



Press Release

August 8, 2024

VK IPJSC (MOEX: VKCO, hereinafter referred to as "VK", or "the company") releases unaudited results under IFRS and segment financial information for H1 2024.

VK HIGHLIGHTS FOR Q2 AND H1 2024

VK key financial results for H1 2024

+23%
YoY
Revenue growth

+20%
YoY
Online advertising
revenue growth

+29%
YoY
Online advertising revenue
growth in the SME segment

VK's revenue for H1 2024 grew by 23% YoY to RUB 70.2 bn.

- The main contributor to the growth was online advertising revenue, which increased by 20% YoY to RUB 42.0 bn.
- Revenue from online advertising in the small and medium enterprises (SME) segment increased by 29% YoY. Revenue from advertising integration in VK's original content, partner shows and blogger collaborations grew 2.8-fold.
- VK's non-advertising revenue increased by 27% YoY to RUB 28.2 bn.
- VK Tech remains the company's fastest-growing segment with a 49% YoY increase in revenue in H1 2024.
- EdTech segment saw its revenue increase by 27% YoY.

VK's Q2 revenue grew 21% YoY to RUB 36.4 bn.

VK key audience indicators for Q2 2024¹

77 mn
DAU

4.2 bn
Minutes per day, time spent

>95%
Monthly audience reach
within the Russian internet
segment

VK is the leader in terms of internet audience indicators in Russia:

- On average, a VK user engages with two of the company's products daily².
- In Q2 2024, the average daily audience (DAU) of VK services reached 77 mn users. The time spent indicator averaged 4.2 bn minutes a day.
- VK is actively working on improving the quality of interaction with users, ensuring stable growth of engagement and increasing audience loyalty, driving the continued growth of its net promoter score (NPS).

¹ Source: Mediascope, Q2 2024, Russia 0+, age 12+, desktop and mobile. Since January 1, 2024, Mediascope has been using a modified algorithm for tracking website user activity, which has affected VK's audience and time spent metrics, as well as all web resources in the Russian Internet segment.

² Source: calculated based on Mediascope Cross Web data, June 2024, Russia 0+, age 12+, desktop and mobile devices.

In H1 2024, VK continued to invest in product development, content creation and promotion, attracting and retaining talented specialists, upgrading technical equipment and implementing advanced technologies. These investments contribute to the accelerated development of services and form the foundation for strengthening the company's leadership in strategic business lines.

VK invested in the development and implementation of advanced technologies, as well as the development of software and hardware infrastructure:

- VK continues developing its own network of data processing centers. Having powerful computing infrastructure will allow the company to ensure high-quality services, reliability and fault tolerance of the infrastructure.
- VK enhanced the security of its own resources and implemented ML models to protect social networks and content platforms from automated activity and DDoS attacks.
- The company implemented a unified infrastructure management system for content platforms and social networks based on a proprietary one-cloud platform.

VK developed projects with non-advertising monetization model:

- Revenue from VK Cloud services grew by 62.2% YoY while VK Workspace communication solutions saw it expand 2.2-fold YoY.
- User payments grew by 19% YoY in H1 2024, in particular due to the active development of VK Music and VK Dating, which saw their revenues grow by 35% and 2.6-fold respectively.
- VK is actively developing the tutoring segment of Tetrika and Uchi.Doma, which saw sales grow by 63% YoY in H1 2024 and the average check increase by 40% YoY.

VK continued collaborations with authors, content creators, bloggers and opinion leaders:

- More than two thousand exclusive content units were published on the VK Video platform.
- VK distributed its original content for television broadcasting, including the release of its shows "OKnutye Lyudi" ("OK People") and "Bezumniye Izobreteniya" ("Crazy Inventions") on the CTC channel in Russia. "Zvezdy" ("The Stars") show was launched in collaboration with the NTV channel. VK also signed a contract with MUZ-TV channel, which resulted in MUZ-TV's audience gaining access to popular shows like "Kontakty" ("Contacts"), "Gromkiy Vopros" ("Major Question"), "Natalnaya Karta" ("Natal Chart") and "Meloman" ("Melomaniac").
- In Q2 2024, the average number of daily views of VK Clips grew by 84% YoY to 1.7 bn. Time spent increased three-fold with the help of an increased share of clips in the VKontakte newsfeed and an improved recommendation system.

