

VK Company Limited

Financial and operational results

Q3 2022



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Agenda

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Key highlights Q3 2022

Operational

 **76.9** mn

VKontakte MAU
(Russia)
+6.9% YoY

 **38** mn

Odnoklassniki MAU
(Russia)
flat YoY

 **12** mn

Learners on Education
platforms ⁽¹⁾
1.4x YoY

Financial ⁽²⁾

RUB bn	Q3 2021	Q3 2022	YoY	9M 2021	9M 2022	YoY
Revenue	19.9	24.1	21%	55.4	66.1	19%
Adjusted EBITDA	8.4	9.8	16%	21.2	17.0	-20%
Adjusted EBITDA margin, %	27.7%	30.6%	3 p.p.	23.9%	18.0%	-6 p.p.
Net profit / loss	-2.4	41.2	na	-9.8	-10.1	na

Notes: (1) Learners on Education platforms – Education users is the cumulative number of registered students on the educational platforms of Skillbox Holding Limited at the end of the period. (2) Adjusted numbers for 2021 and 2022 include MY.GAMES, as the asset left the group only at the very end of Q3 2022. MY.GAMES is excluded from IFRS measures in accordance with the requirements of IFRS 5.

Deal closed to acquire Dzen and News

- VK continue to enhance its focus on content services and develop its business based on Company's core products: social networks, communication and online education platforms.
- On September 12, VK closed the deal to purchase content platforms Dzen and News from Yandex in exchange for 100% stake in Delivery Club, ready-to-eat and e-grocery service, and ceased to be a shareholder of O2O Holding.

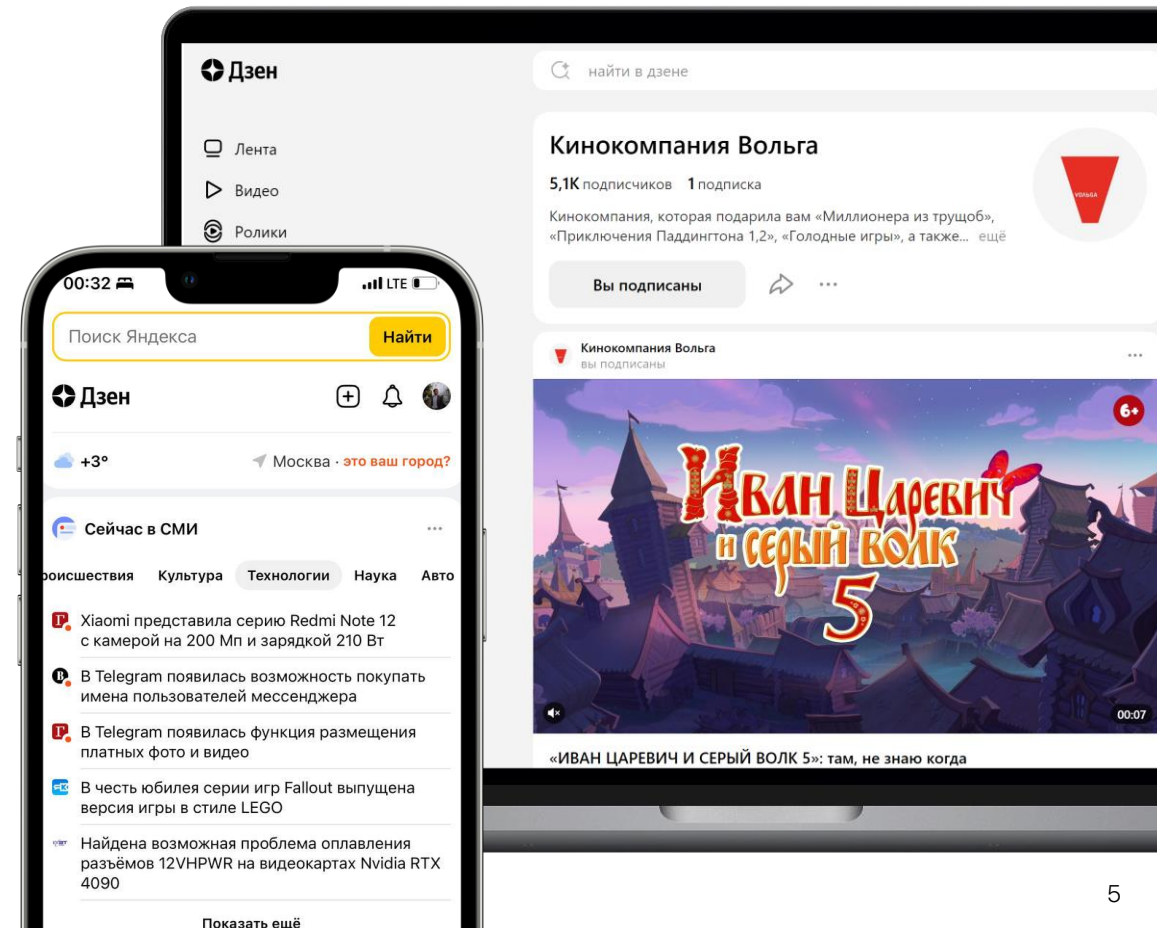
~40 mn

visits to the dzen.ru page per day

- Services retain the interface familiar to users
- A standalone Dzen app is being developed

Goals:

- Development of independent brand Dzen
- Synergy of content and recommendation platforms
- Focus on young authors and audience

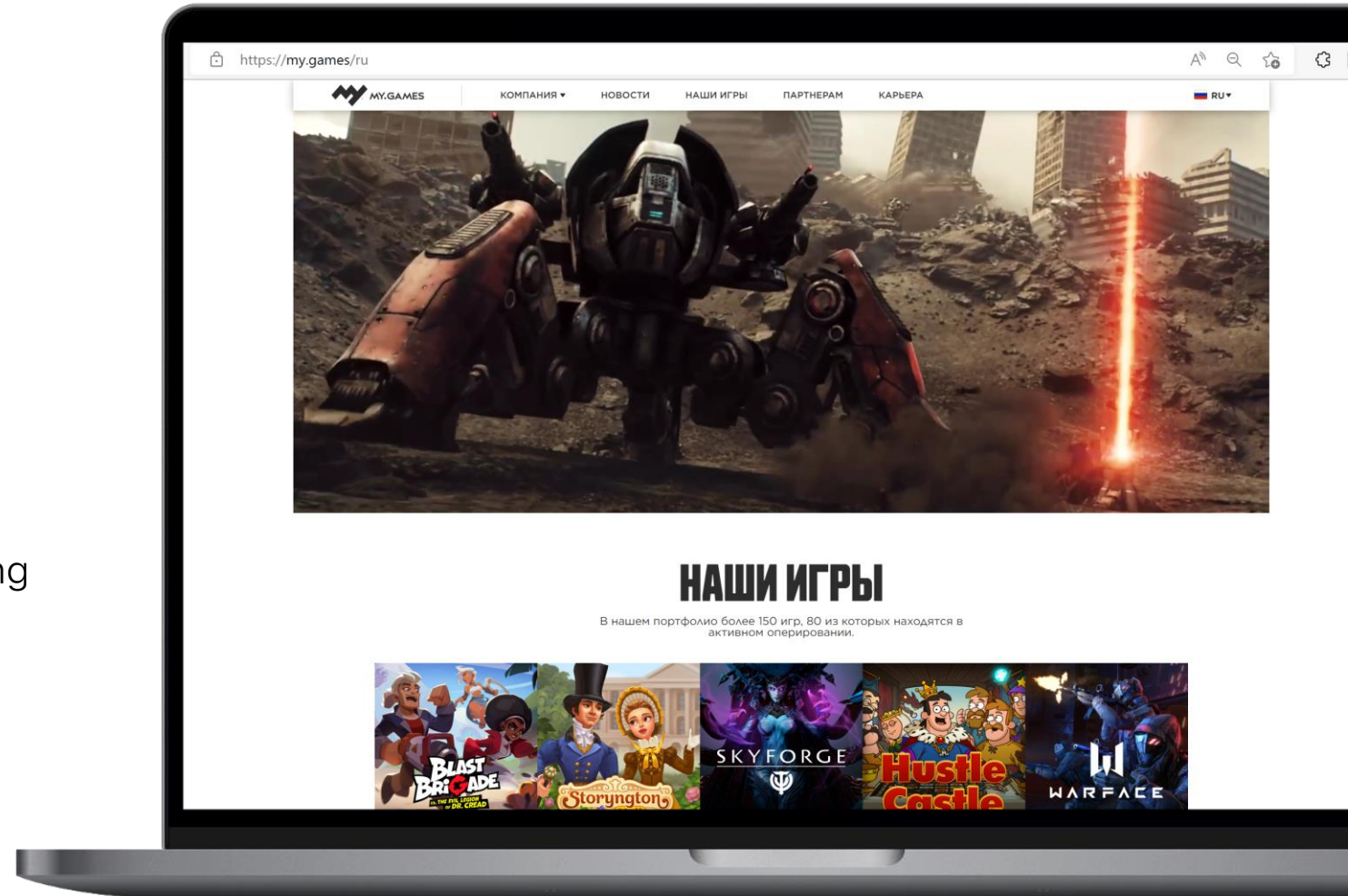


Deal announced for the sale of the international gaming direction MY.GAMES

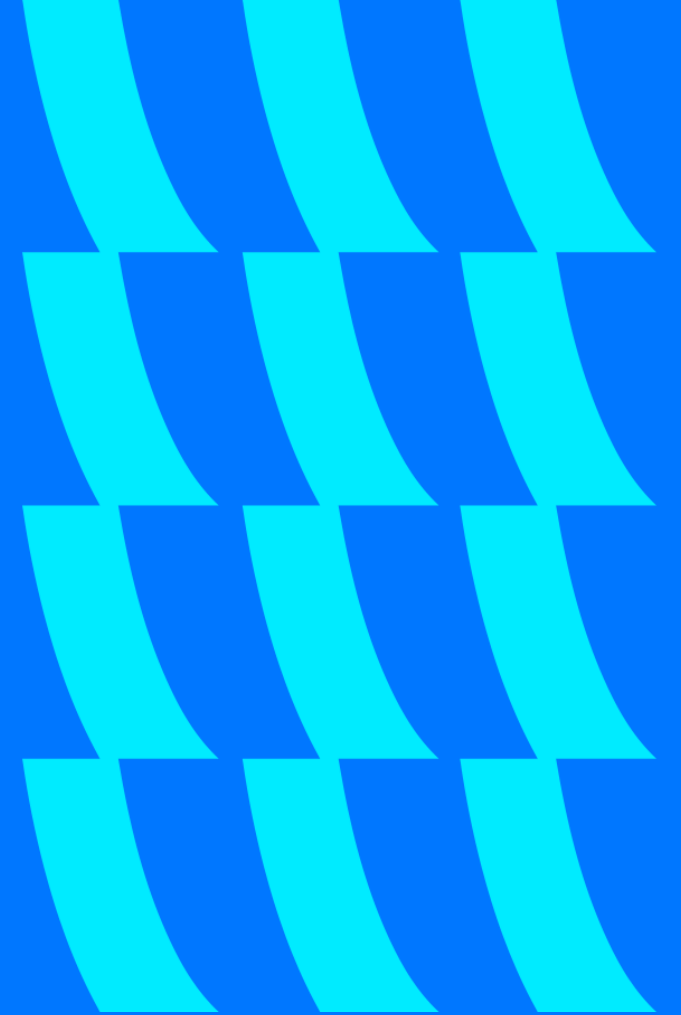
\$642 mn

Total deal value

- On September 27, VK announced sale of MY.GAMES to Alexander Chachava, the managing partner of LETA Capital.
- VK continues to develop its own local gaming services under the [VK Play](#) brand.

