VK International Public Joint-Stock Company

Consolidated Financial Statements

For the year ended December 31, 2023

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Independent auditor's report

To the shareholders and Board of Directors of
VK IPJSC

Opinion

We have audited the consolidated financial statements of VK IPJSC and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Code of professional ethics for auditors and the Independence rules of auditors and audit organizations that are relevant to our audit of the consolidated financial statements in the Russian Federation together with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2.1 "Going concern" in the consolidated financial statements, which indicates that for the year ended December 31, 2023 the Group had net loss of 34,291 millions of Russian Roubles. As stated in Note 2.1 "Going concern" to the consolidated financial statements, these events or conditions, along with other matters as set forth in Note 2.1 "Going concern", indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter

We draw attention to Note 1 "Corporate information and description of business" in the consolidated financial statements, which indicates that by September 30, 2023, VK IPJSC completed the process of redomicilation from the British Virgin Islands to the Russian Federation. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matters described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

NEW CHALLENGES
NEW SOLUTIONS

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Annual goodwill impairment analysis	
Under IFRSs, the Group is required to test the amount of goodwill for impairment annually by assessing the recoverable amounts of each cash generating unit (CGU) or a group of CGU comprising operating segments of the Group, and comparing it with the carrying amount of relevant CGU or groups of CGU. This annual impairment test was a key audit matter because the balance of goodwill of 165,646 millions of Russian Roubles as at December 31, 2023 is material to the consolidated financial statements. In addition, the management's process to assess the recoverable amounts is complex and highly judgmental and is based on assumptions, specifically cash flow projections from financial budgets approved by management. These assumptions are affected by expectations about future market or economic conditions, particularly those expectations related to Russian internet market. Information about goodwill impairment is disclosed in Note 8 to the consolidated financial statements.	Our audit procedures included, among others, examining the amounts of goodwill allocated to each operating segment, evaluation of the significant assumptions and methodologies used by the Group, in particular those relating to the forecasted revenue growth and earnings before interest, taxes, depreciation and amortization (EBITDA), profit margins for operating segments, terminal value of the CGU and discount rate. As part of the analysis, we involved our evaluation specialists. In addition, we tested mathematical accuracy of the impairment models and analysed the sensitivity of the recoverable amount to the changes in key assumptions. We also focused on the disclosures in the Group consolidated financial statements about those assumptions to which the outcome of the impairment test is the most sensitive, that is, those that have the most significant effect on determination of the recoverable amount of goodwill.
Revenue recognition	
We identified two aspects of the Group's revenue recognition as key audit matters: 1) The Group's online advertising revenues, community IVAS as well as revenues from other services is a complex automated process. It involves volume discounts and third-party commissions that require judgment in recognizing them as expenses or a reduction in revenue. 2) Education technology services revenues involve complex and judgmental calculations of material amounts of deferred revenues over the customers' period of studying, which is determined, based on the program duration or on historical customer activity patterns and studying behavior. Selecting and applying revenue recognition policies requires management judgment, therefore, this matter was a key audit matter. Information about revenue is disclosed in Notes 4 and 18 to the consolidated financial statements.	1) We tested application and IT-dependent manual controls over revenue recognition process. We examined and tested, on a sample basis, significant standard and non-standard revenue arrangements. We considered revenue recognition policy in respect of specific revenue streams (including various incentives and volume rebates) and relevant disclosures. We tested the Group's reconciliation of the amount of revenues recognized in the accounting systems to the relevant automated IT systems. 2) We analysed the calculation of deferred revenue, including the assessment of the program duration or of the historical customer activity patterns and studying behavior. We involved our IT specialist to assist us with the above-mentioned audit procedures. We reviewed respective disclosures in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Accounting for software development and content creation costs	
The Group incurred costs related to software development and creation and acquisition of audio and video content. These costs are significant and amount to 13,177 millions of Russian Roubles. The Group used judgment as to the recognition of these costs as assets to be included in the statement of financial position as "Other intangible assets" or as expenses to be included in the statement of comprehensive income as "Agent/partner fees and media content" and "Personnel expenses." The choice and the application of the cost allocation policy and the determination of amortization periods are highly judgmental and affect the operating profit and the respective decisions made by the Group's management. Hence, this issue is a key audit matter. Information on costs related to software development and creation and acquisition of audio and video content is disclosed in Notes 3.8 and 7 to these consolidated financial statements.	In the course of our audit procedures, we verified whether the costs qualified for recognition as assets to be included in the statement of financial position and analyzed whether these assets would generate probable future economic benefits over their amortization period. Probable future economic benefits were assessed using a model of future cash flows. In this model, we reviewed the key assumptions concerning income and expenses over the amortization period and the discount rate; we verified the mathematical accuracy and analyzed the sensitivity of the recoverable amount to changes in key assumptions. We analyzed the useful lives of these assets. We reviewed the adequacy of disclosures in the Group's consolidated financial statements.

Other information included in the Annual report 2023

Other information consists of the information included in The Annual report 2023, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Annual report 2023 is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Audit, Risk, Compliance and Sustainable Development Committee of the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit, Risk, Compliance and Sustainable Development Committee of the Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units of the group as a basis for forming our opinion on the consolidated financial statements of the group. We are responsible for the direction, supervision and review of audit work performed for group audit purposes. We remain fully responsible for our audit opinion.

We communicate with the Audit, Risk, Compliance and Sustainable Development Committee of the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit, Risk, Compliance and Sustainable Development Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit, Risk, Compliance and Sustainable Development Committee of the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Ustimenko Anton Sergeevich.

Ustimenko Anton Sergeevich,
acting on behalf of TSATR – Audit Services Limited Liability Company
on the basis of power of attorney dated December 8, 2023,
partner in charge of the audit resulting in this independent auditor's report
(main registration number 21906110496)

March 20, 2024

Details of the auditor

Name: TSATR – Audit Services Limited Liability Company
Record made in the State Register of Legal Entities on December 5, 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
TSATR – Audit Services Limited Liability Company is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". TSATR – Audit Services Limited Liability Company is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

Details of the audited entity

Name: VK IPJSC
Record made in the State Register of Legal Entities on September 26, 2023, State Registration Number 1233900010585.
Address: Russia 236006, Kaliningrad region, Kaliningrad, Oktyabrskaya street, 12, room. 23.

