revenue	29,991	31,160	4%	58,281	62,062	6%
Revenue	29,688	32,836	11%	57,423	63,413	10%
Adjusted EBITDA	6,662	4,206	-37%	12,733	7,167	-44%
Adjusted net loss	(2,232)	(3,435)		(3,230)	(10,805)	
Net (loss)/profit	(4,977)	3,616		(7,434)	(51,291)	



* This release presents Adjusted revenue, Adjusted EBITDA, Adjusted net profit/loss, which are non-IFRS financial measures.

RUB millions	Q2 2021	Q2 2022	YoY, %	H1 2021	H1 2022	YoY, %
Online advertising Revenue	11,250	14,344	28%	21,721	25,450	17%
<i>Adjustments:</i>						
Barter revenues	-	-		-	(15)	
Online advertising Adjusted revenue	11,250	14,344	28%	21,721	25,435	17%
MMO games Revenue	9,362	9,220	-2%	18,761	18,726	0%
<i>Adjustments:</i>						
Changes in deferred revenues	160	(1,181)		186	(694)	
MMO games Adjusted revenue	9,522	8,039	-16%	18,947	18,032	-5%
Community IVAS Revenue	4,532	4,192	-8%	8,891	9,085	2%
<i>Adjustments:</i>						
Changes in deferred revenues	(84)	(138)		33	(163)	
Community IVAS Adjusted revenue	4,448	4,054	-9%	8,924	8,922	0%
Education Technology services Revenue	2,011	2,578	28%	3,751	5,400	44%
<i>Adjustments:</i>						
Changes in deferred revenues	156	(338)		568	(451)	
Education Technology services Adjusted revenue	2,167	2,240	3%	4,319	4,949	15%
Other Revenue	2,533	2,502	-1%	4,299	4,752	11%
<i>Adjustments:</i>						
Changes in deferred revenues	71	(19)		71	(28)	
Other Adjusted revenue	2,604	2,483	-5%	4,370	4,724	8%

Due to the suspension of trading of VK's GDRs on the London Stock Exchange, a "De-listing Event" for VK's unsecured convertible bonds with a nominal value of \$200,000 and in the total amount of \$400mn maturing in 2025 has occurred in March. Since then the Company has been negotiating with the bondholders in order to find restructuring options. In July together with its advisors the Company submitted settlement offers in Rubles to holders inside the Russian Federation. As of the reporting date, the Group has repurchased a proportion of the Bonds as a result of several agreed market transactions. This buyback is made in order to reduce VK's financial liabilities and provide liquidity to the holders of the Bonds. The Group intends to continue the buyback of the Bonds in the Russian Federation. The issues and the procedure around the restructuring of the Bonds sitting within the International Clearing systems are being actively studied and discussed, taking into account the evolving conditions, including around foreign currency restrictions.

Given the current level of visibility and uncertainty, the Company refrains from providing forward guidance and outlook. While there will be no results call, VK welcomes any queries from its stakeholders using the Investor Relations contact details below and is available for individual incoming call requests.

Segmental highlights

Communications and Social segment

The segment's Adjusted revenue was up 22% YoY to RUB 17bn in Q2 2022, with advertising revenue and Community IVAS being the largest revenue components. The segment's IFRS revenue was up 23% YoY to RUB 17bn in Q2. Adjusted EBITDA increased by 29% YoY exceeding RUB 7bn in Q2 (with a margin of 42% vs 40% a year ago) due to higher revenue growth and lower Agent/partner fees.



Communications and Social Segment Performance – Q2 2022 & H1 2022

RUB millions	Q2 2021	Q2 2022	YoY, %	H1 2021	H1 2022	YoY, %
Revenue	14,132	17,432	23%	27,433	32,076	17%
<i>Adjustments:</i>						
Changes in deferred revenues	(17)	(157)		100	(191)	
Adjusted revenue	14,115	17,275	22%	27,533	31,885	16%
External revenue	14,011	17,269		27,373	31,846	
Intersegment revenue	104	6		160	39	
Operating expenses	(8,526)	(10,066)	18%	(16,330)	(19,767)	21%
Adjusted EBITDA	5,589	7,209	29%	11,203	12,118	8%
<i>Adj. EBITDA margin, %</i>	<i>40%</i>	<i>42%</i>	<i>2pp</i>	<i>41%</i>	<i>38%</i>	<i>-3pp</i>

VKontakte

VKontakte is strengthening its leading position among the social networks in Russia with an average MAU of 75.7mn (+5.5% YoY) and DAU 49.1mn (+4.5% YoY) in Q2 2022. In Q2, the average time spent on VKontakte stood at 47.1 minutes per day and as high as 61.7 minutes per day for the most engaged age group (12–24 year olds)*. According to Mediascope, VKontakte reached 83% of the Russian internet audience in June, with 53% visiting the platform daily**.

