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Press Release

VK considering an initial public offering of VK Tech shares

VK Company Limited (LSE, MOEX: VKCO, hereinafter referred to as "VK" or the "Company") is considering the possibility to hold an initial public offering of shares of its VK Tech technology vertical (VK Technologii JSC)¹ on the Moscow Exchange. The option is being considered as part of a regular assessment of VK's strategic development prospects. A decision will be made with due consideration of market conditions.

VK is finalizing the consolidation of the technology vertical's assets and integrating corporate governance processes into VK Tech in accordance with the best market standards.

VK Tech is a provider of proprietary IT solutions for corporate clients. VK Tech's product portfolio is a ready-made ecosystem of corporate software that includes cloud services, a communication platform, HR solutions, financial and data services. The solutions are delivered through two models: On-Premise granting non-exclusive rights to the software in the customer's loop, and On-Cloud subscription-based cloud services.

“By relying on VK's technological expertise over six years, we have managed to make VK Tech an independent company capable of responding quickly to market demands and building product leadership. VK Tech's portfolio is based on VK's mature technologies: cloud platform, email service and data platform. The vertical's continued development is ensured by the expertise of our own team and our focus on external customers, thanks to which we promptly respond to customer needs, develop and launch new solutions in demand,” said Pavel Gontarev, Managing Director of VK Tech. “Prioritizing investments in in-house development and simultaneous development of all software delivery models became the basis for revenue and margin growth. This, in turn, has allowed us to extend our future growth ambitions to external markets. VK Tech is represented in Kazakhstan and Uzbekistan, and the share of its international revenue in 2023 amounted to about 10%.”

¹ VK Tech represents the Business Technologies segment in VK's IFRS reporting, taking into account the prior period adjustments applicable under IFRS standards. Throughout 2025, VK Tech will reflect the target group of VK Technologii JSC.

KEY RESULTS OF VK TECH FOR 9M 2024²

- Revenue for the first nine months of 2024 grew 60.1% year-on-year to RUB 7.7 billion;
- Revenue growth from major customers³ amounted to 45.6%. Revenue growth from small and medium-sized customers was 75.5%. The growth was driven by the VK Cloud platform and VK WorkSpace productivity services;
- Recurring revenue for the first nine months of 2024 grew 63.1% year-on-year, with VK Tech's share of total revenue at over 50%;
- Operating expenses for the first nine months of 2024 amounted to RUB 6.2 billion, up 21.7% mainly due to higher IT team costs;
- EBITDA in the reporting period increased to RUB 1.5 billion. EBITDA margin amounted to 19.1%. Due to the seasonal nature of VK Tech's operations, a significant part of revenue is generated at the end of the calendar year;
- The number of employees increased by 11.4% to 1,382 as at the end of September 2024. The IT team accounts for more than 80% of staff headcount and is focused on product launch and development. Prioritizing investment in in-house development while outsourcing product integration to meet customer needs ensures a high level of product quality and revenue growth rates exceeding costs.

VK Tech key indicators

RUB bln, unless stated otherwise	9M 2024	9M 2023	YoY	2023*	2022*	YoY
Revenue	7.7	4.8	60.10%	9.5	5.4	75.20%
Operating costs	-6.2	-5.1	21.70%	-7.7	-5.1	52.10%
EBITDA	1.5	-0.4	—	1.8	0.3	5.1x
<i>EBITDA margin</i>	19.10%	—	—	18.70%	6.40%	12.3 pp

* Previous periods are presented in view of the target structure of VK Technologii JSC

² Financial indicators represent unaudited management reporting data on the target perimeter of the VK Technologii JSC group, which is in the process of formation.

³ Major clients include companies included in the RBC Top 500 list of companies.

VK TECH PRODUCT PORTFOLIO⁴

VK Tech's product portfolio is based on the technologies of VK. The portfolio's further development and content is formed in response to market demands of the VK Tech team.