Consolidated Statement of Financial Position

As of December 31, 2023
(in millions of Russian Roubles)

	Notes	As of December 31, 2023	As of December 31, 2022 (restated, Note 8 and 12.10)
Assets			
Non-current assets			
Investments in equity accounted associates and joint ventures	11	13,909	4,585
Goodwill	8	165,646	156,229
Right-of-use assets	6	10,308	9,519
Other intangible assets	7	30,530	22,249
Property and equipment	9	51,089	39,250
Financial assets at fair value through profit or loss	24	471	350
Deferred income tax assets	20	1,666	2,293
Other financial assets	16, 24	1,164	2,158
Advance under office lease contracts		404	437
Total non-current assets		275,187	237,070
Current assets			
Trade accounts receivable and other receivables	14	64,175	64,272
Prepaid income tax		–	262
Prepaid expenses and advances to suppliers		3,000	1,965
Loans issued	24	3,193	2,982
Inventories		1,064	226
Other current assets	16	2,827	5,087
Cash and cash equivalents	15	51,294	48,759
Assets held for sale	13.2	–	292
Total current assets		125,553	123,845
Total assets		400,740	360,915
Equity and liabilities			
Equity attributable to equity holders of the parent			
Issued capital		–	–
Share premium		80,774	81,872
Treasury shares		(1,039)	(1,039)
Retained earnings		54,414	86,841
Foreign currency translation reserve		6,070	2,585
Total equity attributable to equity holders of the parent		140,219	170,259
Non-controlling interests	17.3	(2,685)	(2,147)
Total equity		137,534	168,112
Non-current liabilities			
Deferred income tax liabilities	20	2,713	2,107
Deferred revenue		664	793
Non-current lease liabilities	6	5,929	7,292
Non-current financial liabilities at fair value through profit or loss	24	3,948	3,982
Long-term interest-bearing loans and bonds	24	115,208	35,775
Deferred income on loan obligations		12,442	–
Other non-current liabilities		702	572
Total non-current liabilities		141,606	50,521
Current liabilities			
Trade accounts payable	24	20,482	17,121
Income tax payable		1,901	2,689
VAT and other taxes payable		4,811	5,183
Deferred revenue and customer advances		11,121	8,428
Short-term portion of long-term interest-bearing loans and bonds	24	52,954	88,742
Current lease liabilities	6	3,725	3,216
Current financial liabilities at fair value through profit or loss	24	2,858	4,806
Other payables and accrued expenses	16	23,748	11,810
Liabilities directly associated with assets held for sale	13.2	–	287
Total current liabilities		121,600	142,282
Total liabilities		263,206	192,803
Total equity and liabilities		400,740	360,915

General director ____________________ Bagudina E.G.
March 20, 2024

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2023
(in millions of Russian Roubles)

	Notes	2023	2022
Continuing operations			
Online advertising		79,749	56,917
Community IVAS		19,268	17,008
Education technology services		15,824	11,190
Other revenue		17,929	12,655
Total revenue	18	132,770	97,770
Personnel expenses	25	(55,861)	(38,847)
Agent/partner fees		(40,690)	(23,988)
Marketing expenses		(24,643)	(14,018)
Server hosting expenses		(1,137)	(636)
Professional services		(1,687)	(1,229)
Other operating income		205	792
Other operating expenses	26	(9,572)	(5,055)
Total operating expenses, net		(133,385)	(82,981)
Depreciation and amortisation	6, 7, 9	(23,714)	(18,113)
Impairment of intangible assets	7	–	(1,052)
Share of loss of equity accounted associates and joint ventures	11	684	(16,994)
Finance income	19	10,288	6,561
Finance expenses	19, 24.3	(17,759)	(12,379)
Recovery of reserves due to the expiration of the limitation period		906	–
Other non-operating gain	6	110	187
Goodwill impairment	8	–	(9,681)
Net loss on financial assets and liabilities at fair value through profit or loss	24	(1,838)	(10,486)
Profit from sale of subsidiaries	13.2	92	13
Impairment recovery of equity accounted associates	11	295	–
Impairment of equity accounted associates and joint ventures	11	–	(13,973)
Loss on remeasurement of assets held for sale	13.2	–	(283)
Gain on remeasurement of previously held interest in joint ventures and equity accounted associate	11	310	24,360
Loss on remeasurement of financial instruments		(4,584)	(123)
Expected credit loss allowance on restricted cash		(64)	(2,190)
Foreign exchange		1,681	9,867
Loss before income tax expense from continuing operations		(34,208)	(29,497)
Income tax expense	20	(83)	(3,149)
Net loss from continuing operations		(34,291)	(32,646)
Discontinued operations			
Net profit from discontinued operations	13	–	28,736
Net loss		(34,291)	(3,910)
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		–	1,002
Exchange difference on translation of foreign operations		3,509	(26)
Total other comprehensive income that may be reclassified to profit or loss in subsequent periods		3,509	976
Total other comprehensive income net of tax effect of 0		3,509	976
Total comprehensive loss, net of tax		(30,782)	(2,934)

Consolidated Statement of Comprehensive Income (continued)

	Notes	2023	2022
Net loss, attributable to:			
Equity holders of the parent		(33,716)	(3,144)
Non-controlling interests		(575)	(766)
Total comprehensive loss, net of tax, attributable to:			
Equity holders of the parent		(30,207)	(2,168)
Non-controlling interests		(575)	(766)
Loss per share, in RUB:			
Basic loss per share attributable to ordinary equity holders of the parent		(149)	(14)
Diluted earnings per share attributable to ordinary equity holders of the parent		n/a	n/a
Loss per share from continuing operations, in RUB:			
Basic loss per share attributable to ordinary equity holders of the parent		(149)	(116)
Diluted earnings per share attributable to ordinary equity holders of the parent		n/a	n/a
Profit per share from discontinued operations, in RUB:			
Basic profit per share attributable to ordinary equity holders of the parent		–	102
Diluted earnings per share attributable to ordinary equity holders of the parent		n/a	100