The number of VK Mini Apps continues to grow, up 56% YoY as of June to 53,300, with an average MAU of 45.4mn in Q2 (+15.5% YoY). In-app ad revenue of mini apps on the VK Mini Apps platform rose by 189% YoY in Q2. The ability to monetize mini apps on Odnoklassniki was also introduced. The VKontakte Mobile Games catalogue grew by 65% YoY, with 57% YoY growth in in-game payments on mobile in Q2.

VK Video (rolled out in October 2021) reached a new record of 2.35bn in average daily views in Q2. Product enhancements continue, including the launch of watch history and timestamps, automatic increased resolution and frame rate of up to 60 FPS based on proprietary NeuroHD neural network technology, personalized video covers, instant video processing and the ability to limit data consumption. VK Video has implemented data transfer technology based on the new HTTP/3 Internet Protocol to speed up the delivery of video content. The VK Video SDK was also made available to third-party developers. Most notably, VKontakte saw growth in video views on the social network itself, with 1.07bn (+43% YoY) in average daily views in Q2.

VKontakte is seeing an increase in content creation and consumption. In Q2, the number of communities created in Russia increased by 24% YoY, while the number of confirmed friend requests was up 23% YoY. The number of newly registered users also rose by 12% YoY, and news feed views increased by 37% YoY. VKontakte launched a support program for streamers and other creators in Q2 to further stimulate content diversity for its users.

In Q2, total earnings made by communities using VKontakte's official monetization tools grew by 116% YoY. Creators using VK Donut earned over RUB 101mn in Q2 (+225% YoY), with the number of communities using VK Donut up 51% YoY and the number of paid community subscribers up 141% YoY in Q2.

Among some of the major new product launches was the rollout of VK Messenger, a standalone mobile app for communication, which is now available on both iOS and Android.

* Source: Mediascope, Q2 2022, Russia (cities 0+, age 12+), Mobile and Desktop.

** Source: Mediascope, June 2022, Russia (cities 0+, age 12+), Mobile and Desktop.

Odnoklassniki (OK)



Average Russia MAU stood at 37mn in Q2, with high engagement reflected in more than 7.5bn virtual gifts, 552mn postcards and 570mn stickers sent during the quarter. The number of new user registrations in Q2 grew 35% YoY, driven by the 25-45 y.o. age group, with new users demonstrating above average engagement. The number of created Communities grew by 67% YoY in Q2.

Moments MAU reached 27.6mn in Q2 (+13% YoY). The number of views stood at 434mn (+7.5% YoY) with 27mn reactions in Q2, stimulated by further product enhancements such as animated backgrounds and broader access for Communities.

Payments to game developers for advertising in their projects doubled YoY in Q2.

SMEs continue to invest in advertising on OK. The number of unique paying users through OK internal ads manager, working based on myTarget technologies, in Q2 increased by 21.8% YoY.

Pulse and Relap (recommendation platforms)

Combined Adjusted revenue reached RUB 341mn in Q2 (+20% YoY). Time spent per active user increased by 33% YoY to 17.9 minutes.

Games segment

Bookings (Revenue adjusted for changes in deferred revenue or Adjusted revenue) declined by 17% YoY to RUB 9.2bn, driven mainly by stronger RUB. ~94% of Bookings came from F2P games, with mobile share at 72% of total bookings in Q2 (versus 77% in Q2 2021).

The Games segment Adjusted EBITDA declined to RUB 0.6bn (versus RUB 3.1bn in Q2 2021) due to the Forex effect, which had a negative impact on the amount of international revenue denominated in foreign currency, and the lack of new releases.

Average MAU stood at 26mn in Q2 (+24.6% YoY). The share of monthly paying users stood at 3.8% given the higher exposure to the hyper casual genre.

Games Segment Performance – Q2 2022 & H1 2022

RUB millions	Q2 2021	Q2 2022	YoY, %	H1 2021	H1 2022	YoY, %
Revenue	10,970	10,413	-5%	21,895	21,474	-2%
<i>Adjustments:</i>						
Changes in deferred revenues	160	(1,168)		186	(694)	
Adjusted revenue	11,130	9,245	-17%	22,081	20,780	-6%
External revenue	11,102	9,208		22,029	20,706	
Intersegment revenue	28	37		52	74	
Operating expenses	(8,010)	(8,693)	9%	(16,882)	(20,007)	19%
Adjusted EBITDA	3,120	552	-82%	5,199	773	-85%
<i>Adj. EBITDA margin, %</i>	<i>28%</i>	<i>6%</i>	<i>-22pp</i>	<i>24%</i>	<i>4%</i>	<i>-20pp</i>

EdTech segment

Adjusted revenue rose by 4% YoY to RUB 2.3bn in Q2 2022, while the segment's IFRS revenue was up 30% YoY to RUB 2.6bn. EdTech delivered an Adjusted EBITDA loss of RUB 0.4bn in Q2 compared to a loss of RUB 0.9bn in Q2 2021. Pressures from the accrued tax reserves and unfavorable macro factors were partially offset by optimization of marketing expenses.