VK invested in teams developing and preparing professionals for the IT and creative industries:

- An IT hub was launched in Novosibirsk as part of a program to develop the IT community in regions with a high R&D potential.
- The company launched internships for schoolchildren, students and aspiring specialists in popular IT and digital areas, as well as enrolment in an ambassador program and six free courses on the Prostor creative platform for young people.
- Applications were open for three Master's programs at the School of Engineering and Mathematics together with the National Research University Higher School of Economics and a Master's program for future web-service developers together with ITMO University.

VK invested in improving user loyalty and engagement in its services:

- VKontakte social network launched its first public image campaign.
- The company rolled out ad campaigns for VK Tech segment projects for the first time.
- VK Fest was held in five cities across Russia for a record 205,000 visitors and 22.5 mn views online. The festival's results made it into the Russian Book of Records.

Investments in H1 2024 were focused on technological and product development and will ensure the operational efficiency, sustainability and growth of the business in future periods.

FINANCIAL RESULTS OF OPERATING SEGMENTS FOR H1 2024

Segment performance for H1 2024


RUB bn, unless otherwise stated	Social platforms and media content	EdTech	VK Tech	Ecosystem services and other business lines	Elimination of intragroup transactions and non-allocated costs	Group
Revenue	46.2	8.9	4.5	11.2	(0.6)	70.2
<i>YoY</i>	<i>22.9%</i>	<i>26.8%</i>	<i>49.4%</i>	<i>13.9%</i>	-	<i>22.6%</i>
Operating costs	(41.4)	(8.8)	(3.8)	(12.5)	(4.5)	(71.0)
Share-based payments	-	-	-	-	0.1	0.1
Adjusted EBITDA	4.8	0.1	0.7	(1.3)	(4.9)	(0.7)

- In H1 2024, revenue of the Social platforms and media content segment, VK's key segment, increased by 22.9% YoY to RUB 46.2 bn. The segment's EBITDA margin amounted to 10.4% in the reporting period.
 - The growth of the VKontakte social network was the primary driver of the segment's revenue growth. In H1 2024, the average daily audience (DAU) of VKontakte in Russia increased by 7% YoY to 57.1 mn users, the average monthly audience (MAU) in Russia increased by 7% YoY to 88.4 mn users³. Audience and engagement growth led to a 24% YoY increase in VKontakte's revenue in H1 2024.
 - The segment's revenue growth was driven, among other things, by an increase in average daily views of VK Clips by 81% YoY to 1.7 bn and average daily views of VK Video by 21% YoY to 2.4 bn in H1 2024, as well as an increase in the subscriber base of VK Music by 14% YoY at the end of H1 2024.
- In H1 2024, the EdTech segment's revenue grew by 26.8% to RUB 8.9 bn. The segment's revenue growth was driven by a continued demand for courses on the Skillbox holding and Uchi.ru platforms, as well as the consolidation of Uchi.ru from February 17, 2023, and Tetrica from September 1, 2023.
- In H1 2024, the VK Tech segment demonstrated a revenue growth of 49.4% YoY to RUB 4.5 bn. Cloud services of the VK Cloud platform and VK Workspace communication solutions were the primary drivers of the segment's growth.
- In H1 2024, the revenue of the Ecosystem services and other business lines segment increased by 13.9% YoY to RUB 11.2 bn, partly due to a 21% YoY increase in revenue from Mail.ru Email and Cloud Mail.ru, as well as the effect of the acquisition of the YCLIENTS platform in December 2023. The segment also includes the VK Play gaming platform, the RuStore application store, and smart devices.


³Source: internal company data, unless otherwise stated.

SOCIAL PLATFORMS AND MEDIA CONTENT SEGMENT

Audience performance of key segment assets in Q2 2024, Russia


87.9 mn
 VKontakte, MAU


34.2 mn
 Odnoklassniki, MAU


30 mn
 Dzen, DAU
Social platforms and media content segment performance

RUB bn, unless otherwise stated	H1 2024	H1 2023	YoY
Revenue	46.2	37.6	22.9%
Operating costs	(41.4)	(30.4)	36.2%
Adjusted EBITDA	4.8	7.2	(33.4)%

Main projects: VKontakte, Odnoklassniki, Dzen, VK Music, VK Clips, VK Video, VK Messenger

The revenue of the Social platforms and media content segment in H1 2024 increased by 22.9% YoY, reaching RUB 46.2 bn. The growth in online advertising revenue was the primary driver of the segment's revenue growth. The revenue growth of the segment's largest asset VKontakte reached 24% YoY. Proactive development of the segment's products aimed at boosting audiences and engagement, led to an increase in spending on creating content and collaborations with creators, as well as marketing and staff costs. The segment's adjusted EBITDA for H1 2024 amounted to RUB 4.8 bn.