Consolidated Statement of Cash Flows

For the year ended December 31, 2023
(in millions of Russian Roubles)

	Notes	2023	2022
Cash flows from operating activities			
Loss before income tax from continuing operations		(34,208)	(29,497)
Profit before income tax from discontinued operations		–	27,858
Loss before income tax		(34,208)	(1,639)
Adjustments to reconcile loss before income tax to cash flows			
Depreciation and amortisation	6, 7, 9	23,714	20,074
Impairment of intangible assets	7	–	1,052
Share of loss of equity accounted associates and joint ventures	11	(684)	16,994
Finance income		(10,288)	(6,668)
Finance expenses	19, 24.3	17,759	12,388
Expected credit loss allowance on trade receivables	14, 26	1,500	89
Expected credit loss allowance on restricted cash		22	2,911
Goodwill impairment	8	–	9,681
Net loss on financial assets and liabilities at fair value through profit or loss	24	1,838	11,067
Profit from sale of subsidiaries	13	(92)	(27,143)
Impairment recovery of associates	11	(295)	–
Impairment of equity accounted associates and joint ventures	11	–	13,973
Loss on remeasurement of assets held for sale		–	283
Gain on remeasurement of previously held interest in equity accounted associates	11	(310)	(24,360)
Loss on remeasurement of financial instruments		4,584	420
Foreign exchange		(1,681)	(9,391)
Cash settled and equity settled share-based payments	28	(1,098)	2,480
Recovery of allowances due to the expiration of the limitation period		(906)	–
Other non-cash items		295	(82)
Change in operating assets and liabilities			
Increase in accounts receivable		(980)	(5,792)
Increase in prepaid expenses and advances to suppliers		(1,132)	(3,462)
Increase in inventories and other assets		(441)	(2,863)
Increase in accounts payable and accrued expense		7,284	9,604
(Increase)/decrease in other non-current assets		(202)	25
Increase/(decrease) in deferred revenue and customer advances		39	(285)
Increase in financial assets at fair value through profit or loss		(239)	(570)
Operating cash flows before interest and income taxes		4,479	18,786
Interest received		4,106	724
Interest paid	6, 24.3	(6,786)	(4,969)
Dividends from venture capital investees		35	–
Income tax paid	20	(529)	(1,992)
Net cash provided by operating activities		1,305	12,549
Cash flows from investing activities			
Cash paid for property and equipment from continuing operations	9	(21,173)	(14,143)
Cash paid for intangible assets from continuing operations	7	(11,231)	(6,189)
Cash paid for property and equipment from discontinued operations		–	(126)
Cash paid for intangible assets from discontinued operations		–	(2,132)
Dividends received from equity accounted associates	11	109	76
Loans issued		(625)	(8,713)
Loans collected		202	165
Cash paid for acquisitions of subsidiaries, net of cash acquired	12	(6,747)	3,302
Cash received from selling subsidiaries		8,768	–
Cash paid for acquiring long-term lease rights less cash received	6	(2,673)	–
Cash outflow from sale of subsidiary	13	(90)	(1,743)
Cash paid for investments in equity accounted associates and joint ventures	11	(11,625)	(2,834)
Net cash used in investing activities		(45,085)	(32,337)

Consolidated Statement of Cash Flows (continued)

	Notes	2023	2022
Cash flows from financing activities			
Payment of lease liabilities	6	(3,763)	(4,628)
Loans received	24.3	4,467	82,226
Loans repaid	24.3	(14,470)	(30,198)
Bonds issuance	24.3	60,000	–
Cash paid for non-controlling interests in subsidiaries		(200)	–
Dividends paid by subsidiaries to non-controlling shareholders		(14)	(86)
Net cash provided by financing activities		46,020	47,314
Net decrease in cash and cash equivalents		2,240	27,526
Effect of exchange differences on cash balances		156	(664)
Change in expected credit loss allowance on restricted cash		(22)	(1,679)
Cash and cash equivalents included in assets held for sale		161	(161)
Cash and cash equivalents at the beginning of the period		48,759	23,737
Cash and cash equivalents at the end of the period		51,294	48,759

Consolidated Statement of Changes in Equity

For the year ended December 31, 2022
(in millions of Russian Roubles)

	Share capital								
	Number of shares issued and outstanding	Amount	Share premium	Treasury shares	Retained earnings	Accumulated other comprehensive income/(loss) (net of tax effect of 0)	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2022	226,130,707	–	79,397	(1,044)	89,985	1,578	169,916	346	170,262
Loss for the year	–	–	–	–	(3,144)	–	(3,144)	(766)	(3,910)
Other comprehensive income									
Foreign currency translation	–	–	–	–	–	976	976	–	976
Total other comprehensive loss	–	–	–	–	–	976	976	–	976
Total comprehensive loss	–	–	–	–	(3,144)	976	(2,168)	(766)	(2,934)
Share-based payment transactions (Note 25, 28)	–	–	3,080	–	–	–	3,080	–	3,080
Exercise of PSUs/RSUs and options over the shares of the Company	20,000	–	(5)	5	–	–	–	–	–
Dividends by subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	(86)	(86)
Modification of PSU/RSU programmes (Note 25, 28)	–	–	(600)	–	–	–	(600)	–	(600)
Acquisitions of non-controlling interests	–	–	–	–	–	–	–	22	22
Disposal of non-controlling interests (Note 13)	–	–	–	–	–	31	31	(1,663)	(1,632)
Balance at December 31, 2022	226,150,707	–	81,872	(1,039)	86,841	2,585	170,259	(2,147)	168,112

