



VKontakte business highlights 2021

VKontakte, VK's core service and the largest social network in Russia, published press releases about its [technological](#) and [product](#) developments during 2021. Also, in December 2021 we published a video message and presentation materials about VKontakte. Materials were presented by Marina Krasnova, VKontakte CEO; Alexander Tobol, VKontakte CTO and Boris Kaptelov, Deputy Vice President, AdTech VK. Video update is available [here](#) and related presentation is accessible [here](#). We would like to provide the main highlights of these materials.

- VKontakte primary audience consists of users in Russia, who make up almost 80% of VKontakte entire user base (97mn MAU globally). And, according to third-party data (Mediascope), VKontakte holds a leading position in Russia among social networks by MAU, Total daily timespent, Sticky factor (check more details in our materials). VKontakte has the highest top-of-mind rate among social networks in Russia (85% spontaneous awareness rate and 58% top-of-mind rate).
- VKontakte provides users with strong core services, such as communities, the news feed and the messenger. VKontakte users receive ~15 bn messages every day. 33mn people use voice messages monthly. In 2021 users shared music playlists 12% more frequently than a year ago.
- In 2018 VKontakte committed to **doubling its revenue by the end of 2022**. The company confirmed this target (**RUB 37bn revenue in 2022**) and the revenue dynamics in 2021 is reassuring.
- VKontakte advertising revenue has outpaced the Russian digital ad market's rate of growth during recent years (+39.7% VKontakte ad revenue 2014-2020 CAGR vs +20% CAGR on Russian digital advertising market).
- VKontakte **audience is younger than the typical demographic of Russian internet users**: 12-24 years old users accounted for 39% of VKontakte audience vs. 18% in the total Russian Internet audience in mid-summer 2021. **The core of VKontakte audience** (46%), **25-44 years old** consists of paying, active users.
- VKontakte team has the goal of being a leader in 4 "orbits":
 - Entertainment and communication platform and best service
 - Social Media Content platforms
 - Interconnected ecosystems
 - Technologies and innovation
- Among **short-term growth drivers** VKontakte focuses on developing advertising technologies, increasing revenue in the SME segment, boosting video revenue. In the **mid- and long-term perspective**, VKontakte will focus on Social commerce and communities, Mini Apps and the open platform for external developers, Livestreaming, Clips (short video service) and video calls.
- With the large size of the VKontakte audience, **increasing ARPU is the key revenue driver**. In 1Q-3Q 2021 VKontakte showed 10-20% YoY ARPU growth. VKontakte ARPU reached \$1.12 ARPU in Q3 2021 what implies enough room for further growth if we compare it with international peers' ARPU on developing markets.
- Actions to drive VKontakte's advertising revenue growth:
 - Improving models to better predict the likelihood of ad clicks, installs, and other lower funnel events
 - Focus on formats that are outpacing the market
 - Developing new ad formats as well as solutions for automated campaign management
- SME revenue increased 34% YoY in 9 months 2021, driven by the ongoing simplification and automation of advertising tools.
- **VK Video** users watched 2bn unique videos during a year, while the authors uploaded 250 mn videos. VK Video has 2bn views daily. 75mn viewers watch video in VKontakte monthly.