- In Q2 2024, the average **VKontakte** monthly audience in Russia grew by 4% YoY to 87.9 mn users, while the average daily audience in Russia grew by 5% YoY to 56.8 mn users. In Q2 2024, VKontakte showed an average monthly reach of 87% of the Russian internet audience, with the daily reach amounting to 54% of the Russian internet audience⁴.

In Q2 2024, VKontakte continued to develop an interface for payments to content creators, adding the option of transfers to private individuals. The social network launched a new brand to unite VKontakte's sports services – VK Fitness.

- In Q2 2024, the average monthly audience of **Odnoklassniki (OK)** in Russia amounted to 34.2 mn users. Users of the social network continued to show high levels of activity on the platform and sent 10 bn virtual gifts, 594 mn postcards, and 379 mn stickers in Q2 2024.


OK continued to improve the social network and its content, offering a comfortable environment to its users. The social network premiered three shows on healthy lifestyles, suburban living and cooking. OK announced the launch of the second season of a competition on pitching ideas among content creators, helping bloggers in bringing their creative online projects to life. The first episodes will be released in autumn 2024. In April-June 2024 OK presented technical solutions to hide some categories of unwanted content in posts, comments and images.

- In Q2 2024, the average daily audience of **Dzen** in Russia amounted to 30 mn users⁵. Dzen updated the topics of its home page to focus on the most popular content. The platform started trying out a new themed channel format, allowing users to subscribe to certain categories of channels like Travel, Cars, Food, etc. The platform also launched the beta test of a new service for content creators – premium subscriptions, which allow creators to monetize exclusive content by offering limited access to it, while users get to watch content first and ad-free. Dzen launched Sports section of the News segment, featuring match center, tournament standings and latest updates from the world of sport.


⁴ Source: Mediascope, Q2 2024, Russia 0+, age 12+, desktop and mobile.

⁵ Audience of dzen.ru and mobile apps. Source: Mediascope, Q2 2024, Russia 0+, age 12+, desktop and mobile

Views and audience metrics of content services in Q2 2024

 **2.4 bn**
+26% YoY

VK Video, views
(excluding VK Clips)

 **1.7 bn**
+84% YoY

VK Clips, views

 **41 mn**

VK Music, global MAU

- In Q2 2024, **VK Video** average daily views (excluding VK Clips) rose by 26% YoY to 2.4 bn. Since the official launch of the VK Video app in September 2023, users have installed it on mobile and Android TV devices 17 mn times. As at the end of Q2 2024, the total time viewers spent watching VK Video increased by 78% YoY. The Smart TV app had the longest average viewing time of 150 minutes per day.

In Q2 2024, the platform continued adding professional content. VK Video launched an exclusive show "K-POP Shkola" ("K-POP School") for fans of Korean pop-culture. Users also had the privilege of watching matches of the fifth season of Media Football League and the final matches of the French Cup. A joint project between VK Video and the Russian Museum was initiated, within its framework a short film based on Surikov's painting was created using artificial intelligence technologies. VK Video signed a deal with MUZ-TV to bring its popular shows to the channel, including "Kontakty" ("Contacts"), "Gromkiy Vopros" ("Major Question"), "Natalnaya Karta" ("Natal Chart") and "Meloman" ("Melomaniac").