EdTech Segment Performance – Q2 2022 & H1 2022

RUB millions	Q2 2021	Q2 2022	YoY, %	H1 2021	H1 2022	YoY, %
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Revenue	2,013	2,620	30%	3,753	5,446	45%
<i>Adjustments:</i>						
Changes in deferred revenues	160	(351)		572	(451)	
Adjusted revenue	2,173	2,269	4%	4,325	4,995	15%
External revenue	2,172	2,245		4,324	4,957	
Intersegment revenue	1	24		1	38	
Operating expenses	(3,121)	(2,638)	-15%	(5,397)	(5,789)	7%
Adjusted EBITDA	(948)	(369)	-61%	(1,072)	(794)	-26%
<i>Adj. EBITDA margin, %</i>	<i>-44%</i>	<i>-16%</i>	<i>27pp</i>	<i>-25%</i>	<i>-16%</i>	<i>9pp</i>

Segment's educational platforms reached 11.3mn in combined cumulative registered learners as of the end of June, up 1.4x YoY, with 0.5mn in new registrations during the quarter. The cumulative number of paying learners reached 419,000, up 1.8x YoY, with nearly 37,000 of new paying learners added during Q2.

New Initiatives segment

The segment's Adjusted revenue declined by 9% to RUB 2.5bn in Q2. Revenue growth in B2B businesses (including Cloud services), VK Play, VK Clips was offset by the transfer of recommendation platforms from the New Initiatives to Communications and Social segment. New Initiatives Adjusted EBITDA loss amounted to RUB 3.1bn in Q2 2022 (vs. the loss of RUB 0.9bn in Q2 2021), which implies a -124% margin. Increase in losses was due to increased investments into VK Play, VK Clips and other new initiatives.

New Initiatives Segment Performance – Q2 2022 & H1 2022

RUB millions	Q2 2021	Q2 2022	YoY, %	H1 2021	H1 2022	YoY, %
Revenue	2,718	2,473	-9%	4,568	4,598	1%
Adjusted revenue	2,718	2,473	-9%	4,568	4,598	1%
External revenue	2,706	2,438		4,555	4,553	
Intersegment revenue	12	35		13	45	
Operating expenses	(3,612)	(5,529)	53%	(6,729)	(9,315)	38%
Adjusted EBITDA	(894)	(3,056)	242%	(2,161)	(4,717)	118%
<i>Adj. EBITDA margin, %</i>	<i>-33%</i>	<i>-124%</i>	<i>-91pp</i>	<i>-47%</i>	<i>-103%</i>	<i>-55pp</i>

B2B (including Cloud services)

B2B revenue exceeded RUB 1 bn in Q2, with 43% YoY growth. VK Cloud Solutions remains the largest contributor, having doubled its revenue YoY in Q2. Corporate communication services have shown the highest growth at 6.5x YoY in Q2.

VK Clips (short video)

Daily views of VK Clips averaged 688mn (+153% YoY) in Q2. The number of new Clips rose by 337% YoY, and the number of content creators increased by 133% YoY. A standalone VK Clips mobile app along with an updated recommendation system were rolled out in Q2. Compared to the previous algorithm, the number of users watching 100+ Clips in a row increased by 33%.

Youla (classifieds)

Average MAU grew by 19% YoY reaching 37mn in Q2, stimulated by the ongoing rollout of VK Classifieds, with 203,000 Groups in VKontakte now able to show listings via VK Classifieds.

VK Calls

The standalone VK Calls mobile app for unlimited video calls was launched in Q2.

VK Play



In Q2 VK launched VK Play, a single point of access to gaming content in Russia. VK Play offers more than 12,000 games (including 500 games available via cloud gaming), streaming and eSports, with plans to add more services and features for the gaming community before year-end. Platform is currently operating in the beta version, with 95% revenue share with developers given the focus on audience growth.

RuStore

In May we launched the beta version of RuStore, a domestic app store for Android devices. >1,000 of applications are already available, with >1mn in app downloads. Functionality includes a developer console, listing of applications and integration of the security system. Payment systems, push notifications, app and developer ratings, tools for analytics and marketing will be launched before year-end.

For further information please contact:

Investors

Tatiana Volochkovich

Phone: +7 495 725 6357 extension: 3434

E-mail: t.volochkovich@vk.team

Press

Sergey Makarov

Mobile: +7 926 818 9589

E-mail: se.makarov@vk.team

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 VK**

VK is one of the largest technology companies in Russia, with its products helping millions of people with their day-to-day online needs. More than 90% of the Russian internet audience use VK services, which enable people to keep in touch, play video games, master new skills, listen to music, watch and create video content, buy and offer goods and services, order food and grocery delivery and fulfill wide range of other needs. The company provides a number of solutions for digitizing business processes, from online promotion and predictive analytics to corporate social networks, cloud services and enterprise automation, among others.

THE INFORMATION CONTAINED WITHIN THIS ANNOUNCEMENT IS DEEMED BY THE COMPANY TO CONSTITUTE INSIDE INFORMATION AS STIPULATED UNDER THE MARKET ABUSE REGULATION (REGULATION 596/2014/EU) AS IT FORMS PART OF UK DOMESTIC LAW PURSUANT TO THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED. UPON PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.