- VK Video revenue grew 4x YoY in Q3 2021. However, the percentage of monetized videos still remains low, with a lot of room to monetize more. The team believes instream video advertising revenue might increase 5x in 2024 vs. 2021.
 - Next steps to enhance video product:
 - Update of video player and showcase, development of an app for smart TVs
 - Development of machine learning recommendation systems
 - Support programs for bloggers and communities
 - Prerequisites for a leading position in social commerce:
 - VKontakte is #1 Russian app in monetization volume
 - Strong partnership with AliExpress Russia
 - Technological infrastructure for developing social commerce
 - A wide range of tools for communities
 - In September, the number of paying subscribers via VK Donut rose to 123k (+35% QoQ), and, for the first time ever, communities earned more than RUB 15m per month (+41% vs June).
 - **VK Clips** views doubled YoY in October 2021. The number of users who spend more than 10 minutes per day on VK Clips rose by more than 130% YoY in October. To further develop VK Clips, the team plans to boost content consumption using collections, challenges and other mechanics and effects, and look for the optimal balance between UGC and PUGC.
 - **VK Calls** removed limits on the number of participants, call duration, turning cameras and mics on. Video calls MAU inside VKontakte exceeds 13mn users, total MAU of video calls inside both VKontakte and Odnoklassniki is 20mn, who bring an additional 3.5 minutes of daily time spent in the social network. VK Calls team has already started to commercialize the product, with initial B2B partners having already purchased this product this year. VK Calls provided SDK which helps third-party developers to introduce VK Calls into their IT projects.
 - **VK Jobs** mini app users created >2mn new CVs inside VKontakte in 2021.
 - **VK Pay** released a virtual card, launched a loyalty program with cashback and offline program as well as tripled the number of stores-partners in 2021. The number of VK Pay users exceeded 20mn, the number of issued cards reached 1mn. Users made >700mn purchases in 2021, significant of purchases were made in installments (the number of such transactions increased 3.5x during a year, while the average ticker doubled).
 - The VKontakte Mobile Games catalogue grew by 135% YoY, with +15% YoY growth in mobile daily games audience in Q3 2021.
 - VKontakte launched **Classifieds** section at the end of 2020. The users create 1,500 listings on average every hour. This section not only helps people to give a new life to old things but also helped 21k cats and 13k dogs to find a new home this year.
 - VKontakte has all the necessary tools to boost ecosystem projects. This includes promos, a bus for exchanging technologies, own payment system, VK ID and an open platform on which anyone can create their own mini app.
 - The main verticals of machine learning that VKontakte team is developing:
 - Voice tech (e.g. automated subtitles, in-house smart noise suppression, echo cancellation technology)
 - Computer vision (AR effects in clips, backgrounds, masks in calls and face recognition, user profile restoration via face detection with gestures)
 - Natural language processing
- All this helps to enhance recommendations system, which is able to tell what content users like and what content users watch. This gives a 100% boost in engagement with Clips and VK Video showcase.
- VKontakte team actively invested in content delivery and app speed during last years. Now its content delivery network has 50+ hubs across Russia and the world, while implementation of next-



generation network QUIC protocol helped to accelerate a median content delivery speed 2x (and 4x in distant regions).

- Overall, VKontakte team made **>230 major updates** in 2021

Timestamps for VKontakte overview video:

[00:00](#) – Quick video description of VKontakte social network

[01:41](#) – VKontakte is a leading social network in Russian by several audience metrics

[03:39](#) – VKontakte is the first and largest Super App in Russia

[04:26](#) – VKontakte revenue dynamics

[04:51](#) – VKontakte advertising revenue

[05:13](#) – VKontakte audience age structure

[05:37](#) – VKontakte team strategic vision on the social network development

[07:00](#) – VKontakte key growth drivers

[07:45](#) – VKontakte ARPU

[08:24](#) – VKontakte advertising technologies and advertising ARPU drivers

[11:42](#) – VK Video platform

[12:38](#) – Social commerce as a prospective area of development

[13:12](#) – Livestreaming is an opportunity to boost content creation and a social commerce growth point

[13:55](#) – Initiatives for further improvement of Mini App platform

[14:32](#) – VK Clips development

[15:16](#) – Major progress in Video Calls product offer

[15:40](#) – Tools to support ecosystem projects

[16:06](#) – VKontakte technologies and innovations

[21:54](#) – Mail.ru Group rebranding into VK with VKontakte in the core

[22:40](#) – Examples how the VK brand supports other products through branding

[23:35](#) – VKontakte confirms if revenue target of RUB 37bn for 2022

For further information please contact:

Investors

Tatiana Volochkovich

Phone: +7 495 725 6357 extension: 3434

Mobile: +7 905 594 6604

E-mail: t.volochkovich@vk.team

Press

Sergei Luchin

Mobile: +7 (915) 223 35 71

E-mail: s.luchin@vk.team