VK Tech's corporate software ecosystem includes a cloud platform, productivity services, data services and business applications (HR solutions and financial services). VK Tech's anchor products are the VK Cloud platform and VK WorkSpace productivity services, which account for more than 70% of VK Tech's revenue in the first nine months of 2024.

Cloud Platform

VK Cloud is a software platform for implementing the customer's corporate IT infrastructure tailored to individual needs. It combines more than 50 cloud services for efficient software development and working with data, including the Dev Platform solution. The VK Cloud product is available in public and private cloud formats.

Revenues of the Cloud Platform business line for the first nine months of 2024 increased by 53% year-on-year to RUB 3.2 billion. The growth is driven by the dual development of solutions in the public and private cloud format, creating a competitive advantage and catering to the needs of different types of customers.

Private cloud usage growth is driven by scaling and supporting projects of major existing customers, as well as by attracting new ones.

The number of projects⁵ implemented by customers in the public cloud format increased by 22.8% in the first nine months of 2024 compared to the same period of 2023.

Productivity Services

VK WorkSpace productivity services provide a complete solution for customers, combining corporate email, VK Teams messenger, video conferencing and disk - a cloud storage with a built-in file editor. The VK WorkSpace platform is available under On-Premise and On-Cloud delivery models.

⁴ Data presented herein shows unaudited financial indicators in accordance with the management accounts for the target scope of VK Technologii JSC group.

⁵ When calculating the number of paid projects in the public cloud format, projects with a statistically significant set of infrastructure usage were used. A project is a set of services created by a client to work with cloud solutions, such as virtual machines to host their own systems, databases and Kubernetes clusters in order to develop their own applications and fulfill other IT tasks of their business.

Productivity Services revenue for the first nine months of 2024 saw a growth of 117.5% year-on-year to RUB 2.3 billion, compared to the same period of 2023. The growth was further boosted by the transition of the largest customers to Russian email solutions.

In the subscription-based delivery model (On-Cloud), the number of paid accounts (domains) at the end of Q3 2024 increased by 59.5% year-on-year.

VK WorkSpace's market position is attributable to its comprehensive product offering and leadership in the unified communications market⁶.

Data Services

The Data Services business line includes:

- Tarantool middleware software for data storage and processing;
- Cloud Storage for objects with S3 API access protocol;
- VK Data Platform, a full-cycle platform for working with data.

The products of this unit allow businesses to reduce IT costs and improve the quality of work by optimizing data workflow.

Revenues of the Data Services business line for the first nine months of 2024 amounted to RUB 1.4 billion. In the reporting period, VK Tech expanded its Tarantool product portfolio and increased sales of S3 Cloud Storage, including through infrastructure partnerships with Russian server equipment manufacturers. VK Data Platform was launched in September 2024.

Business Applications

This unit combines solutions for financial and operational management and automation of HR functions. The business line's revenue for the first nine months of 2024 amounted to RUB 0.8 billion.

VK HR Tek and VK People Hub products are leaders in their respective markets of HR document management⁷ and corporate portals⁸.

VK Tax Compliance is a solution for organizing information exchange between companies that are members of Russia's tax monitoring system and the country's Federal Tax Service. The

⁶ Analytical report by J'son & Partners "Market Trends and Forecast for Russia's Unified Communications (UC) Market in 2024".

⁷ HR Electronic Document Management Systems 2024 (Market.Cnews) rating

⁸ Segmentation analysis based on Smart Ranking and Tadviser data.

product was developed by VK Tech in 2021 in response to market demands due to changes in tax legislation and is currently a leader in its niche⁹. The platform is integrated with the Tax-3 Automated Information System (AIS "Nalog-3")¹⁰ and is regularly updated to meet new requirements of the Federal Tax Service of Russia.

VK Tech develops solutions for creating a comprehensive offering for risk management, compliance and operational processes of companies, including VK Data Symphony and VK Process Mining.

⁹ *Ranking of Tax Monitoring Solutions 2024 (Market.Cnews).*

¹⁰ *AIS "Nalog-3" is an automated information system of the Federal Tax Service of Russia.*