Filing of the Interim Condensed Consolidated Financial Statements for Q2 and H1 2022

The Group's interim condensed consolidated financial statements for the three and six months ended 30 June 2022 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 <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> or on the Group's website at <http://vk.com/company/media/files/vkifrsq22022eng.pdf>.

	RUB millions					
	Q2 2021	Q2 2022	YoY, %	H1 2021	H1 2022	YoY, %
Revenue						
Online advertising	11,250	14,344	27.5%	21,721	25,450	17.2%
MMO games	9,362	9,220	-1.5%	18,761	18,726	-0.2%
Community IVAS	4,532	4,192	-7.5%	8,891	9,085	2.2%
Education technology services	2,011	2,578	28.2%	3,751	5,400	44.0%
Other revenue	2,533	2,502	-1.2%	4,299	4,752	10.5%
Total revenue	29,688	32,836	10.6%	57,423	63,413	10.4%
<i>Adjustments</i>						
Barter revenues	-	-	n/a	-	(15)	n/a
Changes in deferred revenues	303	(1,676)	n/m	858	(1,336)	n/m
Total adjusted revenue**	29,991	31,160	3.9%	58,281	62,062	6.5%
Operating expenses						
Personnel expenses	(8,209)	(11,051)	34.6%	(16,173)	(24,843)	53.6%
Agent/partner fees	(8,628)	(8,000)	-7.3%	(16,460)	(17,021)	3.4%
Marketing expenses	(5,375)	(6,574)	22.3%	(11,174)	(14,042)	25.7%
Server hosting expenses	(207)	(222)	7.2%	(410)	(432)	5.4%
Professional services	(386)	(337)	-12.7%	(729)	(618)	-15.2%
Other operating income	153	233	52.3%	316	518	63.9%
Other operating expenses	(1,587)	(1,313)	-17.3%	(2,159)	(2,942)	36.3%
Total operating expenses, net	(24,239)	(27,264)	12.5%	(46,789)	(59,380)	26.9%
<i>Adjustments</i>						
Share-based payment transactions	432	251	-41.9%	738	4,410	n/m
Other	478	59	-87.7%	503	75	-85.1%
Adjusted EBITDA**	6,662	4,206	-36.9%	12,733	7,167	-43.7%
Adjusted EBITDA margin, %	22.2%	13.5%		21.8%	11.5%	
Net profit/ (loss)	(4,977)	3,616	n/m	(7,434)	(51,291)	n/m
Net profit/ (loss) margin	-16.8%	11.0%				
Adjusted Net profit/ (loss)	(2,232)	(3,435)	53.9%	(3,230)	(10,805)	n/m
Adjusted Net profit/ (loss) margin	-7.4%	-11.0%		-5.5%	-17.4%	

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

(**) Please refer to "Presentation of Segment Financial Information" for reconciliation of non-IFRS measures (Adj.revenue, Adj EBITDA and Adj. net income/(loss) to IFRS

Operating Segments

In order to assess operational performance and allocate resources, the Chief Executive Officer of the Group, who is the Group's Chief Operating Decision Maker (CODM), reviews selected items of each segment's income statement, assuming 100% ownership in all of the Group's key operating subsidiaries, based on management reporting.



In our effort to further enhance our reporting quality and transparency, the Group's aggregate segment financial information previously presented in the form of management (CODM) accounts has been transformed starting from Q1 2022. In addition to IFRS-based disclosure, we have reported adjusted metrics, which are used in the management decision making process, with a clear transition between IFRS-based results and adjusted metrics to be provided, including within segmental disclosure.

Revenue in Segments Performance correspond with revenue according to IFRS. To supplement the financial information prepared and presented in accordance with IFRS, we have presented the following non-IFRS financial measures: Adjusted revenue, Adjusted EBITDA, Adjusted Net profit.

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

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

The Communications and Social segment includes email, instant messaging and portal (main page and media projects). It earns substantially all revenues from display and context advertising. This segment also aggregates the Group's social network VKontakte 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. 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 a similar regulatory environment.

The Games segment contains online gaming services, including MMO, social and mobile games, games streaming and platform solutions. It earns substantially all revenues from (i) sale of virtual in-game items to users (f2p) or sale of digital copies of the games (b2p), (ii) royalties for games and gaming solutions licensed to third party online game operators (iii) in-game advertising and (iv) revenues from streaming services and gaming platform services.

The EdTech segment includes the Group's online education platforms with educational courses and programs (such as GeekBrains, Skillbox and Skillfactory) and earns substantially all revenue from individuals for education technology services.