Consolidated Statement of Changes in Equity

For the year ended December 31, 2023
(in millions of Russian Roubles)

	Share capital								
	Number of shares issued and outstanding	Amount	Share premium	Treasury shares	Retained earnings	Accumulated other comprehensive income/(loss) (net of tax effect of 0)	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2023	226,150,707	–	81,872	(1,039)	86,841	2,585	170,259	(2,147)	168,112
Loss for the year	–	–	–	–	(33,716)	–	(33,716)	(575)	(34,291)
Other comprehensive income									
Foreign currency translation	–	–	–	–	–	3,509	3,509	–	3,509
Total other comprehensive loss	–	–	–	–	–	3,509	3,509	–	3,509
Total comprehensive loss	–	–	–	–	(33,716)	3,509	(30,207)	(575)	(30,782)
Share-based payment transactions (Note 25, 28)	–	–	(1,098)	–	–	–	(1,098)	–	(1,098)
Dividends by subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	(14)	(14)
Acquisitions of non-controlling interests (Note 24.2)	–	–	–	–	1,289	–	1,289	44	1,333
Recognition of non-controlling interests as a result of business acquisitions	–	–	–	–	–	–	–	7	7
Disposal of equity as a result of subsidiary sell (Note 13)	–	–	–	–	–	(24)	(24)	–	(24)
Balance at December 31, 2023	226,150,707	–	80,774	(1,039)	54,414	6,070	140,219	(2,685)	137,534

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023
(in millions of Russian Roubles)

1 Corporate information and description of business

These consolidated financial statements of VK International Public Joint-Stock Company (VK Company Limited up to September 26, 2023, hereinafter "the Company") and its subsidiaries (collectively – "the Group" or "VK") for the year ended December 31, 2023 were authorized for issue by the directors of the Company on March 20, 2024.

The Company was registered on May 4, 2005 in the Territory of the British Virgin Islands ("BVI"), pursuant to the International Business Companies Act (the "Act"), Cap. 291. The principal office of the Company is located at the address: 236006, Kaliningrad region, Kaliningrad, Oktyabrskaya street, 12, room. 23 (before September 26, 2023: 28 Oktovriou, 365, VASHIOTIS SEAFRONT, office 402, Neapoli, 3107 Limassol, Cyprus).

In August 2023, the Shareholders and the Board of Directors of VK Company Limited decided to redomicile – terminate the Company's activities in the BVI and continue in the Russian Federation as an international company of a public joint stock company in accordance with Russian legislation in a special administrative region "Oktyabrsky Island", in the city of Kaliningrad. On September 26, 2023, the Company was registered as VK International Public Joint-Stock Company.

Also, in August 2023, the process of redomiciliation from Cyprus to the Russian Federation of the MGL Group's subsidiaries Mail.ru Equity Limited, Lomigor Investments Limited and MGL My.Com Limited (Cyprus) began. On August 21, 2023, the companies were registered as International Limited Liability Company. The names of the companies are, respectively, International LLC "VK Equity", International LLC "VK Educational Technologies", International LLC "VK MGL Limited".

Due to the redomiciliation of the Company and certain subsidiaries to the Russian Federation, the functional currencies of the two subsidiaries have been revised. From August 21, 2023, the functional currency of International LLC "VK Educational Technologies" (until August 21, 2023 Lomigor Investments Limited) and International LLC "VK MGL Limited" (until August 21, 2023 MGL May.Com (Cyprus) Limited) is the Russian rouble instead of the Euro and US Dollar respectively.

The Company consolidates businesses that operate in the Internet segment, including portals, social networking and communications and education technologies. The Group has leading positions in Russia and other CIS states where its operations are present.

The parent of VK International Public Joint-Stock Company is MF Technologies. MF Technologies does not have a single controlling shareholder.

Information on the Company's main subsidiaries is disclosed in Note 10.

2 Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, except for financial assets and liabilities designated as at fair value through profit or loss and derivative financial instruments that have been measured at fair value.

2.1 Going concern

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The management has considered all relevant facts, including the Group's liquidity position, events after the reporting date, expected operating results, as well as the amount of debt facilities and other funds available to the Group to assess the Group's ability to operate as a going concern.

Operating results and liquidity position

As of December 31, 2023, the Group had cash and cash equivalents of RUB 51,294 (as of December 31, 2022: RUB 48,759). Notwithstanding the net loss under IFRS for the year ended December 31, 2023 of RUB 34,291 (for the year ended December 31, 2022: RUB 3,910), the Group has a positive working capital (current assets exceeding current liabilities) as of December 31, 2023 of RUB 3,953 (December 31, 2022: negative RUB 18,437), and the Group generated positive cash flows from operating activities: cash provided by operating activities for the year ended December 31, 2023 were RUB 1,305 (for the year ended December 31, 2022: RUB 12,549).

Positive working capital was formed mainly due to the transfer of debt under a credit line with a bank that is a related party (hereinafter "Related Party") from "Short-term liabilities" to "Long-term liabilities", as well as through the placement of long-term bonds. This Related Party confirmed as of December 31, 2023 that it has no intention to early claim the debt due to a violation of the restrictive covenants provided for in the agreements.

As of December 31, 2023, the debt/equity ratio (total liabilities to total equity) was 1.91. Projected cash flow from operations for 2024 will not cover working capital shortfalls, should they arise. The Group's management carefully evaluates the Group's liquidity position and expects to successfully reach agreements with a Related Party to restructure or refinance payments on loan obligations. The loan funds received will be used to finance and develop new projects.

The likelihood and sources of the Group's repayment of its existing debt burden, and the likelihood of generating positive operating cash flow to cover the Group's loss, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Notes to the Consolidated Financial Statements (continued)

2 Basis of preparation (continued)

2.2 Presentation of comparative information

Certain comparative figures have been reclassified and/or regrouped to conform to the current presentation. This does not have an impact on the amounts of net loss reflected in these consolidated financial statements for the reporting periods.

2.3 Statement of compliance

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS").