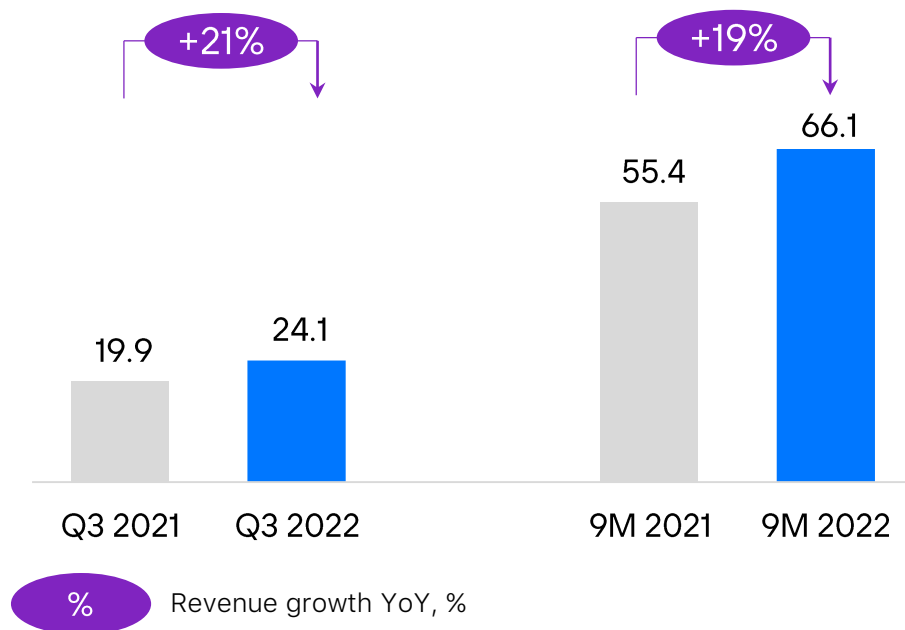


Financial results

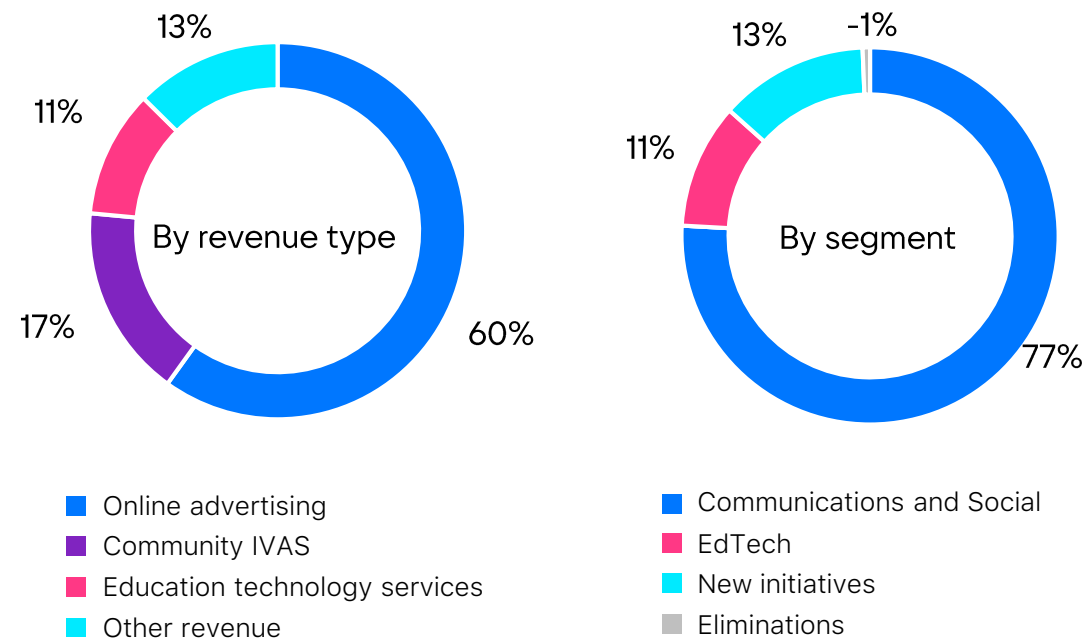


Revenue dynamics and structure in Q3 2022

IFRS revenue, RUB bn ⁽¹⁾



Revenue structure, % of total

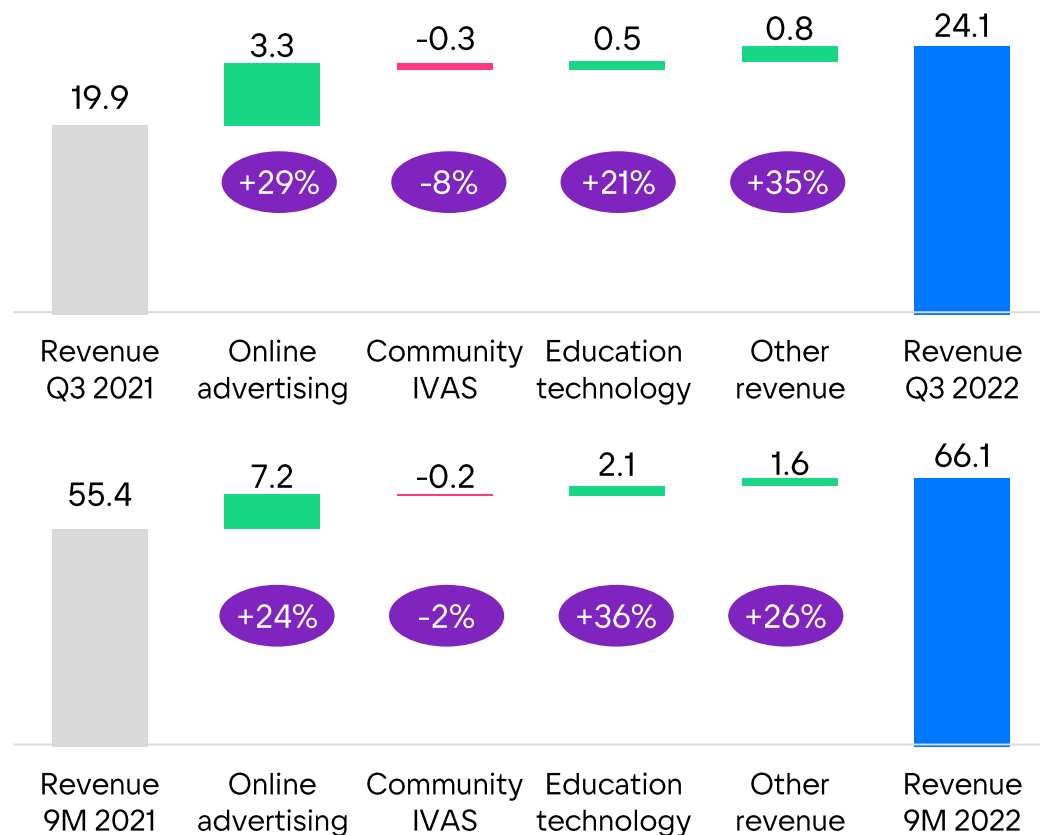


- Online advertising revenue was the key growth driver for revenue of the Group in Q3 2022 (+29% YoY).
- Education and other services also showed solid growth (+21% and +35% YoY, respectively).
- Among the segments, the best growth rate was shown by "Communications and Social" (+24% YoY).
- The "EdTech" segment also showed high growth rate despite the challenging macro backdrop (+20% YoY).

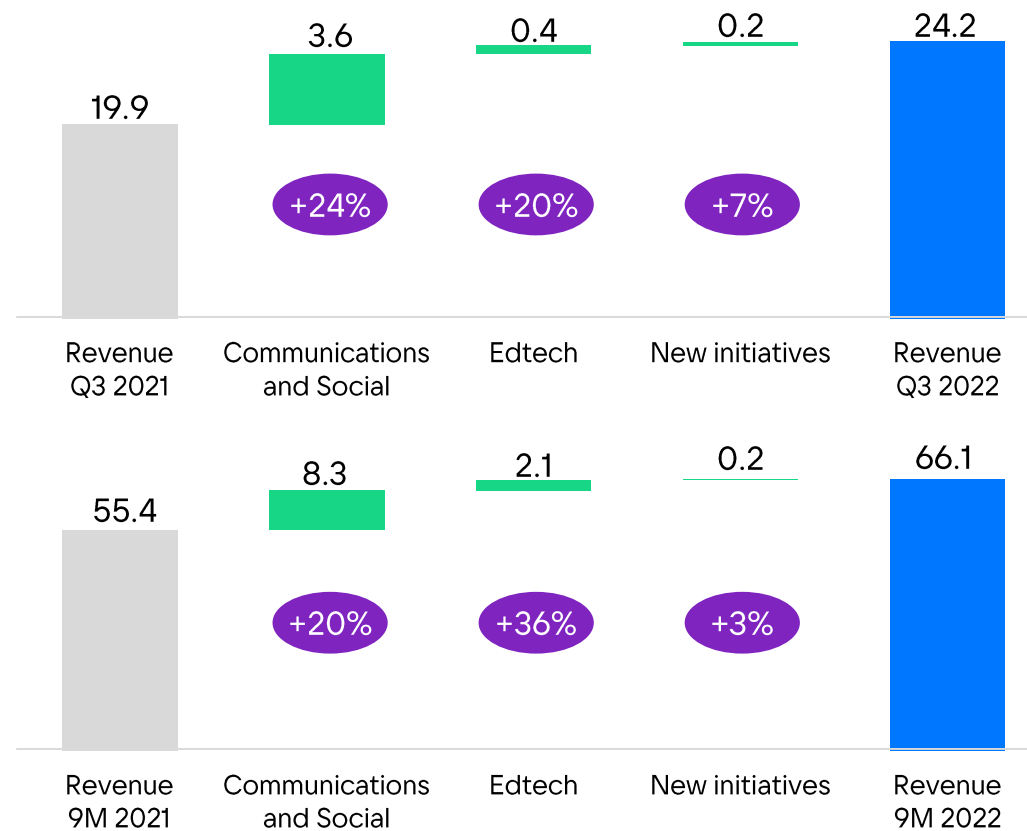
Source: Internal data. Note: IFRS indicators are presented. (1) MY.GAMES was excluded from IFRS figures for Q3 2021 and 2022 and for 9M 2021 and 2022 in accordance with the requirements of IFRS 5, as this asset was sold at the end of Q3 2022.

Revenue drivers

Revenue dynamics by type, RUB bn



Revenue dynamics by segments, RUB bn ⁽¹⁾



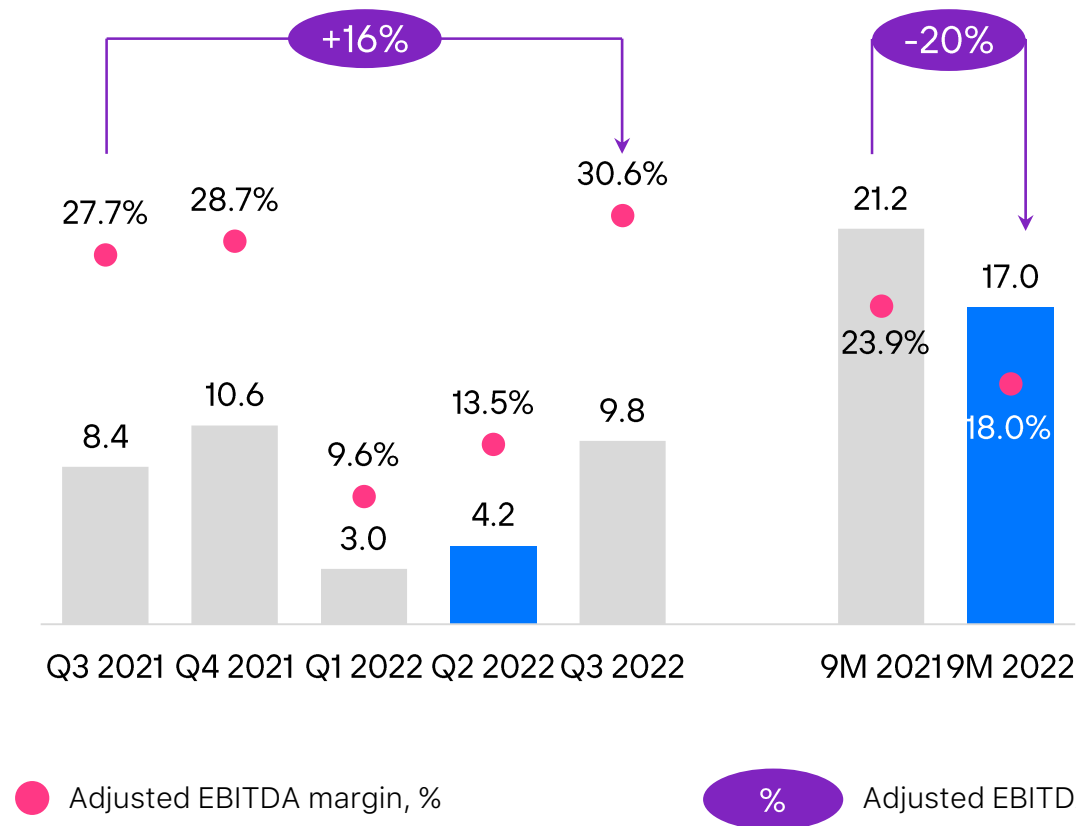
%

Revenue growth by type / segment YoY, %

Source: Internal data. Note: MY.GAMES was excluded from IFRS numbers for Q3 2021 and 2022 and for 9M 2021 and 2022 in accordance with the requirements of IFRS 5, as this asset was sold at the end of Q3 2022. (1) On the charts with adjusted revenue dynamics by segments we do not show "Eliminations" and "Non-allocated" to simplify the presentation as they have minimal impact on the numbers.