- In Q2 2024, daily views of **VK Clips** increased by 84% YoY to 1.7 bn. The time spent increased by 197% YoY partly due to growth in the share of clips in the VKontakte feed and an improved recommendation system. The number of published clips increased by 56% YoY, while the number of content creators rose by 39%. In Q2 2024, VK Clips changed video playback design, added bookmarks and increased the length of descriptions. Content creators saw new functionality added, including voice over, color correction and expanded stats. VK Clips became available on VK Video Android app, with creators benefiting from the ability to draw in new audiences thanks to the short video format, while viewers can watch clips within the service's interface.
- In Q2 2024, the average monthly global audience of **VK Music** amounted to 41 mn, with 37 mn users in Russia. The subscriber base growth was 14% YoY as at the end of Q2 2024. VK Music is proactive in its support for the music industry and artists. In April 2024, the VK Records music studio was launched, offering artists a full cycle of sound recording and music production services. On June 1, 2024, a new open-air space was launched in Moscow — VK Music Summer, where concerts of popular artists, as well as sports, educational and entertainment events are held every week in the summer. The company continues to develop its audiobooks products, offering author and reader cards. A joint subscription with Wink online cinema was launched that includes music, audiobooks and podcasts from VK Music as well as movies and TV series.
- In Q2 2024, the average monthly global audience of **VK Dating** increased by 29% YoY and reached 3.1 mn users, while the revenue for the same period increased 2.4-fold.
- In Q2 2024, the average monthly audience of **VK Messenger** in Russia increased by 13% YoY to 72.8 mn users. The standalone VK Messenger app was installed 40.6 mn times as at the end of Q2 2024. In Q2 2024, VK Messenger added the functionality of deleting messages regardless of the date they were sent. The service's web version added the ability to change the visual design of chats. The VK Messenger app added its channel recommendation system across all platforms.

EDTECH SEGMENT

EdTech segment performance

RUB bn, unless otherwise stated	H1 2024	H1 2023	YoY
Revenue	8.9	7.0	26.8%
Operating costs	(8.8)	(6.7)	31.4%
Adjusted EBITDA	0.1	0.3	(79.4%)

Main projects: Skillbox, Geekbrains, Skillfactory, Skillbox English, Lerna, Uchi.ru, Tetrika

In H1 2024, revenue of the **EdTech** segment increased by 26.8% YoY to RUB 8.9 bn, driven by sustainable demand for Skillbox holding and Uchi.ru services, as well as the consolidation of Uchi.ru and Tetrika. In H1 2024, the segment's adjusted EBITDA was roughly near zero.

- In H1 2024, the sales of **Skillbox** holding educational products increased by 3% YoY, reaching 86,000, including 37,300 in Q2 2024. At the end of June 2024, Skillbox started accepting 9th and 11th grade graduates as students of its Digital College, offering five programs of secondary vocational education: Full Stack Development, Front-End Development, Python Web Development, Java Web Development, Graphic Design. By the end of June, As of June 2024, 187 students had applied for studies and were in the process of being accepted into programs.
- In Q2 2024, the average monthly audience of **Uchi.ru** reached 2.9 mn people. In July 2023 – June 2024, 13.4 mn students, 6.9 mn parents, and 801,000 teachers were active on the platform's services. In that time, the number of paying students increased by 8% YoY and reached 1 mn. In Q2 2024, six Olympiads for students of grades 1-11 were held on the Uchi.ru platform, including ecology and the environment, financial literacy, mathematics, English, as well as contests "Football in School" and summer Olympiad "Dino". The total number of individual participants amounted to 4.5 mn.
- In Q2 2024, the sales in the tutoring segment of **Tetrika and Uchi.Doma** increased by 73% YoY to RUB 593 mn, the average check grew by 40% to RUB 27,600. The platform had 4,600 active teachers, which is a 60% YoY increase.

VK TECH SEGMENT

VK Tech segment performance

RUB bn, unless otherwise stated	H1 2024	H1 2023	YoY
Revenue	4.5	3.0	49.4%
Operating costs	(3.8)	(2.8)	35.1%
Adjusted EBITDA	0.7	0.2	245.9%

Main projects: VK Cloud, VK WorkSpace communication services

In H1 2024, **VK Tech's** revenue increased by 49.4% YoY, reaching RUB 4.5 bn. The key drivers of the revenue growth were the cloud services of the **VK Cloud** platform with a 62.2% YoY growth and **VK Workspace** communication solutions with its revenue rising 2.2-fold YoY.

- In Q2 2024, VK Cloud launched Dev Platform, a solution for building software development platforms, and Cloud Desktop, a cloud service to create virtual workspaces.
- VK Cloud in Kazakhstan now offers an express content delivery service CDN, as well as emergency IT infrastructure and data recovery solution Disaster Recovery.
- Tarantool product line now offers a distributed message queueing system called Tarantool Queue Enterprise.
- The off-the-shelf version of the VK People Hub Talent platform is now accessible.