The Group maintains its accounting records and prepares its statutory accounting reports in accordance with domestic accounting legislation and instructions for each of its subsidiaries. These consolidated financial statements are based on the underlying accounting records, appropriately adjusted and reclassified for fair presentation in accordance with the standards and interpretations issued by the International Accounting Standards Board ("IASB"). IFRS adjustments include and affect such major areas as consolidation, revenue recognition, accruals, deferred taxation, fair value adjustments, business combinations, impairment, share-based payments etc.

2.4 Application of new and amended IFRS and IFRIC

The accounting policies adopted are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards effective as of January 1, 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In 2023, the Group first applied the following amendments, but they had no impact on its consolidated financial statements.

IFRS 17 Insurance Contracts, including amendments

IFRS 17 Insurance Contracts covers the recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 *Insurance Contracts*. IFRS 17 applies to all types of insurance contracts regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. However, the standard provides for a number of scope exceptions. In particular, it does not apply to the following transactions entered into by the Group:

- Warranties provided by a manufacturer, dealer or retailer in connection with the sale of its goods or services to a customer
- Employers' assets and liabilities from employee benefit plans
- Contractual rights or contractual obligations contingent on the future use of, or the right to use, a non-financial item (for example, some license fees, royalties, variable and other contingent lease payments and similar items)
- Residual value guarantees provided by a manufacturer, dealer or retailer and a lessee's residual value guarantees when they are embedded in a lease
- Financial guarantee contracts, unless the issuer has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts. The issuer shall choose to apply either IFRS 17 or IAS 32 *Financial Instruments: Presentation*, IFRS 7 *Financial Instruments: Disclosures* and IFRS 9 *Financial Instruments* to such financial guarantee contracts. The issuer may make that choice contract by contract, but the choice for each contract is irrevocable. In the past, the Group issued no financial guarantee contracts. First such contracts were issued in the current reporting period and the Group applied IAS 32, IFRS 7 and IFRS 9 to them (refer to New types of transactions and accounting policies applied to them for the first time below)
- Contingent consideration payable or receivable in a business combination
- Insurance contracts in which the entity is the policyholder, unless those contracts are reinsurance contracts held

Thus, the standard is not applicable to the Group.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

The amendments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments replace the requirement for entities to disclose their significant accounting policies with a requirement to disclose material information about their accounting policies and add guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments resulted in insignificant changes in disclosures of accounting policies in the consolidated financial statements since the Group's current practice is in line with the new requirements.

2 Basis of preparation (continued)

2.4 Application of new and amended IFRS and IFRIC (continued)

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

These amendments introduce the definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are not expected to have a material impact on the Group's financial statements.

Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

According to these amendments, the initial recognition exception no longer applies to transactions that give rise to equal taxable and deductible differences on their initial recognition. According to the amendments, the exception applies only when the initial recognition of the right-of-use asset and lease liabilities or the decommissioning obligation and the corresponding increase in the asset's value result in unequal amounts of taxable and deductible differences. In this case, even if the transaction results in the recognition of equal taxable and deductible differences, unequal amounts of deferred tax liabilities and deferred tax assets can be recognized with any resulting difference taken to profit or loss for the period. In particular, it can follow from the non-recoverability of the deferred tax asset or different tax rates applied to the deductible and taxable differences. Since the Group's existing accounting policies comply with these amendments, their first application had no impact on its financial statements.

Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar 2 Model Rules

The amendments issued on May 23, 2023 introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar 2 model rules, and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar 2 income taxes arising from that legislation, particularly before its effective date

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim periods ending on or before December 31, 2023.

The amendments are not expected to have a material impact on the Group's financial statements.

2.5 Standards issued but not yet effective

The new and amended standards and interpretations that were issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standards not effective for the reporting period ended December 31, 2023	Effective for annual reporting periods beginning on or after
Amendments to IAS 7 – Disclosure "Supplier Finance Arrangements"	January 1, 2024
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 21 – Lack of Exchangeability	January 1, 2025

The amendments are not expected to have a material impact on the Group's financial statements.

3 Summary of significant accounting policies

3.1 Principles of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2023 and for the year then ended.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Notes to the Consolidated Financial Statements (continued)

3 Summary of significant accounting policies (continued)

3.1 Principles of consolidation (continued)

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed and included in operating expenses.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and vested share-based payment awards of the acquiree that are replaced in the business combination.

If control is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

A contingent liability of the acquiree is recognised in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Only components of non-controlling interest constituting a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are measured at their acquisition date fair value.

The Group accounts for a change in the ownership interest of a subsidiary (without loss of control) as a transaction with owners in their capacity as owners. Therefore, such transactions do not give rise to goodwill, nor do they give rise to a gain or loss and are accounted for as an equity transaction.

3 Summary of significant accounting policies (continued)

3.2 Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

If the Group reorganises its reporting structure in a way that changes the composition of one or more cash-generating units to which goodwill has been allocated, the goodwill is reallocated to the units affected. The reallocation is performed using a relative value approach similar to that used in connection with the disposal of an operation within a cash-generating unit, unless some other method better reflects the goodwill associated with the reorganised units.

3.3 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.4 Fair value measurement

The Group measures financial instruments such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3 Summary of significant accounting policies (continued)

3.4 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as financial derivatives and unquoted financial assets, and for non-recurring measurement, such as assets held for sale in discontinued operations.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

3.5 Investments in associates and joint ventures

Associates are entities in which the Group generally has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group participates in the operating management of its equity accounted associates and joint ventures and intends to stay involved in their operations from a long-term perspective. Under the equity method, the investments in associates and joint ventures are carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate or joint venture. Distributions received from an investee reduce the carrying amount of the investment. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of associates and joint ventures. Where there has been a change recognised directly in the equity of the associates or joint ventures, the Group recognises its share of any changes in the investment balance and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint venture.

Dividends received from equity accounted associates and joint ventures are shown in investing activities in the consolidated statement of cash flows.