The New initiatives reportable segment represents separate operating segments aggregated in one reportable segment for their similar nature of newly acquired or newly launched and dynamically developing businesses. This segment primarily consists of VK Clips with potential to become a major separate product due to the successful launch of own application and target presence across the various Group's services, B2B new projects including cloud along with other services, as well as of Youla classifieds that earns substantially all revenues from advertising, listing fees and other services that are considered insignificant by the CODM for the purposes of performance review

Since Q1 2022 the Group has changed its approach to allocation of corporate services expenses. The Group has analyzed the functionality of key services and defined appropriate drivers to allocate expenses of each service. Previously the Group applied a single driver in allocation of all corporate services expenses, based on the share of each segment in direct costs.



Non-allocated items - Allocations exclude services that are mostly related to general group issues, as well as expenses that cannot be tied to a particular BU, such as PR, Investor Relations, Government Relations, and other services.

Operating Segments Performance – Q2 2022

RUB millions	Communications and Social	Games	EdTech	New initiatives	Not allocated	Eliminations	Group
Revenue	17,432	10,413	2,620	2,473	-	(102)	32,836
Adjustments							
Changes in deferred revenues	(157)	(1,168)	(351)	-	-	-	(1,676)
Adjusted revenue	17,275	9,245	2,269	2,473	-	(102)	31,160
External revenue	17,269	9,208	2,245	2,438	-	-	31,160
Intersegment revenue	6	37	24	35	-	(102)	-
Total operating expenses	(10,066)	(8,693)	(2,638)	(5,529)	(440)	102	(27,264)
Adjustments							
Share-based payment transactions	-	-	-	-	251	-	251
Other	-	-	-	-	59	-	59
Adjusted EBITDA	7,209	552	(369)	(3,056)	(130)	-	4,206
<i>Adjusted EBITDA margin, %</i>	<i>41.7%</i>	<i>6.0%</i>	<i>-16.3%</i>	<i>-123.6%</i>	<i>-</i>	<i>-</i>	<i>13.5%</i>
Group Adjusted net loss							(3,435)
<i>Adjusted profit margin, %</i>							<i>-11.0%</i>
Including Share of loss of equity accounted associates and joint ventures:							
Aliexpress Russia JV							-
O2O JV							(2,649)
Umschool associate							11
Uchi.ru associate							43
Other							(76)



Operating Segments Performance – Q2 2021

RUB millions	Communications and Social	Games	EdTech	New initiatives	Not allocated	Eliminations	Group
Revenue	14,132	10,970	2,013	2,718	0	-145	29,688
Adjustments							
Changes in deferred revenues	(17)	160	160	-	-	-	303
Adjusted revenue	14,115	11,130	2,173	2,718	-	(145)	29,991
External revenue	14,011	11,102	2,172	2,706	-	-	29,991
Intersegment revenue	104	28	1	12	-	(145)	-
Total operating expenses	(8,526)	(8,010)	(3,121)	(3,612)	(1,115)	145	(24,239)
Adjustments							
Share-based payment transactions	-	-	-	-	432	-	432
Other	-	-	-	-	478	-	478
Adjusted EBITDA	5,589	3,120	(948)	(894)	(205)	-	6,662
<i>Adjusted EBITDA margin, %</i>	<i>39.6%</i>	<i>28.0%</i>	<i>-43.6%</i>	<i>-32.9%</i>	<i>-</i>	<i>-</i>	<i>22.2%</i>
Group Adjusted net loss							(2,232)
<i>Adjusted profit margin, %</i>							<i>-7.4%</i>
Including Share of loss of equity accounted associates and joint ventures:							
Aliexpress Russia JV							(489)
O2O JV							(3,903)
Uchi.ru associate							(25)
Other							(103)



Operating Segments Performance – H1 2022

RUB millions	Communications and Social	Games	EdTech	New initiatives	Not allocated	Eliminations	Group
Revenue	32,076	21,474	5,446	4,598	15	(196)	63,413
Adjustments							
Barter revenues	-	-	-	-	(15)	-	(15)
Changes in deferred revenues	(191)	(694)	(451)	-	-	-	-1,336
Adjusted revenue	31,885	20,780	4,995	4,598	-	(196)	62,062
External revenue	31,846	20,706	4,957	4,553	-	-	62,062
Intersegment revenue	39	74	38	45	-	(196)	-
Total operating expenses	(19,767)	(20,007)	(5,789)	(9,315)	(4,698)	196	(59,380)
Adjustments							
Share-based payment transactions	-	-	-	-	4,410	-	4,410
Other	-	-	-	-	75	-	75
Adjusted EBITDA	12,118	773	(794)	(4,717)	(213)	-	7,167
<i>Adjusted EBITDA margin, %</i>	<i>38.0%</i>	<i>3.7%</i>	<i>-15.9%</i>	<i>-102.6%</i>	<i>-</i>	<i>-</i>	<i>11.5%</i>
Group Adjusted net loss							(10,753)
<i>Adjusted profit margin, %</i>							<i>-17.3%</i>
Including Share of loss of equity accounted associates and joint ventures:							
Aliexpress Russia JV							(828)
O2O JV							(7,753)
Umschool associate							80
Uchi.ru associate							80
Other							(117)