Adjusted EBITDA dynamics in Q3 2022

Adjusted EBITDA, RUB bn ⁽¹⁾

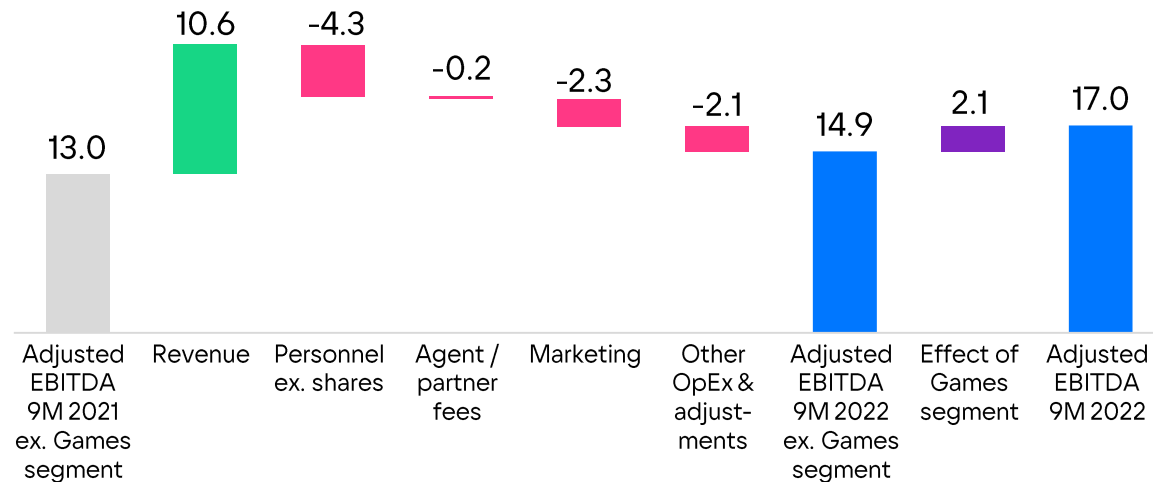
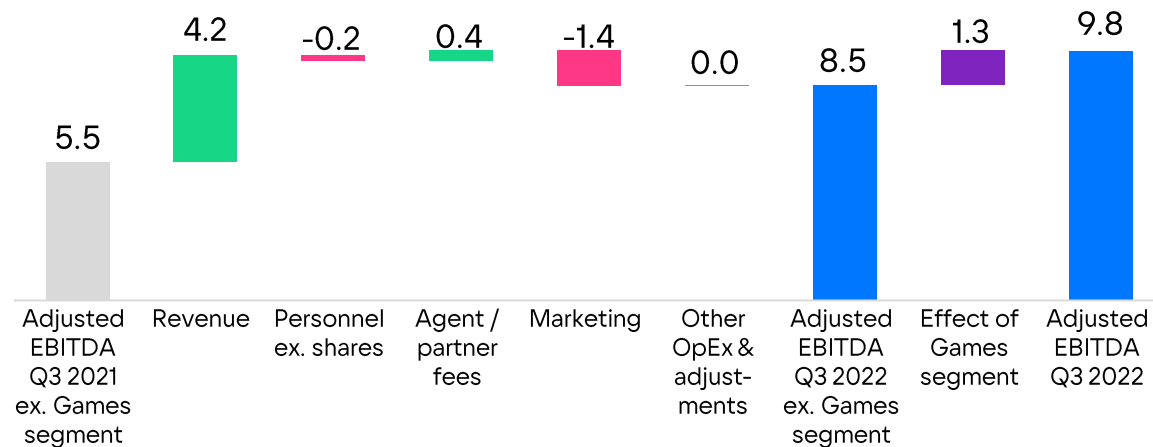


Adjusted EBITDA drivers in Q3 2022

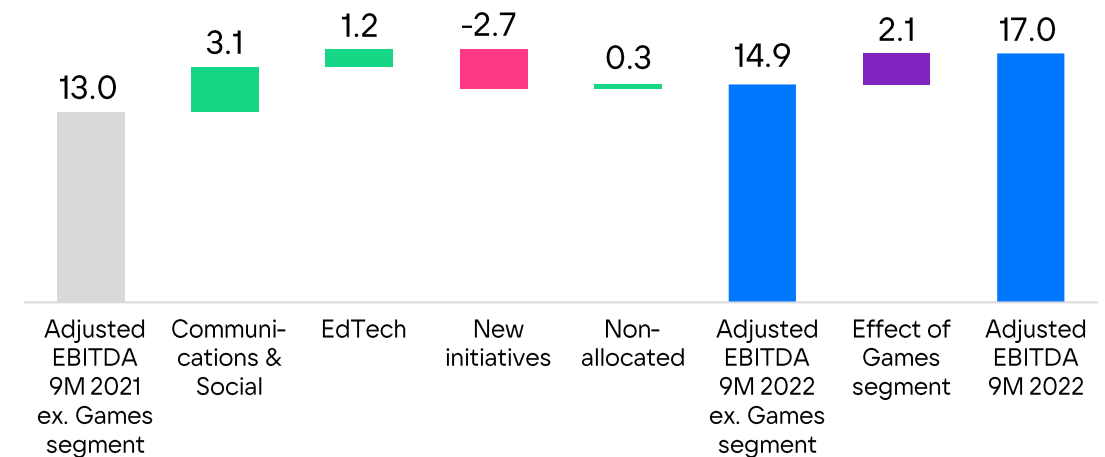
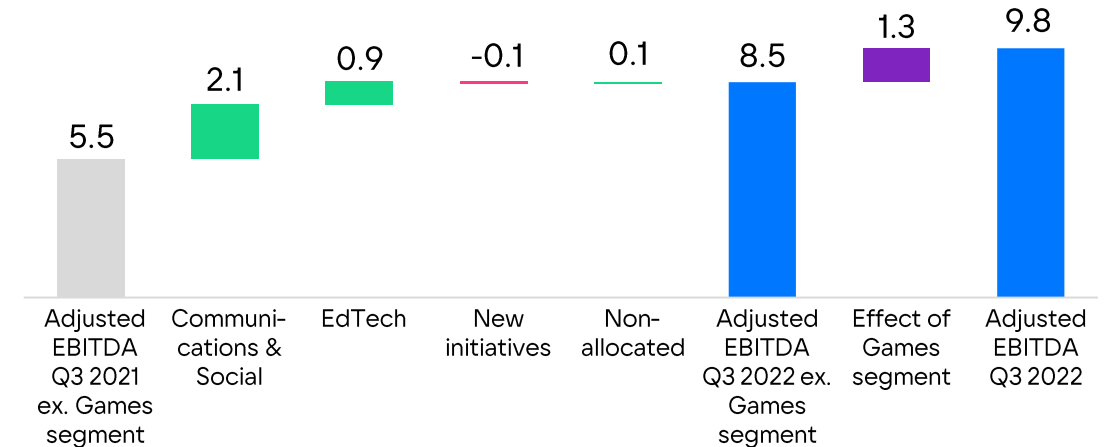
- ↑ Revenue growth
- ↑ Optimization of agent / partner fees
- ↑ The effect of received IT benefits
- ↓ Increase in personnel costs due to the headcount growth as part of an active launch of new products and apps
- ↓ Growth in marketing costs due to VK's active positioning, investments in brand awareness and strength, and support for a number of new products

Adjusted EBITDA drivers

Adjusted EBITDA drivers, RUB bn

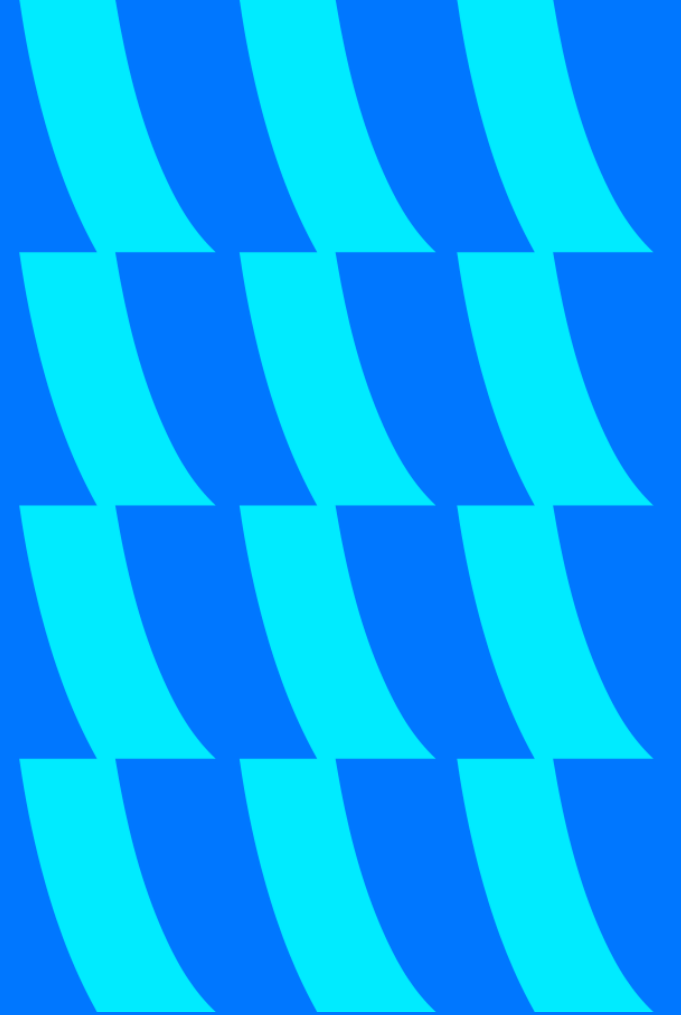


Adjusted EBITDA dynamics by segments, RUB bn



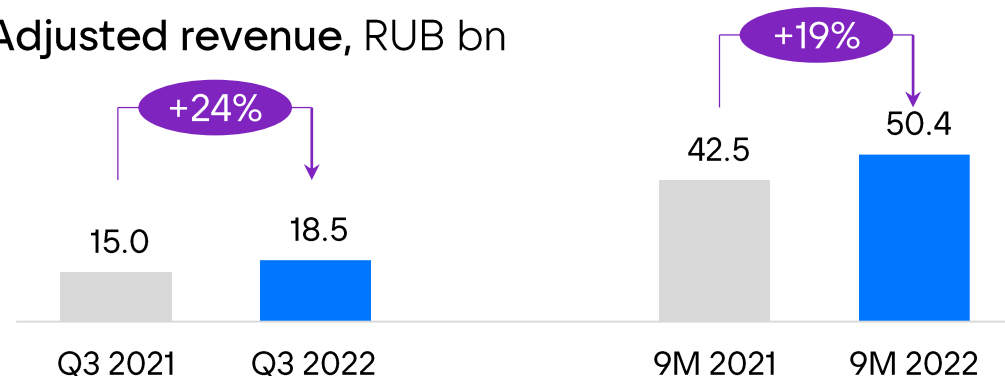
Source: Internal data. Note: Adjusted EBITDA is a non-IFRS financial measure. Adjusted numbers for 2021 and 2022 include MY.GAMES, as the asset left the group only at the very end of Q3 2022.

Segment results



Communications & Social

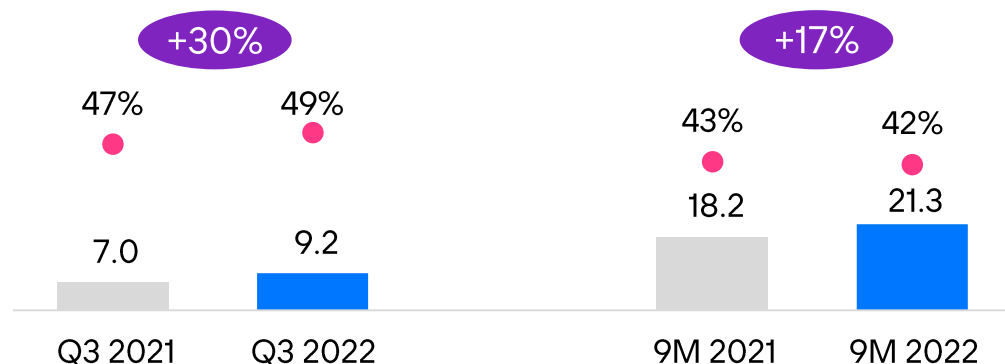
Adjusted revenue, RUB bn



Adjusted revenue drivers in Q3 2022

- ↑ Growth in advertising revenue due to the growth of the audience and its engagement: the daily audience of VKontakte grew by 7.1% YoY to a record 49.4 mn users
- ↑ Among the products, the key driver is VKontakte with ~34% YoY revenue growth

Adjusted EBITDA, RUB bn



Adjusted EBITDA drivers in Q3 2022

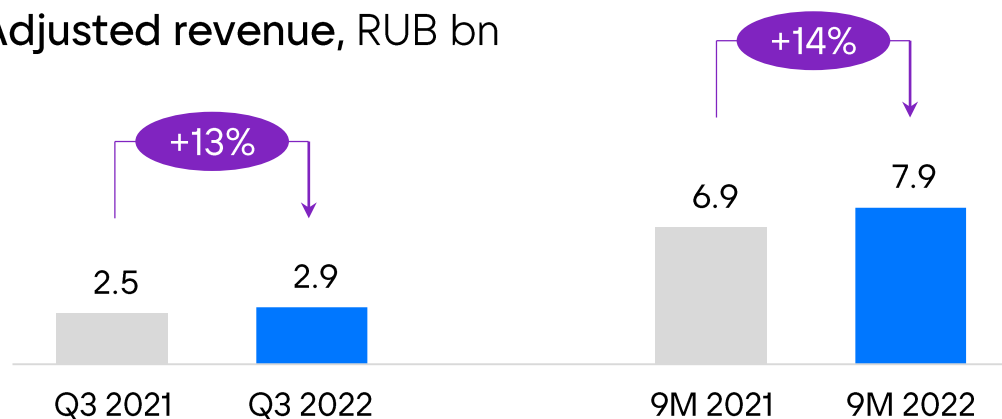
- ↑ Revenue growth
- ↑ Decrease in agent / partner fees
- ↑ The effect of received IT benefits

● Adjusted EBITDA margin, %

Source: Internal data. Note: Communications and Social segment includes social networks (VKontakte, OK and My World), email (Mail.ru), music and video services (VK Music and VK Video), instant messaging (VK Messenger), portal (main page and media projects), search, content recommendation platforms Pulse and Relap (since 2022). It earns revenues from advertising, commissions from application developers based on the respective applications' revenue, user payments for virtual gifts, stickers and music subscriptions.