ECOSYSTEM SERVICES AND OTHER BUSINESS LINES SEGMENT

Ecosystem services and other business lines segment performance

RUB bn, unless otherwise stated	H1 2024	H1 2023	YoY
Revenue	11.2	9.8	13.9%
Operating costs	(12.5)	(11.9)	5.5%
Adjusted EBITDA	(1.3)	(2.0)	35.0%

Main projects: Mail.ru Email, Cloud Mail.ru, VK Capsula, VK Play, RuStore, VK Pay

In H1 2024, the revenue of the Ecosystem services and other business lines segment increased by 13.9% YoY to RUB 11.2 bn. The adjusted EBITDA loss decreased by 34.5% to RUB 1.3 bn. The segment includes, among other products, Mail.ru Email and Cloud Mail.ru services, as well as products that VK launched in 2022 and continues to actively develop: the RuStore application store and the VK Play gaming platform.

- In Q2 2024, the average monthly audience of **Mail.ru Email** in Russia amounted to 49.6 mn users, while its average daily audience was 16.5 mn⁶. In Q2 2024, the revenue of the email service increased by 7% YoY to RUB 1 bn, which was facilitated by new advertising formats, as well as important product launches. Mail.ru Email added the function to share an email's contents via link. It has also launched the beta version of a new option to arrange shopping within the interface of the email service. Notes Mail.ru completed its beta phase.
- In Q2 2024, the average monthly audience of **Cloud Mail.ru** in Russia amounted to 22 mn users, while the average daily audience reached 2.6 mn users⁷. In Q2 2024, users uploaded more than 7.8 bn files to the Cloud. All users of the Email and Cloud services now have full access to generative neural network services. Archive formats rar, zip and 7z are now supported. Cloud Mail.ru implemented facial recognition functions for festivals and other large-scale events: more than 234,000 photographs were uploaded into users' personal cloud space right after VK Fest 2024 events.
- At the end of Q2 2024, **VK Play** had 45.6 mn registered accounts. In Q2 2024, the average monthly global audience was 14.2 mn users, including 11.2 mn users in Russia. VK Play's catalog added "Smuta" ("Troubles"), a Russian historical video game, as well as all versions of Elden Ring. The platform held its first Demofest event – a festival of video game demo versions, with users playing for more than 153,000 hours. Seasonal events platform kicked off with a summer sale of shooter games.
- At the end of Q2 2024, the number of installations of the **RuStore** application store exceeded 70 mn⁸. RuStore continued to actively develop its catalog: as at the end of Q2 2024, users had access to more than 40,000 apps and games. In May 2024, RuStore's catalog reached the mark of 10,000 developers from 40 countries, mostly from Russia, China, Singapore and the CIS.
- In Q2 2024, users collectively spent 29% more time using the **Marusia** voice assistant in VK services than in Q2 2023, while time spent using Marusia on VK Capsula devices increased 32% YoY.

VK KEY CORPORATE DEVELOPMENTS IN Q2 2024

- VK announced the acquisition of 40% in Intickets.ru – a cloud service for managing and overseeing ticket sales for cultural and other entertainment events.

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EBITDA

This release presents Adjusted EBITDA, which is a non-IFRS financial measure. Segment Adjusted EBITDA is calculated as revenue of the respective segment net of operating expenses (excluding depreciation, amortization, impairment of intangible assets and share-based payments), but adjusted for the Group's corporate expenses allocated to the respective segment.

⁶ Source: Mediascope, Q2 2024, Russia 0+, age 12+, desktop and mobile.

⁷ Source: Mediascope, Q2 2024, Russia 0+, age 12+, desktop and mobile.

⁸ Since the product's launch in May 2022.

Disclaimer

Investment in securities, including shares, involves substantial risk. Returns from prior periods do not guarantee future returns. References to possible future returns are not promises or even estimates of actual returns an investor may achieve. The information contained herein is for illustrative purposes only and is not to be relied upon as advice or interpreted as an investment consultation or recommendation in accordance with any legislation, including Russian legislation.

Investing in securities may be restricted by applicable law, and therefore the investor should carefully and independently study the possibilities of investing in the company's shares, applicable restrictions, and tax consequences.

About VK

VK is one of the largest technology companies in Russia by user numbers. Its products help millions of people with their day-to-day needs online. More than 95% 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, discover and buy goods and services, 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.

Since January 1, 2024, Mediascope has been using an adjusted algorithm for tracking user activity on websites, which has had an impact on VK audience metrics and time spent, as well as on all web-resources on the Russian internet segment.