The share of profit and other comprehensive income of equity accounted associates and joint ventures is shown on the face of the consolidated statement of comprehensive income. This is the profit attributable to equity holders of the associates and joint ventures and therefore is profit after tax of the associates and joint ventures and after non-controlling interests in the subsidiaries of the associates or joint ventures. The Group's share of movements in reserves is recognised in equity. However, when the Group's share of accumulated losses in an equity accounted associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless the Group is obliged to make further payments to, or on behalf of, the associate or joint venture.

The financial statements of equity accounted associates and joint ventures are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on the Group's investment in its associates and joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. Determining whether the investment is impaired is based on the guidance of IFRS 9 discussed under 3.15.6.

If there is objective evidence that an associate or joint venture is impaired, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value in accordance with IAS 36 (as discussed under 3.17) and recognises the amount of impairment in earnings under *'Impairment losses related to equity accounted associates or joint ventures'*. If the recoverable amount of the impaired investment subsequently increases, the related impairment is reversed to the extent of such increase.

3 Summary of significant accounting policies (continued)

3.5 Investments in associates and joint ventures (continued)

Step acquisitions of significant influence in equity accounted associates previously classified as available-for-sale financial assets are accounted for using a cost-based approach whereby the investment in associate is recognised at the aggregate of (a) the historical cost of the available-for-sale investment and (b) the consideration transferred by the Group upon acquisition of significant influence. Any changes in the fair value of the available-for-sale investment are reversed through other comprehensive income upon acquisition of significant influence. Goodwill is calculated as a difference between (c) the cost of the investment so determined and (d) the Group's share in the fair value of the investee's net assets at the date significant influence is attained.

Upon acquisition of an additional stake in an existing associate where control is not obtained, the fair value of the consideration transferred for the additional stake is allocated to the acquired share of the fair value of associate's assets and liabilities, and the excess is recognised as goodwill as part of the investment in equity accounted associates.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3.6 The Group as a lessee

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are amortised on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

Premises	1 to 25 years
Racks in data centers and optic fibre channels	1 to 7 years
Land	6 to 41 years

Right-of-use assets are tested for impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Leases of low-value assets

The Group applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Accounting for short-term leases

The Group elects not to apply simplifications for short-term leases and account for them using right-of-use asset model.

3.6.1 The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other operating income in the consolidated statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

3 Summary of significant accounting policies (continued)

3.7 Property and equipment

3.7.1 Recognition and measurement

Property and equipment are recorded at purchase or construction cost less accumulated depreciation and accumulated impairment. Interest costs on borrowings to finance the construction of property and equipment are capitalised, during the period of time that is required to complete and prepare the asset for its intended use. Expenditures for continuing repairs and maintenance are charged to earnings as incurred.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are recognised net under *'Other non-operating gain/(loss)'* in the consolidated statement of comprehensive income.

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

3.7.2 Depreciation and useful life

Depreciation is calculated on property and equipment on a straight-line basis from the time the assets are available for use, over their estimated useful lives as follows:

	Estimated useful life (in years)
Servers and computers	2-5
Furniture	7
Buildings	30
Office IT equipment	2-7
Leasehold improvements	Lesser of useful life or life of lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted as appropriate, at each financial year-end. The Group classifies advances paid to equipment suppliers as assets under construction in property and equipment in the consolidated statement of financial position.

3.8 Intangible assets other than goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

3.8.1 Software development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the consolidated statement of comprehensive income when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

3.8.2 Audio-content costs

Audio content costs include the purchase of licensing rights to musical works. Licensing rights are purchased at a compound price, which includes a fixed part (the minimum guaranteed price), as well as a floating part, the amount of which depends on the number of times the content is played.

The Group capitalizes a fixed (minimum guaranteed) part of the price into intangible assets. Expenses related to the floating portion of the price are recognized in the consolidated statement of comprehensive income when incurred. Capitalized audio content is amortized over its useful life, which is determined by the contractual terms.

3 Summary of significant accounting policies (continued)

3.8 Intangible assets other than goodwill (continued)

3.8.3 Video-content costs

Video-content costs include purchases of licensing rights for films, shows and other units of video content, as well as the costs of producing content units in-house. License rights are acquired for a fixed fee and for a specified period.

For licensing rights, the Group capitalizes the fixed cost per unit of content. For content created in-house, production costs are capitalized. Preparatory and promotional expenses are recognized in the consolidated statement of comprehensive income when incurred.

Capitalized video content is amortized over its useful life.

Research and development costs including audio- and video-content costs that do not meet criteria for capitalisation according to IAS 38 are recognised as an expense in the consolidated statement of comprehensive income during 2023 amounted to RUB 4,308 (2022: RUB 690).

3.8.4 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3.8.5 Useful life and amortisation of intangible assets

The Group assesses whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. An intangible asset is regarded by the entity as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The Group did not have any intangible assets with an indefinite useful life in the years ended December 31, 2023 and 2022.

Intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortisation periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The estimated useful lives of the Group's intangible assets are as follows:

	Estimated useful life (in years)
Patents and trademarks	7-20
Capitalised software development costs	3
Domain names	10
Games	3-9
Customer base	3-15
Licenses and produced content	1-5
Purchased software	1-4
Database of authors	11
Platform	9

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, short-term deposits with an original maturity of three months or less and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. All these items are included as a component of cash and cash equivalents for the purpose of the consolidated statement of financial position and consolidated statement of cash flows.

3.10 Employee benefits

Wages and salaries paid to employees are recognised as expenses in the current period or are capitalised as part of software development costs. The Group also accrues expenses for future vacation payments.

Under provisions of Russian legislation, social contributions are made through social insurance payments calculated by the Group by the application of a 30% rate to the portion of the annual gross remuneration of each employee not exceeding RUB 1,917 and a rate of 15.1% to the portion exceeding this threshold.

A number of subsidiaries applied the IT benefit and benefit of Skolkovo residents during 2023 on insurance premiums. For accredited IT organizations, reduced rates of 7.6% are provided, for Skolkovo resident companies, rates of 30% are provided.