Operating Segments Performance – H1 2021

RUB millions	Communications and Social	Games	EdTech	New initiatives	Not allocated	Eliminations	Group
Revenue	27,433	21,895	3,753	4,568	-	(226)	57,423
Adjustments							
Barter revenues	-	-	-	-	-	-	-
Changes in deferred revenues	100	186	572	-	-	-	858
Adjusted revenue	27,533	22,081	4,325	4,568	-	(226)	58,281
External revenue	27,373	22,029	4,324	4,555	-	-	58,281
Intersegment revenue	160	52	1	13	-	(226)	-
Total operating expenses	(16,330)	(16,882)	(5,397)	(6,729)	(1,677)	226	(46,789)
Adjustments							
Share-based payment transactions	-	-	-	-	738	-	738
Other	-	-	-	-	503	-	503
Adjusted EBITDA	11,203	5,199	(1,072)	(2,161)	(436)	-	12,733
<i>Adjusted EBITDA margin, %</i>	<i>40.7%</i>	<i>23.5%</i>	<i>-24.8%</i>	<i>-47.3%</i>	<i>-</i>	<i>-</i>	<i>21.8%</i>
Group Adjusted net loss							(3,230)
<i>Adjusted profit margin, %</i>							<i>-5.5%</i>
Including Share of loss of equity accounted associates and joint ventures:							
Aliexpress Russia JV							(967)
O2O JV							(7,216)
Uchi.ru associate							21
Other							698

Liquidity

As of 30 June 2022, the Group had RUB 12,385 million of cash and cash equivalents and short-term time deposits and RUB 59,109 million of debt outstanding (excluding lease liabilities). The Group's net debt position was RUB 46,724 million.

Presentation of Aggregate Segment Financial Information

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

- The Group's segment financial information excludes certain IFRS adjustments which are not analysed by management in assessing the core operating performance of the business. Such adjustments affect such major areas as revenue recognition, share-based payment transactions, disposal of and impairment of investments, fair value adjustments, amortisation and impairment thereof, net foreign exchange gains and losses, as well as irregular non-recurring items that occur from time to time and are evaluated for adjustment as and when they occur. The tax effect of these adjustments is also excluded from segment reporting.
- Segment revenues do not reflect certain other adjustments required when presenting consolidated revenues under IFRS. For example, segment revenue excludes barter revenues and adjustments to defer online gaming, social network and education revenues under IFRS.



A reconciliation of group adjusted EBITDA to IFRS consolidated loss before income tax expense of the Group for the three months ended 30 June 2021 and 2022 is presented below:

RUB millions	Q2 2022	Q2 2021
Group adjusted EBITDA	4,206	6,662
Changes in deferred revenues	1,676	(303)
Share-based payment transactions	(251)	(432)
Expected credit loss on consideration receivable	-	(473)
Other	(59)	(5)
Depreciation and amortisation	(4,815)	(4,413)
Share of loss of equity accounted associates and joint ventures	(3,906)	(5,441)
Finance income	341	246
Finance expenses	(1,552)	(955)
Other non-operating income/(loss)	141	(61)
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(3,676)	26
Loss on remeasurement of financial instruments	(1)	(124)
Expected credit loss allowance on restricted cash	358	-
Net foreign exchange gain	14,436	812
Consolidated profit/(loss) before income tax expense under IFRS	6,898	(4,461)

A reconciliation of Group adjusted net loss to IFRS consolidated net loss of the Group for the three months ended 30 June 2021 and 2022 is presented below:

RUB millions	Q2 2022	Q2 2021
Group adjusted net loss	(3,435)	(2,232)
Changes in deferred revenues	1,676	(303)
Share-based payment transactions	(251)	(432)
Expected credit loss on consideration receivable	-	(473)
Other non-operating income/(loss)	141	(61)
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(3,676)	26
Loss on remeasurement of financial instruments	(1)	(124)
Expected credit loss allowance on restricted cash	358	-
Net foreign exchange gain	14,436	812
Amortisation of fair value adjustments to intangible assets	(777)	(1,017)
Net loss on financial liabilities at amortised cost	-	(216)
Differences in recognition of net share in loss of equity accounted associates and joint ventures	(1,235)	(921)
Other	(10)	(20)
Tax effect of the adjustments	(3,610)	(16)
Consolidated net profit/(loss) under IFRS	3,616	(4,977)



A reconciliation of group adjusted EBITDA to IFRS consolidated loss before income tax expense of the Group for the six months ended 30 June 2021 and 2022 is presented below:

RUB millions	H1 2022	H1 2021
Group adjusted EBITDA	7,167	12,733
Barter revenue	15	-
Changes in deferred revenues	1,336	(858)
Share-based payment transactions	(4,410)	(738)
Expected credit loss on consideration receivable	-	(473)
Other	(75)	(30)
Depreciation and amortisation	(10,087)	(8,843)
Impairment of intangible assets	(1,009)	-
Share of loss of equity accounted associates and joint ventures	(14,474)	(8,730)
Finance income	597	376
Finance expenses	(8,309)	(1,917)
Other non-operating income/(loss)	56	(22)
Goodwill impairment	(9,256)	-
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(8,116)	1,325
Impairment of equity accounted associates and joint ventures	(12,825)	-
Loss on remeasurement of financial instruments	(151)	(298)
Expected credit loss allowance on restricted cash	(3,378)	-
Net foreign exchange gain	12,712	212
Consolidated loss before income tax expense under IFRS	(50,207)	(7,263)