EdTech

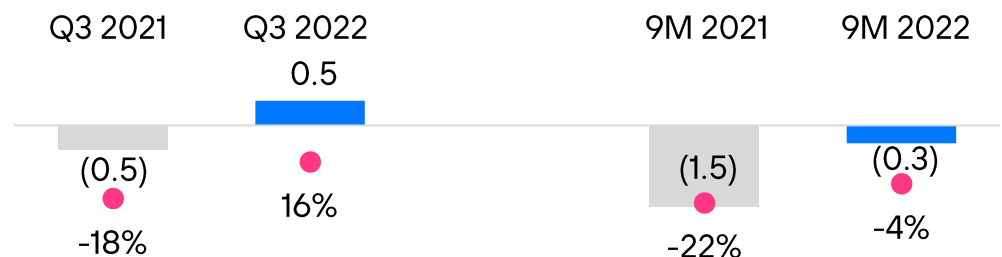
Adjusted revenue, RUB bn



Adjusted revenue drivers in Q3 2022

- ↑ Increased purchases of courses as a result of lower interest rates - due to growth in loans issued and freed up savings
- ↑ High demand for IT products
- ↓ Generally unfavorable macroeconomic environment

Adjusted EBITDA, RUB bn



Adjusted EBITDA drivers in Q3 2022

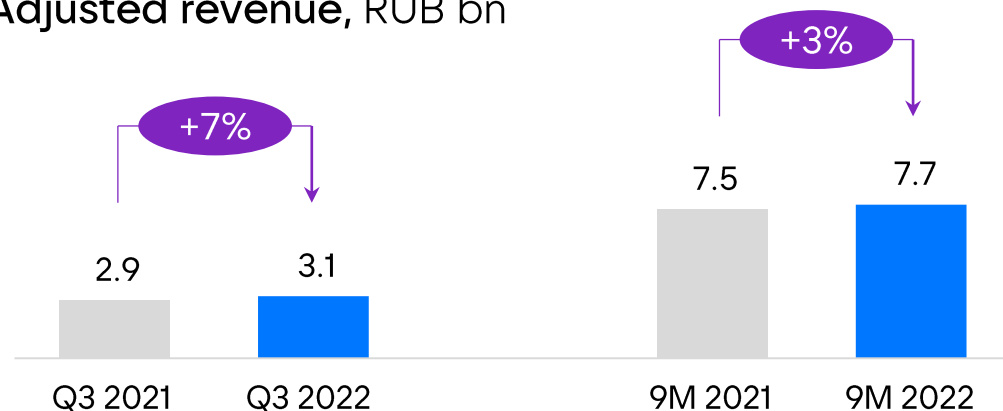
- ↑ Improving operational efficiency
- ↑ The effect of received IT benefits

● Adjusted EBITDA margin, %

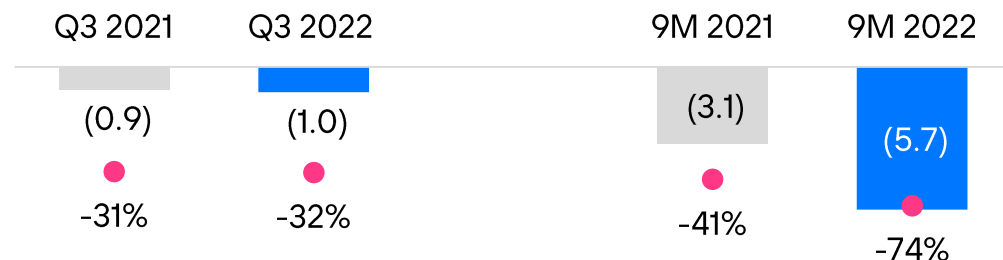
Source: Internal data. Note: EdTech segment includes consolidated education businesses presented by Skillbox Holding Limited which includes Skillbox (100%), GeekBrains (100%), SkillFactory (63.75%), Mentorama (90%), Lerna (70%). The businesses earn substantially all revenues from educational services.

New initiatives

Adjusted revenue, RUB bn



Adjusted EBITDA, RUB bn



● Adjusted EBITDA margin, %

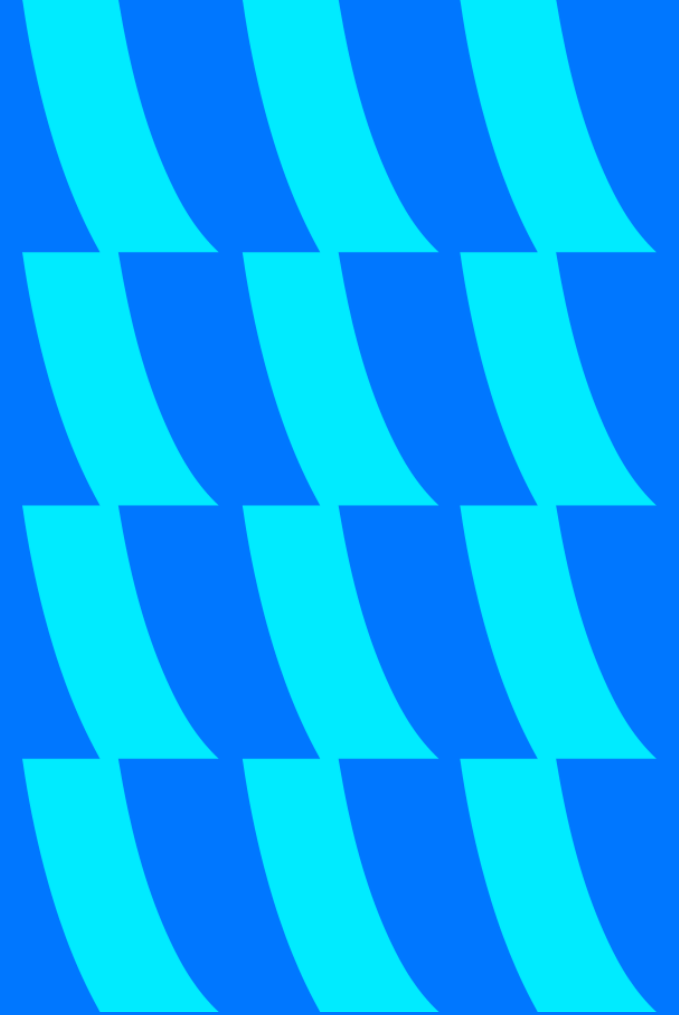
Adjusted revenue drivers in Q3 2022

- ↑ B2B revenue growth +28% YoY to >1 RUB bn (main source – VK Cloud)
- ↑ Services of corporate communications increased revenue by +343% YoY
- ↑ Revenue from the tax monitoring platform VK Tax Compliance grew + 129% YoY
- ↑ Revenue from recent launches (e.g. VK Play, VK Clips)

Adjusted EBITDA drivers in Q3 2022

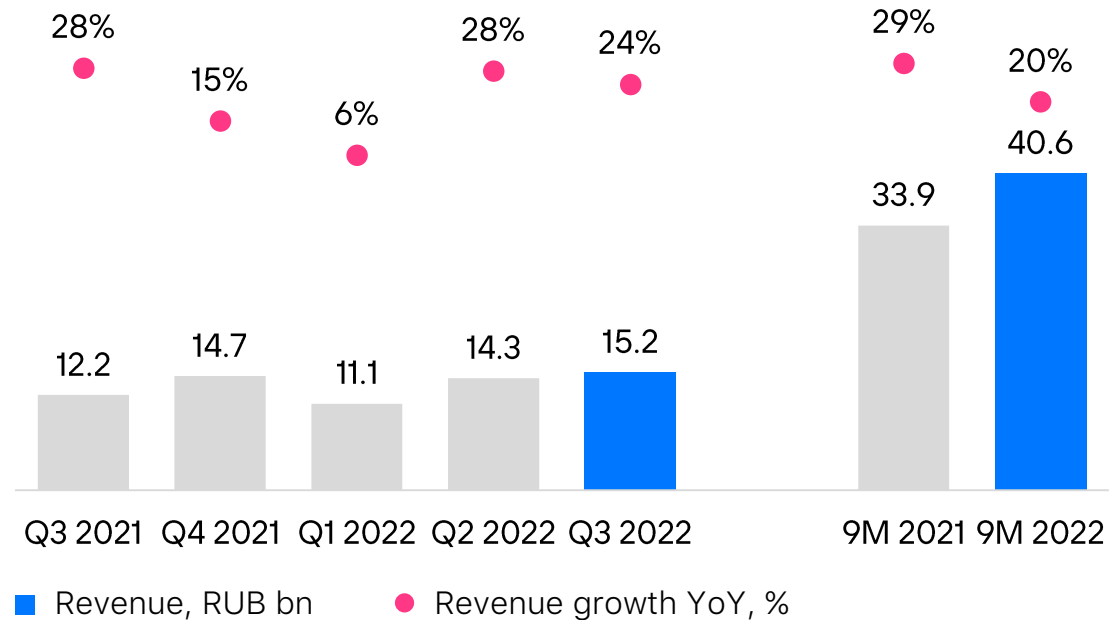
- ↓ Growth of investments related to VK Play, VK Clips, RuStore, VK Calls and other new initiatives
- ↑ The effect of received IT benefits

Key asset results



Advertising: key results

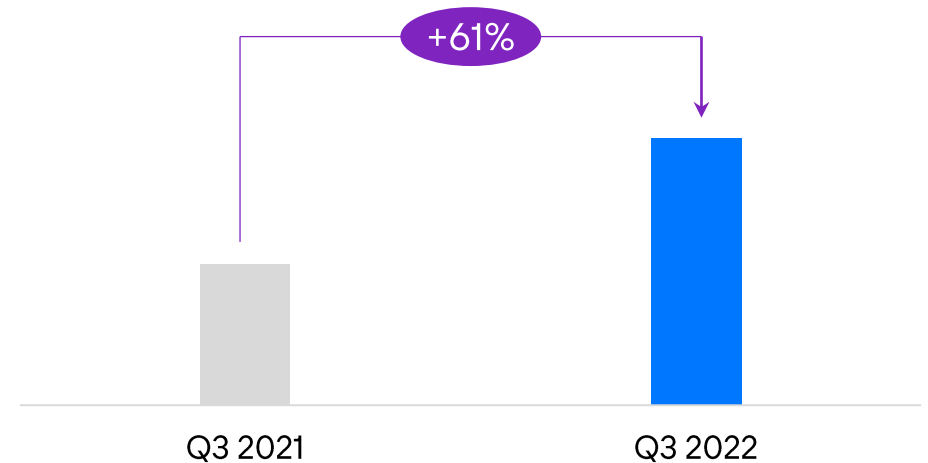
Dynamics of online advertising revenue ⁽¹⁾



Categories of advertisers – leaders in terms of **growth** in advertising costs within VK, Q3 2022:

- Real estate
- Household products
- E-commerce

Growth in the number of SMB paying advertisers, %

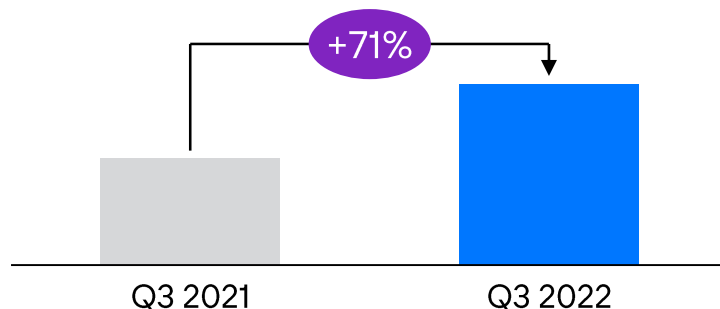


Categories of advertisers – leaders in terms of **spending** on advertising within VK, Q3 2022:

- E-commerce
- Leisure and entertainment (incl. streaming services)
- Banking and financial services

Advertising: strategic segments

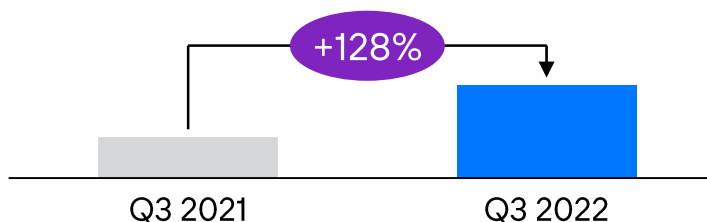
Performance ad revenue



Strategic focus

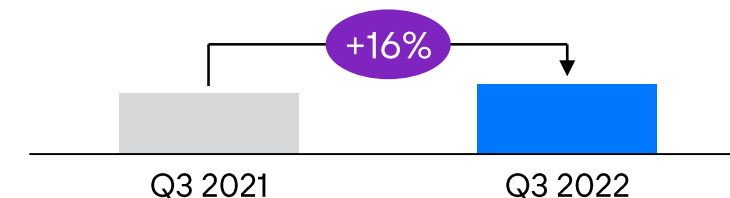
Automation of advertising campaigns based on modern algorithms to increase ROI

SMB ad revenue



Wide range of simple business tools incl. highly-efficient ad products

Video ad revenue ⁽¹⁾



Wide range of ad formats for monetization of growing video inventory

Recent product updates

- 2.4x revenue growth in the mobile app advertising segment (see slide below)
- Extended campaign statistics in VK Ads by demographics, geography and contextual phrases
- Automatic generation of the most converting ad title and text combinations based on a neural network

- Simplification of the interface for launching ads from mobile devices so that SMB communities can flexibly set up effective targeting
- Tests of advertising SMB communities from VKontakte in the new VK Ads: attracting a subscriber to the community is 68% cheaper than on the old VK platform

- Instream advertising on short videos (15-30 sec.)
- Monetization of live broadcasts on VKontakte (pre-broadcast commercial)