3 Summary of significant accounting policies (continued)

3.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of discounting is material, provisions are determined by discounting the expected value of future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

3.12 Revenue recognition

Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Revenues from services are recognised in the period when services are rendered.

3.12.1 Online advertising

Promo posts in social networks, video and banner advertising space for display advertising is sold on a dynamic basis (i.e., a function of time that an advertisement lasts) or a static basis (i.e., according to the number of page views on an advertisement). The Group has standard rates for online advertisements that depend on several factors, including the specific web page on which the banner appears, the length of the contract, the season, and the format, size and position of the advertisement. Display advertising revenue is recognised as the services are provided (i.e., as per page view for dynamic banners and over the contractual term for static banners). For display advertising sold through some third party advertising agencies, revenue generally is recognised net of any portion attributable to the third parties. For arrangements related to display advertising where the Group does not control advertising services before these services are transferred to end customers, and hence, the Group is an agent rather than a principal in these contracts and recognises revenue on net basis.

The Group earns revenues for search context advertising through partnerships with third parties. Once a user carries out a search on certain of the Group's websites, search results and advertisement links are displayed on the webpage based on relevancy to the search topic and other known user parameters. When clicked on by the user, the advertisement links lead to sites owned by the third parties' advertising customers, for which the third party receives a fee, a portion of which it shares with the Group. Context advertising revenue is recognised as the services are provided (i.e., upon "click-through", which is when a user clicks on an advertiser's listing) on a net basis. This type of context advertising revenues is based on reports provided by third parties.

Context advertising also includes mobile monetization revenue related to the placement of target advertising, display advertising and advertising through integration in applications, advertising thought offers on the Group's applications. The revenue from mobile monetization is recognised on a net basis (gross revenue less advertising networks fee).

Context advertising also includes revenue related to the placement of target advertising, display advertising and advertising through integration in applications, advertising thought offers on the Group's websites and in applications, advertising via networks comprising advertising banners placement on third party websites and advertising on the Group's site communities pages. The revenue from advertising in applications, on the web pages of communities and via networks is recognised on a gross basis with costs and commissions paid to third party owners and administrators of websites, applications, platforms and communities recognised in "Agent/partner fees".

3.12.2 Community IVAS

The Group derives Community IVAS revenues through certain communication products, where users pay a fee for the paid content and online services, mainly through social networking web sites and through the commission from third party developers of the various applications placed on social networking web sites, including games, based on the respective applications' revenue. The fees for such services are collected from customers using various payment channels, including bank cards, online payment systems and mobile operators and from the applications developers. The mobile network operators collect fees for such services from their customers, usually through mobile short message services ("SMS"), and transfer such fees to the Group. Revenue is recognised over time as the benefits are received and consumed by customers.

3 Summary of significant accounting policies (continued)

3.12 Revenue recognition (continued)

3.12.3 Education Technology services (EdTech) revenue

The Group generates revenue from the sale of online education courses and professional training programs provided via customized in-house educational platforms directly to customers (learners). Services provided during the course may include: online educational materials, lectures and webinars, services to control the educational process (homework review and examinations revision) and other related services (job placement program, supporting services and hosting). Contracts with customers are billed in advance and require payment by the customer prior to accessing any course content without any free trial period. After the purchase and checkout, customers receive a lifetime license to access the course's digital content in addition to the unlimited access to the platform's online services and the content.

The pre-recorded courses and professional training programs are based on the pre-recorded content, which is available to a customer for unlimited period from the moment of getting access to the education platform and the purchased course or professional training program. Such courses and professional training programs do not include obligatory webinars, and customers have opportunity to study the materials in their own timeline.

Sales are made under the Group's standard terms specified in contracts. The time between the customer's payment and the receipt of funds usually does not exceed one day. Payment terms are fixed and do not include variable consideration. Revenue is recognised net of refunds, discounts and value added tax.

Performance obligations committed in a contract are identified based on the services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from the Group, and are distinct in the context of the contract, whereby the transfer of the services and the products is separately identifiable from other promises in the contract.

Revenue is recognised at the time the related performance obligation is satisfied by transferring the control of the promised service to a customer. Revenue is recognised in an amount that reflects the consideration that the Group expects to receive in exchange for those services. The Group has a stand-ready obligation to deliver its services continually throughout the contract period, which is unlimited in respect of the access to the content and education platforms. As such, the Group recognizes revenue on a straight-line basis as it satisfies the performance obligation over the customers' period of studying which is determined based on the program duration (for live webinar programs) or estimated based on historical customer activity patterns and studying behavior (for pre-recorded courses and professional training programs).

3.12.4 Other revenue

Other revenue mainly includes revenue from small space advertisement, non-advertising B2B big data services, implementation of software of data base and auxiliary services, receipt of registration fees and also revenue from the sale of hardware-software systems.

Hardware-software systems comprise a complex of technical services and software working together to perform one or more specialized tasks, the functional and technical characteristics of which are determined solely by the combination of software and hardware and cannot be implemented when they are separated.

Hardware-software systems consist of:

- Software (license) – preinstalled while developing hardware-software systems;
- Hardware for software operation; and
- Hardware-software system service from the Group or from an integrator partner.

Hardware-software system is a complex of technical (server hardware) and software, the functional and technical characteristics of which are determined solely by the combination of software and hardware and cannot be implemented if they are separated. The transfer of control occurs at the moment of actual transfer of the hardware-software system to the buyer.

Revenue from the sale of hardware-software systems is recognized as simultaneously when ownership of the hardware-software systems passes to the buyer as part of other revenue from ordinary activities.

If a technical support certificate is sold, revenue is recognized over time in proportion to the validity period of the certificate.

3 Summary of significant accounting policies (continued)

3.13 Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not in profit or loss.