A reconciliation of Group adjusted net loss to IFRS consolidated net loss of the Group for the six months ended 30 June 2021 and 2022 is presented below:

RUB millions	H1 2022	H1 2021
Group adjusted net loss	(10,805)	(3,230)
Changes in deferred revenues	1,336	(858)
Share-based payment transactions	(4,410)	(738)
Expected credit loss on consideration receivable	-	(473)
Other non-operating income/(loss)	56	(22)
Goodwill impairment	(9,256)	-
Impairment of intangible assets	(1,009)	-
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(8,116)	1,325
Impairment of equity accounted associates and joint ventures	(12,825)	-
Loss on remeasurement of financial instruments	(151)	(298)
Expected credit loss allowance on restricted cash	(3,378)	-
Net foreign exchange gain	12,712	212
Amortisation of fair value adjustments to intangible assets	(1,618)	(2,023)
Net loss on financial liabilities at amortised cost	(5,626)	(432)
Differences in recognition of net share in loss of equity accounted associates and joint ventures	(5,936)	(1,266)
Other	(48)	(139)
Tax effect of the adjustments	(2,217)	508
Consolidated net loss under IFRS	(51,291)	(7,434)



Consolidated IFRS Statement of Financial Position

RUB millions	June 30, 2022	December 31, 2021
ASSETS		
Non-current assets		
Investments in equity accounted associates and joint ventures	30,629	48,921
Goodwill	129,344	138,600
Right-of-use assets	14,732	14,843
Other intangible assets	14,049	18,324
Property and equipment	18,686	15,798
Financial assets at fair value through profit or loss	4,098	6,903
Deferred income tax assets	4,215	5,157
Long-term loans issued	84	69
Advance under office lease contracts	475	462
Total non-current assets	216,312	249,077
Current assets		
Trade accounts receivable	14,707	20,688
Prepaid income tax	300	359
Prepaid expenses and advances to suppliers	3,400	2,353
Convertible loans	114	-
Loans issued	200	109
Inventories	515	157
Other current assets	1,306	1,445
Cash and cash equivalents	12,385	23,737
Total current assets	32,927	48,848
Total assets	249,239	297,925
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Issued capital	-	-
Share premium	80,867	79,397
Treasury shares	(1,039)	(1,044)
Retained earnings	39,051	89,985
Foreign currency translation reserve	(609)	1,578
Total equity attributable to equity holders of the parent	118,270	169,916
Non-controlling interests	(96)	346
Total equity	118,174	170,262
Non-current liabilities		
Deferred income tax liabilities	831	1,228
Deferred revenue	1,308	1,455
Non-current lease liabilities	10,884	11,327
Non-current financial liabilities at fair value through profit or loss	1,130	879
Long-term interest-bearing loans and bonds	21,948	50,810
Other non-current liabilities	404	522
Total non-current liabilities	36,505	66,221
Current liabilities		
Trade accounts payable	13,145	14,541
Income tax payable	2,804	3,208
VAT and other taxes payable	4,399	4,391
Deferred revenue and customer advances	16,874	17,980
Short-term portion of long-term interest-bearing loans and bonds	37,161	7,078
Current lease liabilities	5,163	4,121
Current financial liabilities at fair value through profit or loss	4,751	-
Other payables and accrued expenses	10,263	10,123
Total current liabilities	94,560	61,442
Total liabilities	131,065	127,663
Total equity and liabilities	249,239	297,925