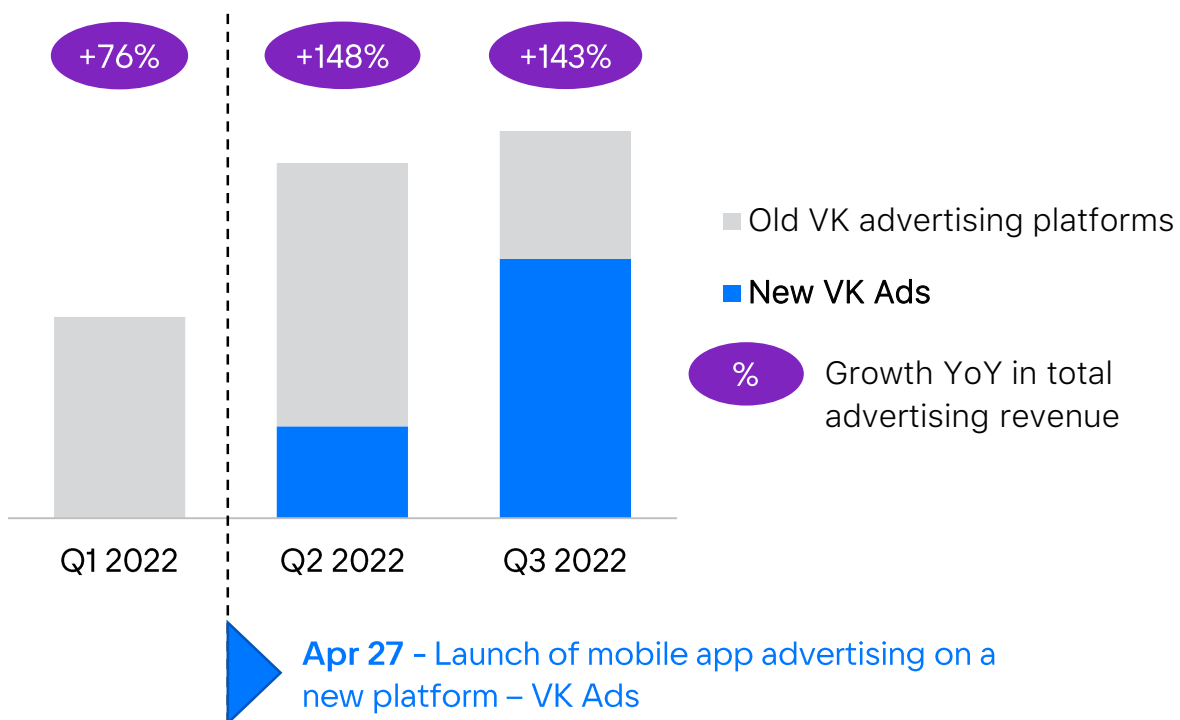
Source: Internal data. Note: (1) Video ad revenue before agent commission.

New unified advertising platform

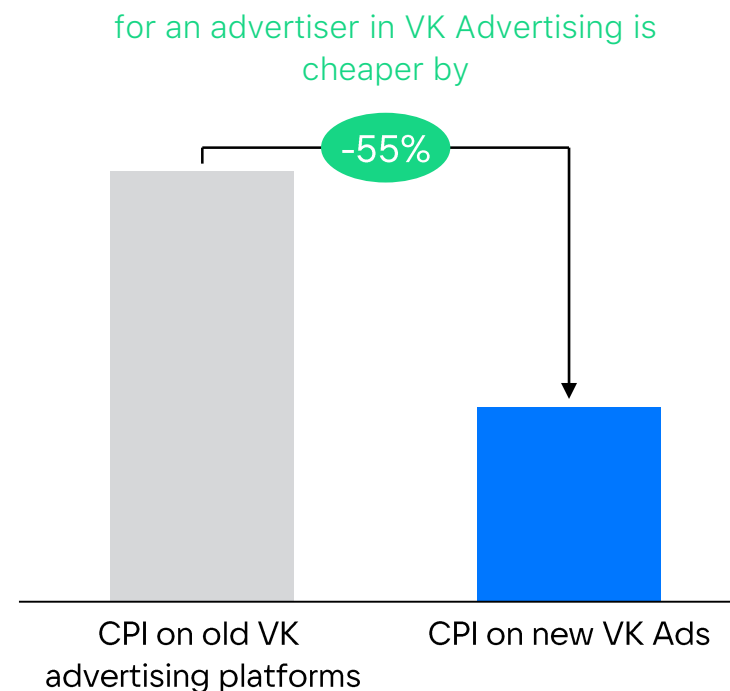


VK Ads became the main mobile application for advertising

Mobile app advertising revenue⁽¹⁾



Comparison of the average cost of installing an application – CPI⁽²⁾



Source: Internal data. Note: (1) Earnings before agency fees; (2) Jun-July 2022, among the top 10 apps in terms of spending on VK Ads (~47% of all spending).

VKontakte: growth of audience and engagement

Leading social network in Russia

Russia

MAU

76.9 mn

Q3 average

▲ +6.9% YoY

Russia

DAU

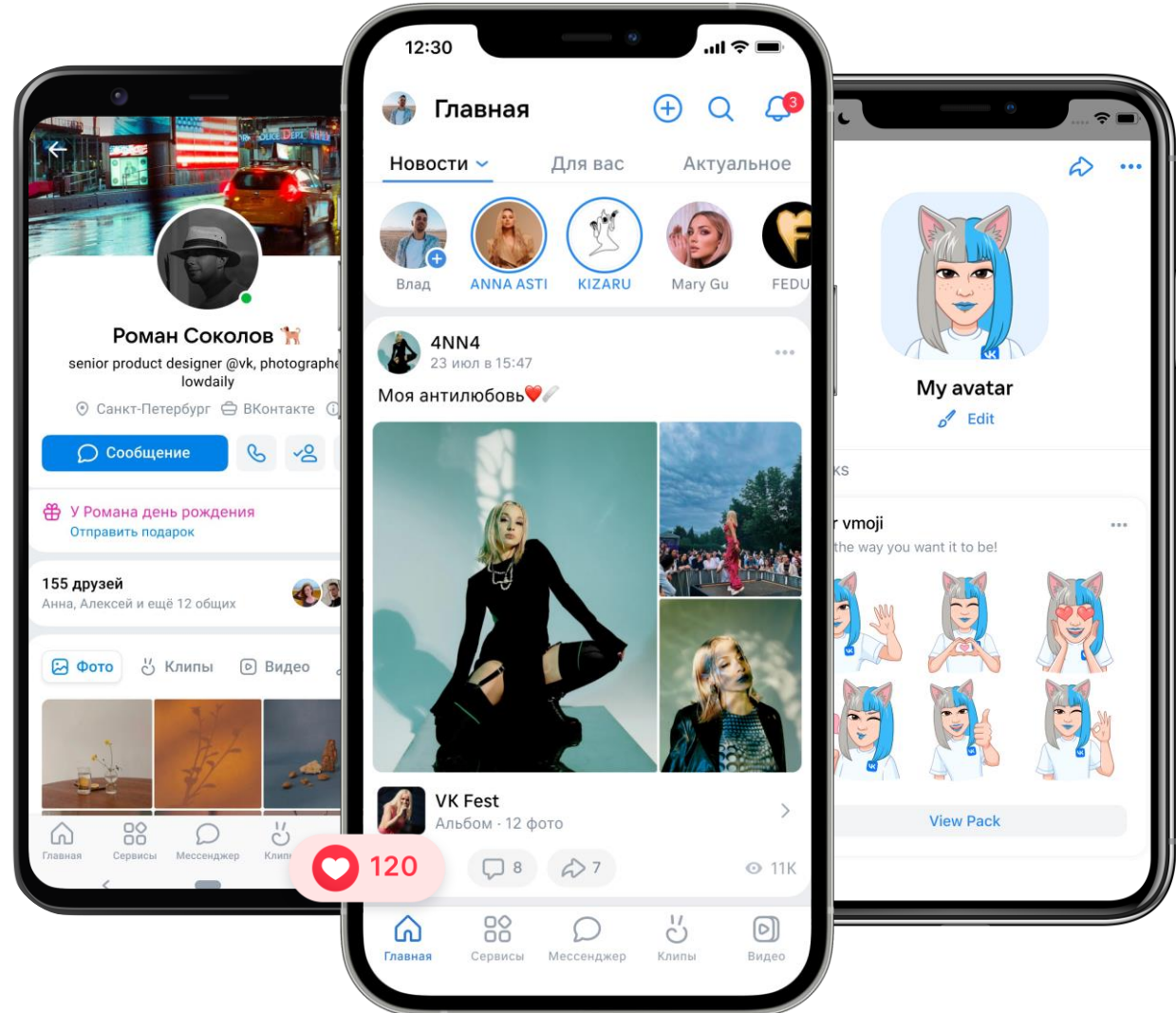
49.4 mn

Q3 average

▲ +7.1% YoY

In Q3 2022:

- A global update of the mobile app started with a maximum focus on content
- New feed and personal profile design launched
- Vmoji launched – 6 mn users created one for themselves ⁽¹⁾



Source: Internal data. The YoY growth is shown for Q3 2022 vs. Q3 2021 unless stated otherwise. (1) Data as of 7 Nov 2022.

VKontakte: growth of audience and engagement

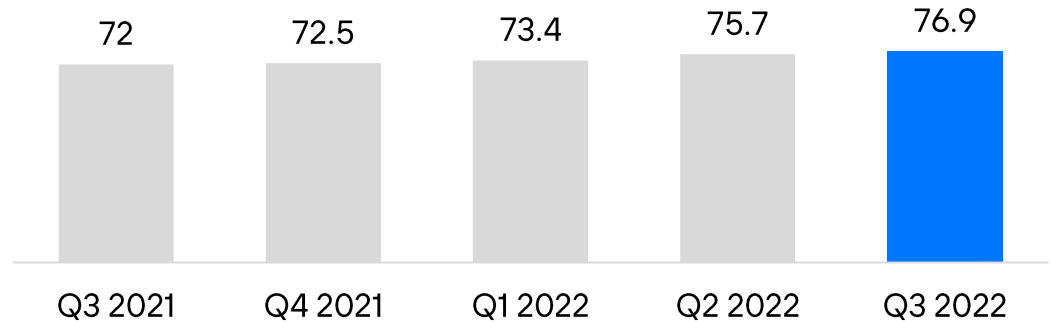
64%

VKontakte users access the social network daily

85%

of Russian internet users – VKontakte monthly reach ⁽¹⁾

VKontakte Russia MAU, mn



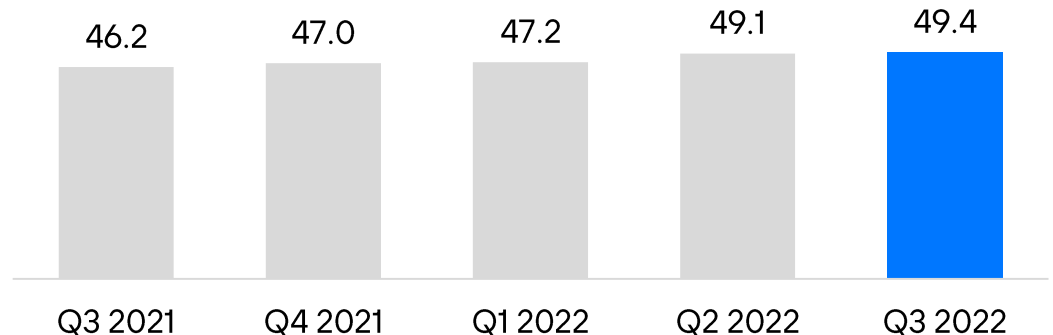
45.2

Minutes per day – average time spent of VKontakte users in Q3 2022 ⁽²⁾

54%

of Russian internet users – VKontakte daily reach in September ⁽¹⁾

VKontakte Russia DAU, mn

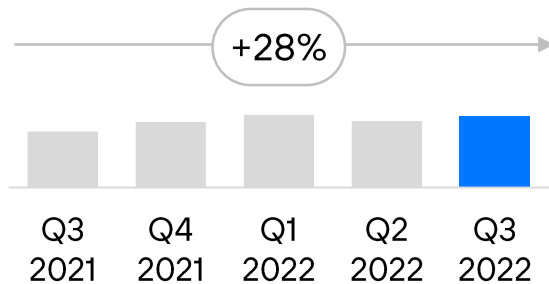


55

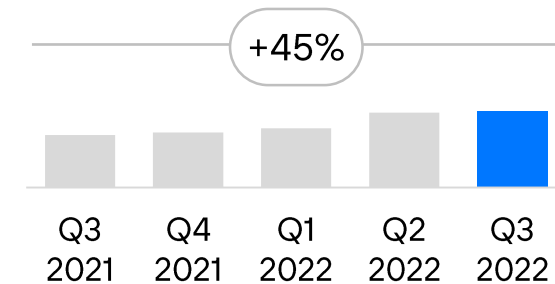
major product updates launched in Q3 2022

VKontakte authors: growth in content creation and consumption

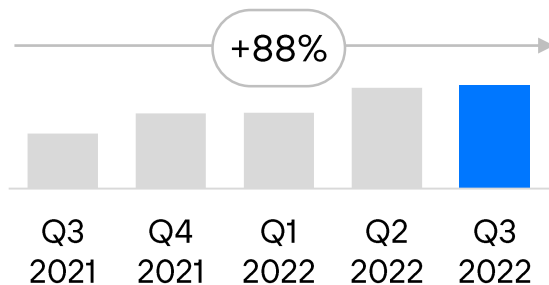
Number of created communities



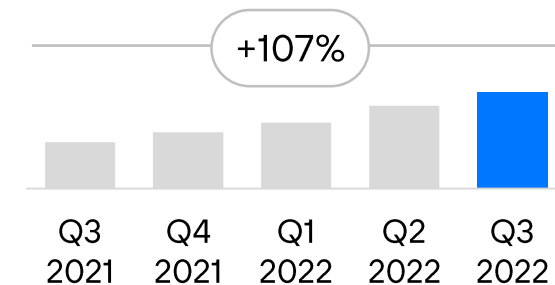
Feed views



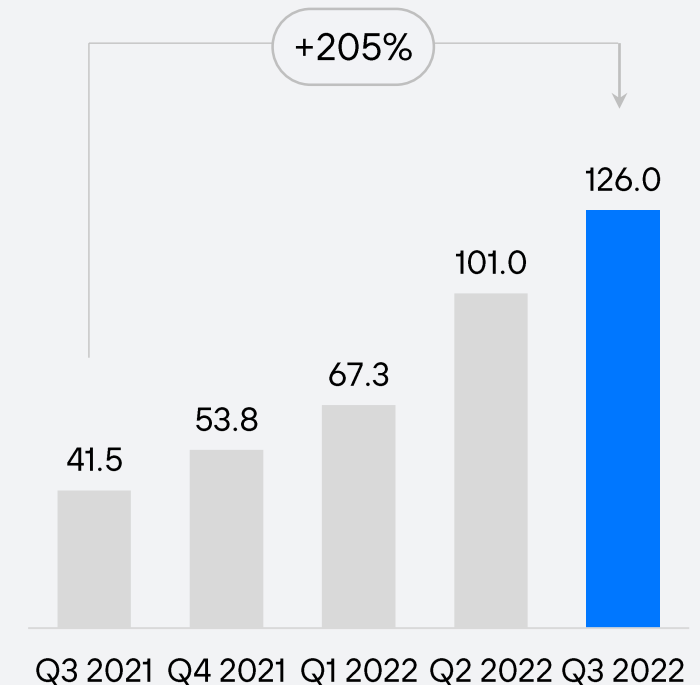
Growth YoY in community income with official monetization tools



Growth in the number of subscribers who transfer funds through VK Donut



Revenue from communities using VK Donut, RUB mn



Source: Internal data. The YoY growth is shown for Q3 2022 vs. Q3 2021 unless stated otherwise.