Consolidated IFRS Statement of Comprehensive Income

RUB millions	Q2 2022	Q2 2021	H1 2022	H1 2021
Online advertising	14,344	11,250	25,450	21,721
MMO games	9,220	9,362	18,726	18,761
Community IVAS	4,192	4,532	9,085	8,891
Education technology services	2,578	2,011	5,400	3,751
Other revenue	2,502	2,533	4,752	4,299
Total revenue	32,836	29,688	63,413	57,423
Personnel expenses	(11,051)	(8,209)	(24,843)	(16,173)
Agent/partner fees	(8,000)	(8,628)	(17,021)	(16,460)
Marketing expenses	(6,574)	(5,375)	(14,042)	(11,174)
Server hosting expenses	(222)	(207)	(432)	(410)
Professional services	(337)	(386)	(618)	(729)
Other operating income	233	153	518	316
Other operating expenses	(1,313)	(1,587)	(2,942)	(2,159)
Total operating expenses, net	(27,264)	(24,239)	(59,380)	(46,789)
Depreciation and amortisation	(4,815)	(4,413)	(10,087)	(8,843)
Impairment of intangible assets	-	-	(1,009)	-
Share of loss of equity accounted associates and joint ventures	(3,906)	(5,441)	(14,474)	(8,730)
Finance income	341	246	597	376
Finance expenses	(1,552)	(955)	(8,309)	(1,917)
Other non-operating gain/(loss)	141	(61)	56	(22)
Goodwill impairment	-	-	(9,256)	-
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(3,676)	26	(8,116)	1,325
Impairment of equity accounted associates and joint ventures	-	-	(12,825)	-
Loss on remeasurement of financial instruments	(1)	(124)	(151)	(298)
Expected credit loss allowance on restricted cash	358	-	(3,378)	-
Net foreign exchange gain	14,436	812	12,712	212
Profit/(loss) before income tax expense	6,898	(4,461)	(50,207)	(7,263)
Income tax expense	(3,282)	(516)	(1,084)	(171)
Net profit/(loss)	3,616	(4,977)	(51,291)	(7,434)
Other comprehensive income				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods				
Effect of translation to presentation currency of Group's joint ventures	-	(440)	1,002	(211)
Exchange difference on translation of foreign operations	(5,791)	(700)	(3,189)	(313)
Total other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(5,791)	(1,140)	(2,187)	(524)
Total other comprehensive loss net of tax effect of 0	(5,791)	(1,140)	(2,187)	(524)
Total comprehensive loss, net of tax	(2,175)	(6,117)	(53,478)	(7,958)
Net profit/(loss), attributable to:				
Equity holders of the parent	3,772	(4,863)	(50,934)	(7,328)
Non-controlling interests	(156)	(114)	(357)	(106)
Total comprehensive loss, net of tax, attributable to:				
Equity holders of the parent	(2,019)	(6,003)	(53,121)	(7,852)
Non-controlling interests	(156)	(114)	(357)	(106)
Profit/(loss) per share, in RUB:				
Basic profit/(loss) per share attributable to ordinary equity holders of the parent	17	(27)	(225)	(35)
Diluted earnings per share attributable to ordinary equity holders of the parent	17	n/a	n/a	n/a



Consolidated IFRS Statement of Cash Flows

RUB millions	Six months ended June 30, 2022	Six months ended June 30, 2021
Cash flows from operating activities		
Loss before income tax	(50,207)	(7,263)
Adjustments to reconcile loss before income tax to cash flows		
Depreciation and amortisation	10,087	8,843
Impairment of intangible assets	1,009	-
Share of loss of equity accounted associates and joint ventures	14,474	8,730
Finance income	(597)	(376)
Finance expenses	8,309	1,917
Expected credit loss allowance on trade receivables	261	345
Expected credit loss allowance on restricted cash	3,378	-
Goodwill impairment	9,256	-
Net loss/(gain) on financial assets and liabilities at fair value through profit or loss	8,116	(1,325)
Impairment of equity accounted associates and joint ventures	12,825	-
Loss on remeasurement of financial instruments	151	298
Net foreign exchange gain	(12,712)	(212)
Cash settled and equity settled share-based payments	1,475	783
Other non-cash items	(80)	(17)
Change in operating assets and liabilities		
(Increase)/decrease in accounts receivable	(1,134)	803
Increase in prepaid expenses and advances to suppliers	(1,047)	(423)
Increase in inventories and other assets	(1,496)	(818)
Increase in accounts payable and accrued expense	6,357	825
(Increase)/decrease in other non-current assets	(13)	219
(Decrease)/increase in deferred revenue and customer advances	(1,253)	894
Increase in financial assets at fair value through profit or loss	(532)	(3,301)
Operating cash flows before interest and income taxes	6,627	9,922
Interest received	527	95
Interest paid	(2,357)	(1,490)
Income tax paid	(884)	(1,330)
Net cash provided by operating activities	3,913	7,197
Cash flows from investing activities		
Cash paid for property and equipment	(6,342)	(4,083)
Cash paid for intangible assets	(3,024)	(2,907)
Dividends received from equity accounted associates	-	877
Loans issued	(5,336)	(9,565)
Loans collected	78	-
Cash paid for acquisitions of subsidiaries, net of cash acquired	-	(1,595)
Short-term time deposits	-	(3,886)
Cash paid for investments in equity accounted associates and joint ventures	(2,600)	(113)
Net cash used in investing activities	(17,224)	(21,272)
Cash flows from financing activities		
Payment of lease liabilities	(2,315)	(1,577)
Loans received	10,014	-
Loans repaid	(3,532)	(1,306)
Cash paid for non-controlling interests in subsidiaries	-	(20)
Dividends paid by subsidiaries to non-controlling shareholders	(85)	(211)
Net cash provided by / (used in) financing activities	4,082	(3,114)
Net decrease in cash and cash equivalents	(9,229)	(17,189)
Effect of exchange differences on cash balances	(398)	(178)
Change in expected credit loss allowance on restricted cash	(1,725)	-
Cash and cash equivalents at the beginning of the period	23,737	39,297
Cash and cash equivalents at the end of the period	12,385	21,930