Continuous growth of video consumption

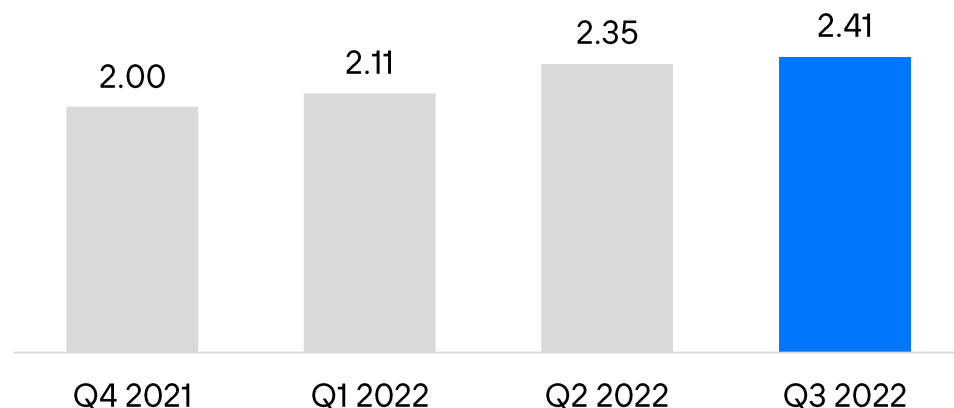


2.41 bn

Average daily views on VK video platforms
(VK Video and VK Clips) in Q3 2022

Average daily views, bn

VK Video + VK Clips



Average daily views in Q3 2022

VK Video

VKontakte & Odnoklassniki,
not incl. VK Clips

1.69 bn

Video inside
VKontakte

1.16 bn

▲ +45% YoY

VK Clips

717 mn

▲ +152% YoY

Source: Internal data. The YoY growth is shown for Q3 2022 vs. Q3 2021 unless stated otherwise.

VK Clips: growth of views and authors



717 mn

Average daily views in Q3 2022
(+152% YoY)

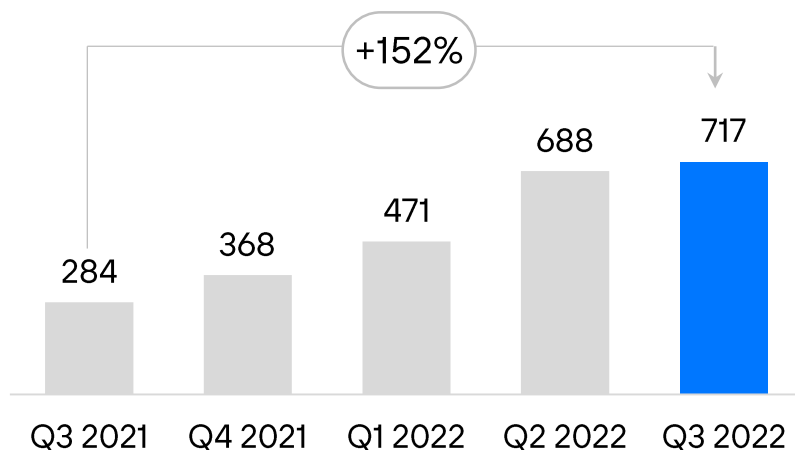
+312%

Growth YoY in the number of
published clips

+122%

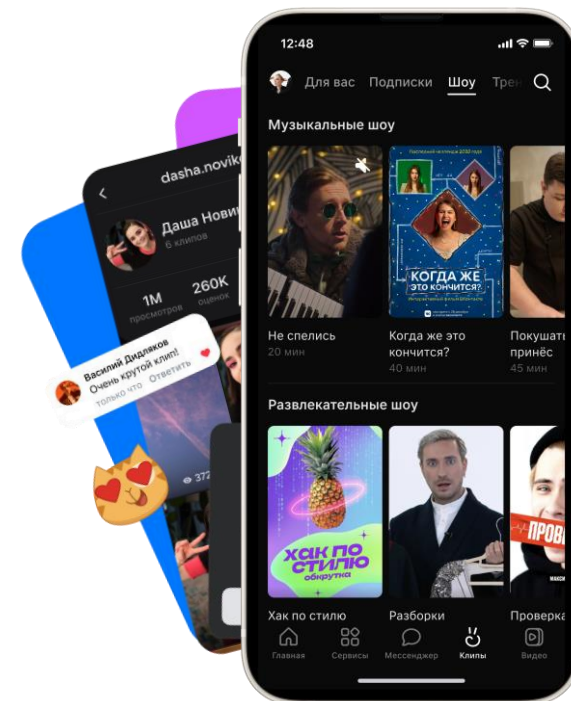
Growth YoY in the number of
active authors

Average daily views, mn



New features in Q3 2022:

- publish clips via web version
- automatically convert short videos to clips
- rewind for clips longer than 15 seconds
- shooting in hands free mode for authors

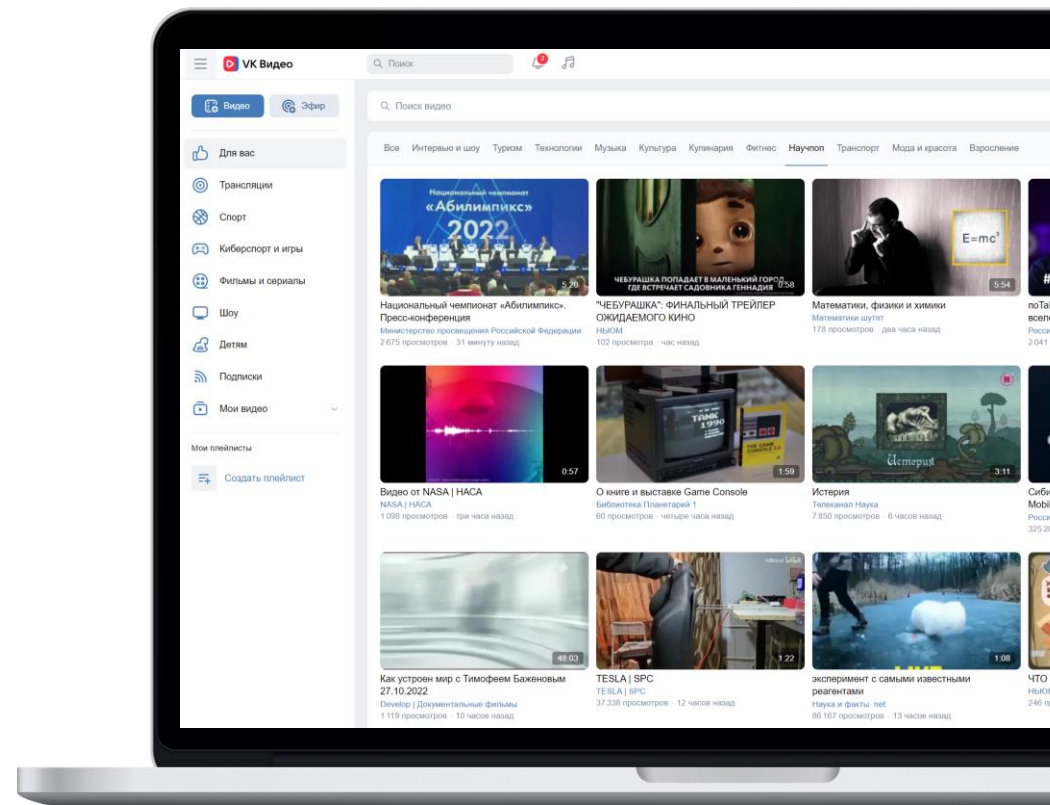


Source: Internal data. The YoY growth is shown for Q3 2022 vs. Q3 2021 unless stated otherwise.

VK Video: product updates in Q3 2022



- ✓ VK Video opened access to the monetization of live broadcasts for authors
- ✓ VK Video launched a beta version of the author's personal account
- ✓ VK Video updated its smart recommendation system — thanks to this, the views of recommended videos on the video showcase increased



VK Music development

- ✓ "Listen to the Stars" - over 100 star playlists with 80 mn plays
- ✓ Integration into clips, concerts, shows - total coverage >10 mn
- ✓ Import playlists from other apps - 60k users migrated 140k playlists

Source: Internal data.



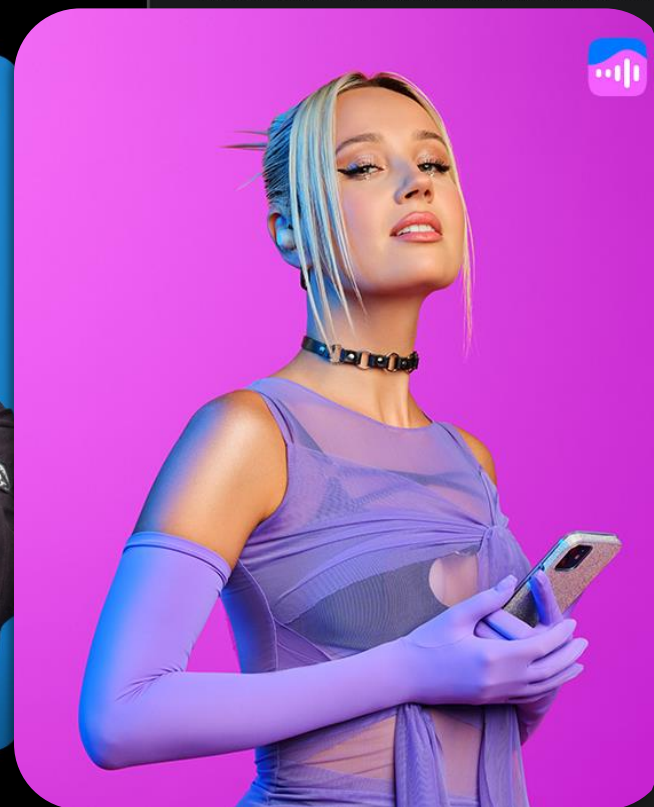
VK Музыка

узнай, что слушают артисты



ТОЛЬКО В VK МУЗЫКЕ

100 личных плейлиств



VK Calls and VK Messenger



- ✓ Introduced a beta version of the app for communication in meeting rooms and conference rooms
- ✓ Call scheduling feature added
- ✓ VKontakte opened an API for managing video calls
- ✓ The first large-scale advertising campaign for VK Calls launched
- ✓ VK Messenger launched instant translation of text in chats into other languages

VK Звонки для переговорных



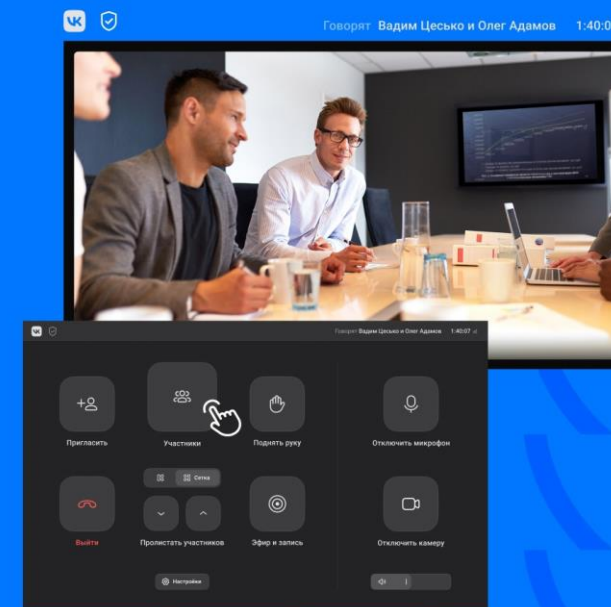
Общайтесь с коллегами, проводите собрания и подключайтесь ко встречам



Смотрите видео коллег и демонстрацию контента на большом экране

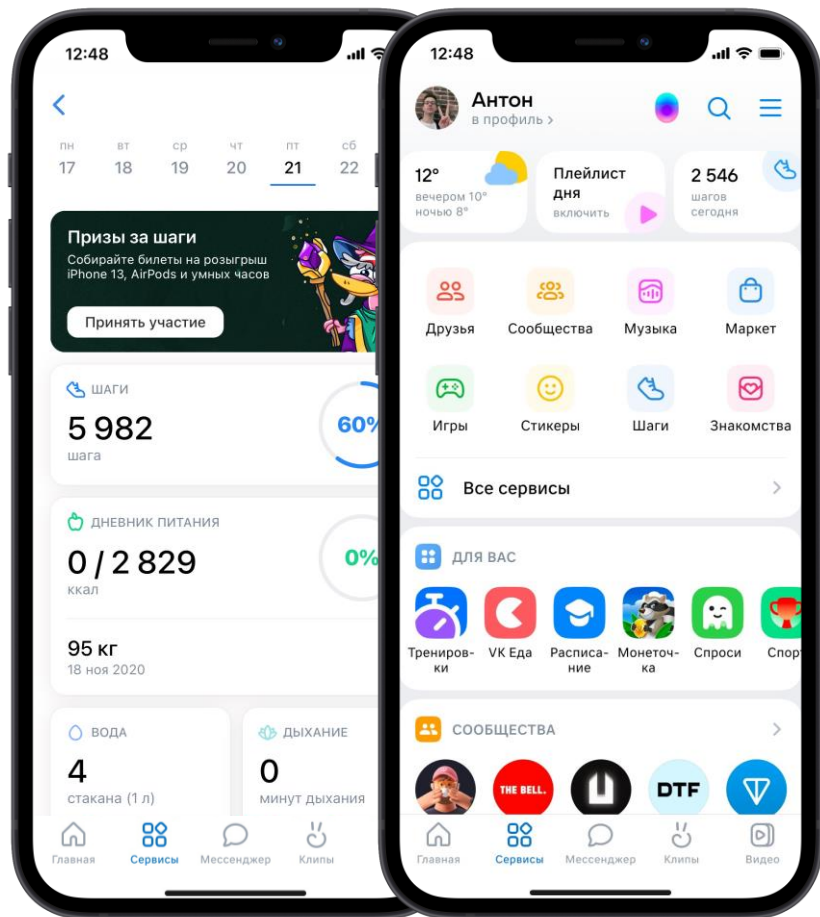


Управляйте звонком с контроллера



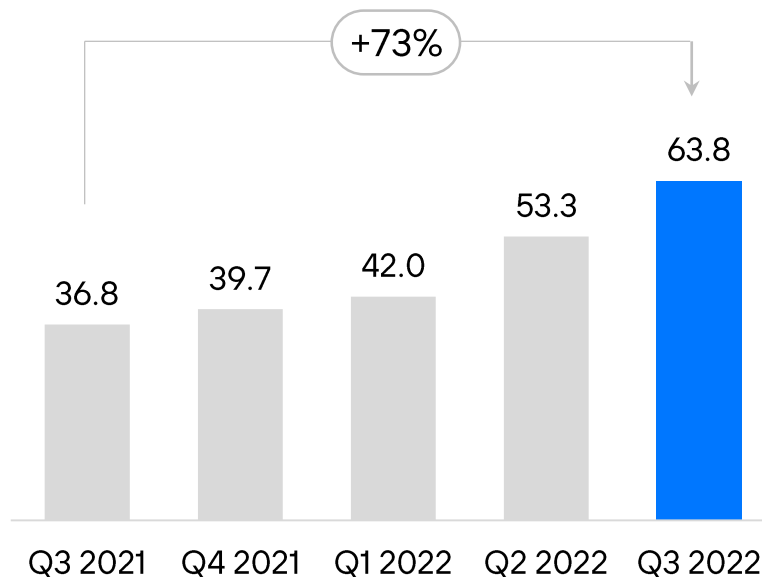
VK ЗВОНКИ

VK Mini Apps: further activity growth



+45% Growth YoY in in-apps ads revenue

Number of VK Mini Apps, k



38.4 mn

VK Mini Apps MAU
+15% YoY

Source: Internal data. The YoY growth is shown for Q3 2022 vs. Q3 2021 unless stated otherwise.

OK: social and entertainment platform



Q3 2022 highlights

38 mn

Average MAU in Russia

+8.3%

New user registrations in
September YoY

+66.3%

New groups

Users sent

325 mn

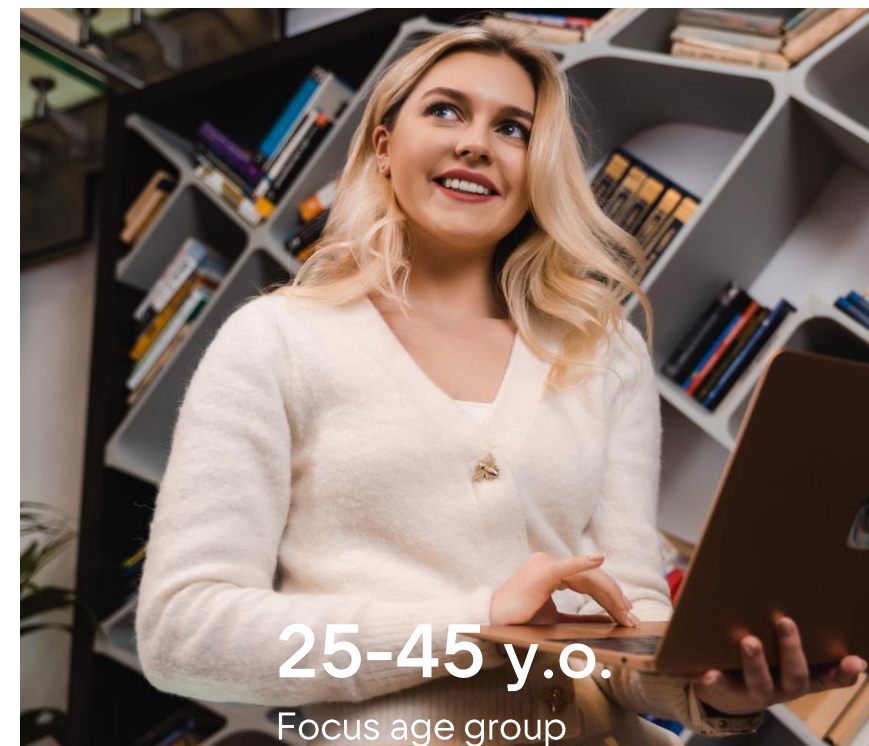
Postcards

490 mn

Stickers

6.4 bn

Virtual gifts



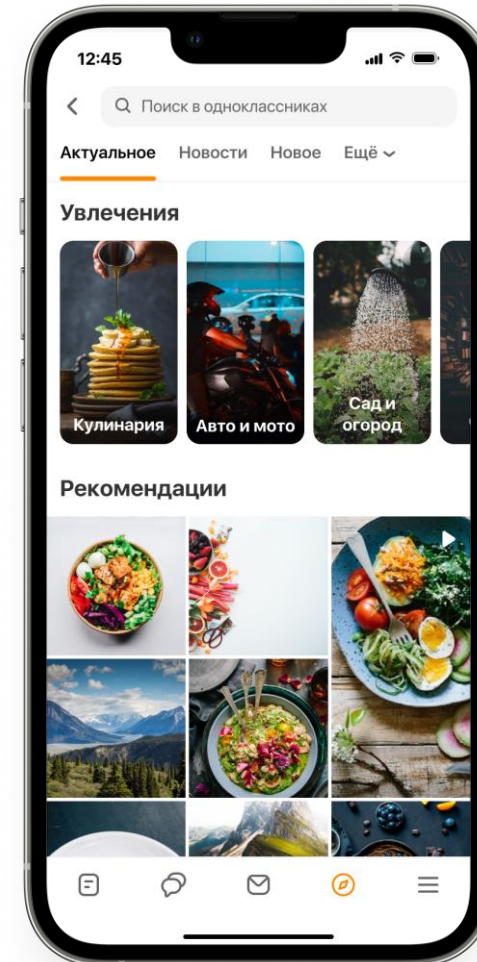
Source: Internal data. The YoY growth is shown for Q3 2022 vs. Q3 2021 unless stated otherwise.

Updated positioning and advertising campaign

"My hobbies are OK"



- ✓ OK launched an updated positioning and a new section centered around hobbies and interests
- ✓ Mobile app interface was significantly updated: the menu began to adapt to the interests of each user, and navigation became even more user friendly
- ✓ Content recommendation system was restarted, monetization became available for communities with video content

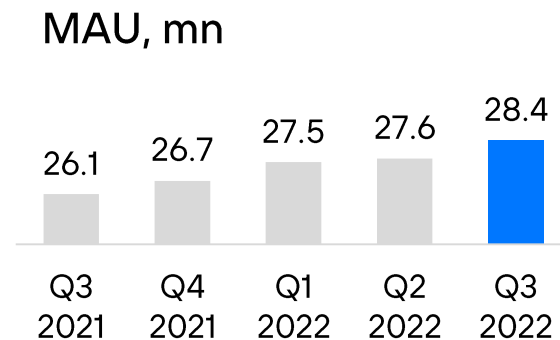


Solid traction in Moments and growing business interest in promotion in OK

Moments highlights in Q3 2022

28.4 mn

MAU
+8.8% YoY



497 mn

Monthly views
+32% YoY



SMB highlights in Q3 2022

+26.5%

Growth in advertising revenue from SMB

+44.5%

Growth of business groups that publish content on OK

+12.9%

Unique paying entrepreneurs

EdTech: customer base growth

S

12 mn

Combined cumulative registered learners on VK's educational platforms

1.4x growth YoY

465 k

Cumulative number of paying learners

1.7x growth YoY

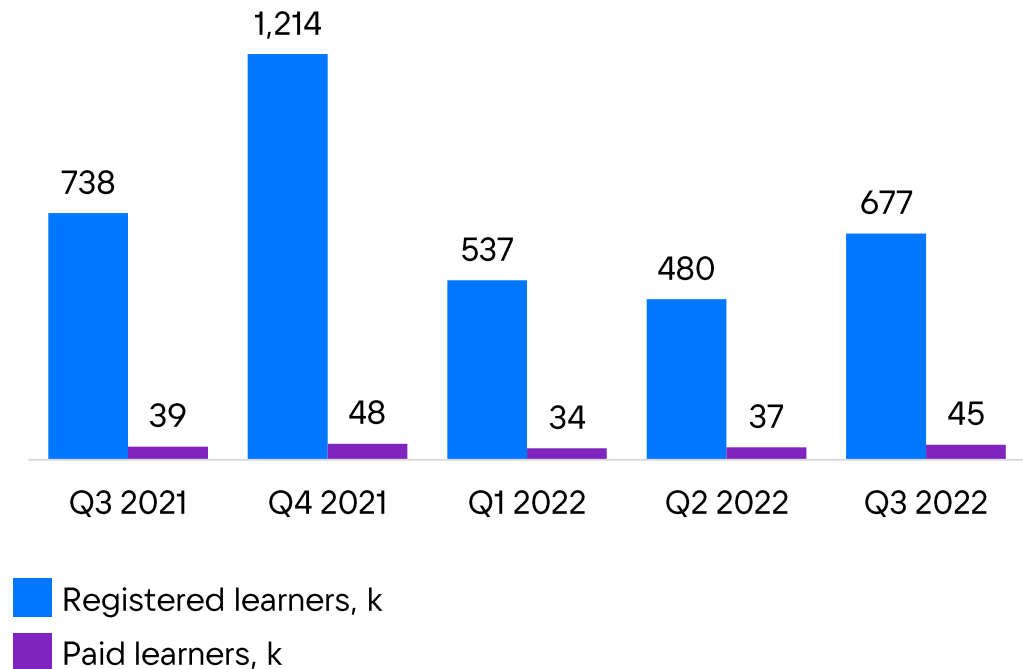
677 k

New registrations in Q3 2022

~45 k

New paid learners in Q3 2022

New users of VK's educational platforms ⁽¹⁾



Source: Internal data. The YoY growth is shown for Q3 2022 vs. Q3 2021 unless stated otherwise. Note: (1) Registered users have access to the platform (both with free of charge and paid access). Historical numbers might be adjusted as Skillbox Holding Limited is refining and improving approaches to the measurement of operational metrics.

New initiatives: B2B incl. cloud services

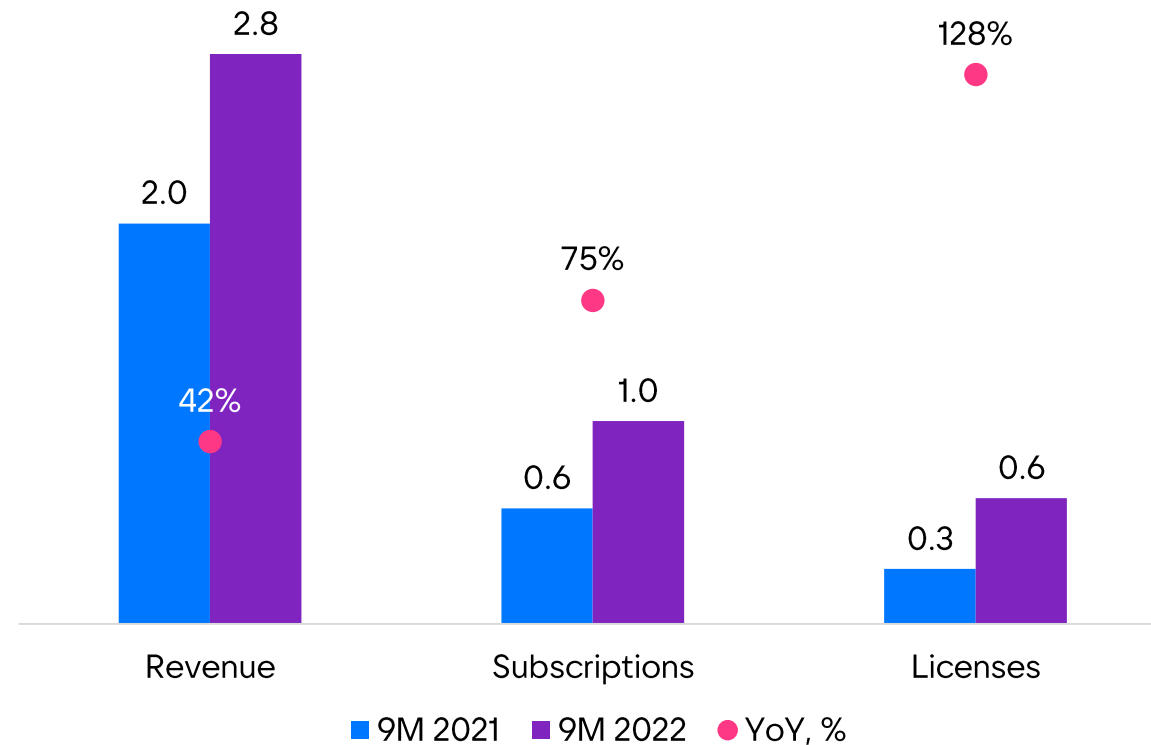
4.5x

Communications services
revenue growth YoY in 9M
2022

9.9x

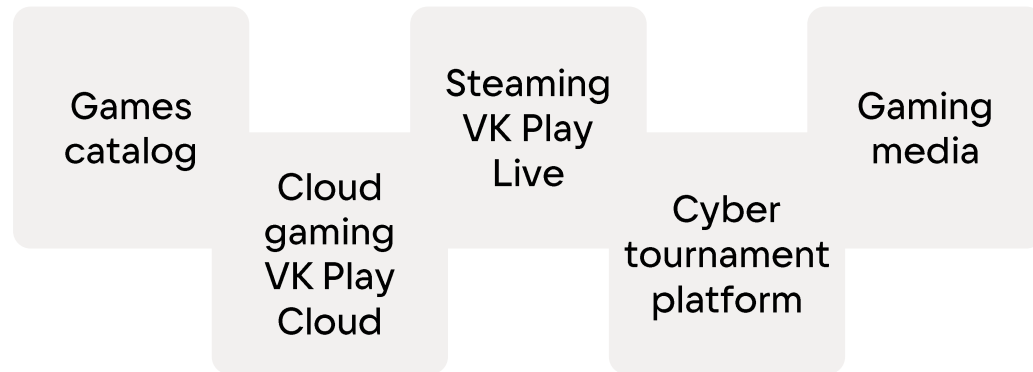
Private cloud revenue
growth in 9M 2022 YoY

VK tech revenue structure, RUB bn



New initiatives: VK Play

- Since its launch in April 2022, VK Play has become the largest Russian gaming platform in Russia.



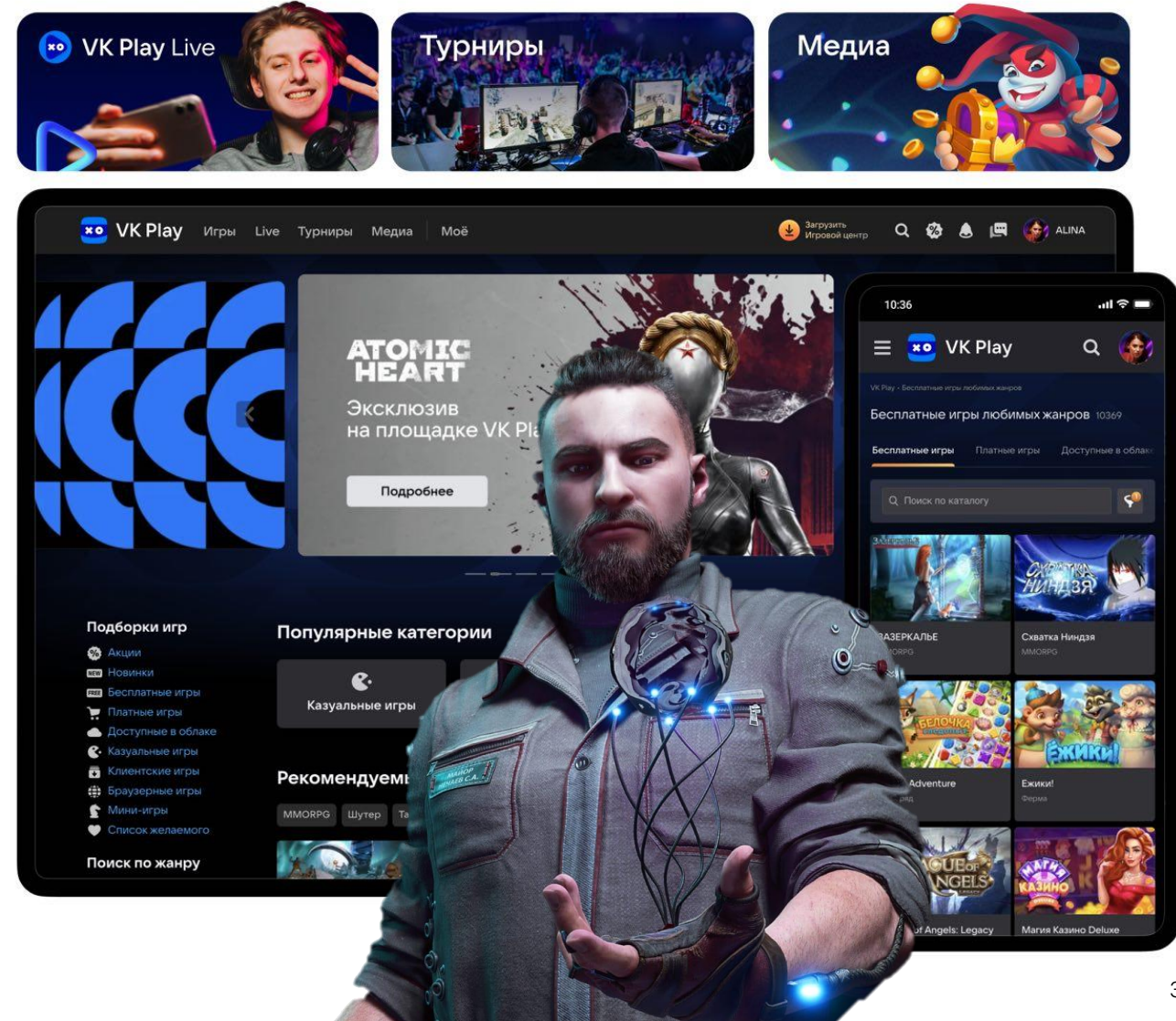
13k

Simple browser games in the catalog

350+

Games in VK Play Cloud catalog incl. games on other platforms

Source: Internal data.



New initiatives: VK Play



5000

Applications from Russian streamers to participate in the VK Play Live beta test in the first two weeks

>7 mn

Registered user accounts since the launch

>92%

Russian streamers work with our tools

5%

Game developer commission in VK Play

Atomic Heart exclusive on VK Play in Q4 2022



New initiatives: RuStore

- RuStore is the official Russian Android app store launched in May 2022
- Top 20 Russian mobile applications published

>1700

Number of apps available in RuStore

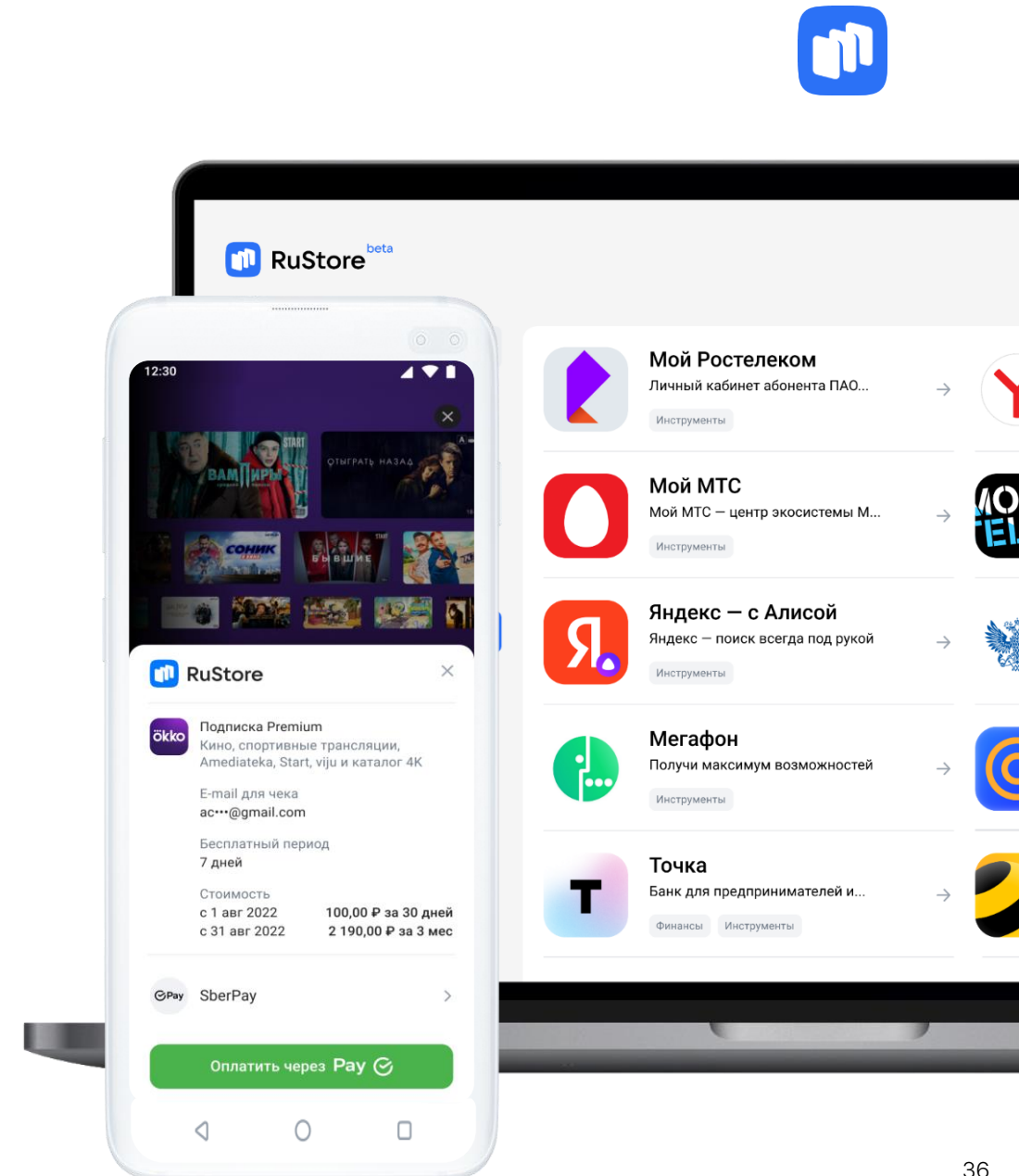
>4 mn

Number of app installations from RuStore

New features Q3 2022:

- access for individual developers,
- the ability to divide applications into categories, reviews and ratings,
- the ability to make in-app purchases and tools for promotion.

Source: Internal data as of 30.09.2022.



Glossary

Key terms

MAU – monthly active users.

DAU – daily active users.

Community IVAS – user payments for social media services, including gifts, music subscription, in-game purchases.

MMO games – massively multiplayer online games.

F2P (Free-to-play) games – games that give players access to a significant portion of their content without paying or do not require paying to continue playing.

B2P (Buy-to-play) games – games that can only be played by purchasing the game.

Monthly ABPU - monthly average bookings per user – is calculated as Games bookings divided by average MAU in the corresponding quarter and divided by 3.

Bookings - revenue adjusted for changes in deferred revenue or Adjusted revenue.

B2B (Business-to-business) – products and services for business clients.

SMB – small and medium business.

Branding advertising aims to introduce the brand/product/service to as many people as possible.

Performance advertising aims to bring the client to the site or mobile app and encourage her to place an order, apply, etc.

Segment composition

Segments include:

Communications and Social

Social networks (VKontakte, OK and My World), email (Mail.ru), music and video services (VK Music and VK Video), instant messaging (VK Messenger), portal (main page and media projects), search, content recommendation platforms Pulse and Relap (1), Dzen and News (2). It earns revenues from advertising, commissions from application developers based on the respective applications' revenue, user payments for virtual gifts, stickers and music subscriptions.

(1) Since 2022, previously these services were part of the New Initiatives segment. (2) Since September 2022.

Games

Online gaming services, incl MMO, social and mobile games, games streaming and platform solutions, games for PC, consoles and mobile devices, game studios, cloud gaming business, monetization services (DonationAlerts and Boosty.to).

It earns substantially all revenues from sale of virtual in -game items to users (F2P) or sale of digital copies of the games (B2P), royalties for games and gaming solutions licensed to third-party online game operators, in-game advertising and revenues from streaming services and gaming platform services. **As of September 30, 2022, the Games segment is a discontinued operations.**

EdTech

Consolidated education businesses presented by Skillbox Holding Limited which includes Skillbox (100%), GeekBrains (100%), SkillFactory (63.75%), Mentorama (90%), Lerna (70%). The businesses earn substantially all revenues from educational services.

New initiatives

Experimental and early stage products, incl. location-based classified Youla, B2B services (incl. VK Cloud), smart speakers (Capsule and Capsule Mini), Marusia voice assistant, VK Clips, VK Calls, VK Play, ecosystem products, etc.

Thank you

For further information please contact:
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