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.14 Share-based payment transactions

Employees (including senior executives) of the Group and its associates (each of which a "share-based payment recipient"), may receive remuneration in the form of share-based payment transactions, whereby share-based payment recipients render services as consideration for equity instruments ("equity-settled transactions") or a cash equivalent thereof ("cash-settled share-based payments").

If the Group has a choice to settle share-based payments in cash or in equity, the entire transaction is treated either as cash-settled or as equity-settled, depending on whether or not the Group has a present obligation to settle in cash.

3.14.1 Equity-settled transactions

The cost of equity-settled transactions with share-based payment recipients for awards granted is measured by reference to the fair value of the awards at the date on which they are granted. The fair value is determined using an appropriate pricing model (binomial model, Black-Scholes model).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant share-based payment recipients become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or income for a period recognised in profit or loss represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest based on estimated forfeiture rates or as actual forfeitures occur for groups of employee where we cannot make reliable estimates.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the share-based payment recipient as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the preceding paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (Note 21).

3 Summary of significant accounting policies (continued)

3.14 Share-based payment transactions (continued)

3.14.2 Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model and the Black-Scholes model (further details of which are provided in Note 28). This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognised in *'Personnel expenses'* in the consolidated statement of comprehensive income.

3.14.3 Accounting for the change in form of settlement of share-based payments

As a result of modification of share-based payment awards from equity-settled to cash-settled the Group recognises a share-based payment expense which comprises as a minimum the following elements:

- The grant date fair value of the original equity-settled award; plus
- Any incremental fair value arising from the modification of that award; plus
- Any remeasurement of the liability between its fair value at modification date and the amount finally settled.

At the date of modification a liability is recognised based on the fair value of the cash-settled award as at that date and the extent to which the vesting period has expired.

The corresponding change is taken to equity only to the extent of the fair value of the original equity-settled award as at the date of modification. Any incremental fair value of the cash-settled award over the equity-settled award as at the modification date is expensed immediately on modification to the extent that the vesting period has expired. The remainder of any incremental value is expensed over the period from the date of modification to the date of settlement.

The total fair value of the cash-settled award is remeasured through profit or loss on an ongoing basis between the date of modification and the date of settlement.

3.15 Financial instruments

3.15.1 Initial recognition and measurement

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, financial assets through other comprehensive income or financial assets at amortised cost, as appropriate.

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost as appropriate.

The Group determines the classification of its financial assets and liabilities at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. At initial recognition, the Group measures trade receivables at their transaction price (as defined in IFRS 15) if the trade receivables do not contain a significant financing component in accordance with IFRS 15. Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, directly attributable transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Group's financial assets include cash and cash equivalents, short-term time deposits, trade and other receivables, financial investments in venture capital investees (as defined under 3.20), and derivative financial assets, mainly over equity instruments of the Group's investees. The Group's financial liabilities include trade and other payables, loans and borrowings, and derivative financial liabilities, mainly over equity instruments of the Group's associates and subsidiaries. None of the derivative financial instruments held by the Group were designated as effective hedging instruments.

3 Summary of significant accounting policies (continued)

3.15 Financial instruments (continued)

3.15.2 Subsequent measurement

The subsequent measurement of financial instruments depends on their classification. The Group classifies its financial assets and liabilities into the categories below in accordance with IFRS 9, as follows:

3.15.2.1 Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit and loss are carried in the consolidated statement of financial position at fair value. The changes in their fair value are recognised in the consolidated statement of comprehensive income under 'Net gain on financial assets and liabilities at fair value through profit or loss'.

3.15.2.2 Financial assets and liabilities at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

After initial recognition, interest bearing loans and borrowings and other financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in 'Finance expenses' in the consolidated statement of comprehensive income.

3.15.2.3 Contingent consideration

Contingent consideration recognised by the Group in a business combination to which IFRS 3 applies is subsequently measured at fair value with changes recognised in profit or loss under 'Net gain on financial assets and liabilities at fair value through profit or loss'.

Contingent consideration includes the liabilities shown in the consolidated statement of financial position under 'Other payables, accrued expenses and contingent consideration liabilities'.

3.15.3 Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised where:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group de-recognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

3.15.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3 Summary of significant accounting policies (continued)

3.15 Financial instruments (continued)

3.15.5 Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include: using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 24.

3.15.6 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables the Group applies a simplified approach in calculating ECLs. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3.15.6.1 Financial assets carried at amortised cost

For financial assets carried at amortised cost (loans and receivables), evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original EIR. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as a 'Bad debt expense' in 'Other operating expenses'. The allowance is estimated based on a combination of specific accounts and general ageing analysis.

Trade accounts receivable are recorded at the invoiced amount and are non-interest bearing. Credit is only granted to customers after a review of credit history.

3.16 Foreign currency translation

The consolidated financial statements are presented in RUB, which is the Group's presentation currency, and all values are rounded to the nearest million, except per share information and unless otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Group's Russian subsidiaries and associates as well as the Company itself is RUB.

Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the measurement currency rate of exchange ruling at the reporting date. All resulting differences are taken to the consolidated statement of comprehensive income and included in the determination of net profit as *'Net foreign exchange (losses)/gains'*. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction.

As at the reporting date, the assets and liabilities of the Company, its subsidiaries and joint venture with functional currencies other than the RUB are translated into the presentation currency of the Group (RUB) at the rate of exchange ruling at the reporting date and their operations are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income.

3 Summary of significant accounting policies (continued)

3.17 Impairment of non-financial assets and investments in equity accounted associates and joint ventures

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognised in earnings in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in earnings.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3.18 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary and Class A shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which may comprise share options granted to employees of the Group.

3.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.20 Financial investments in venture capital investees

Financial investments in venture capital investees, are the Group's investments in start-up Internet ventures and smaller Internet companies in Russia, Ukraine and Israel with ownership ranging from 1.5% to 50% and which gives the Group significant influence in some of these investments. They form the Group's venture capital portfolio and are monitored and managed exclusively on the basis of their fair values. The Group's involvement in the operating management of the investees is limited, and the possibility of the Group maintaining a specific financial investment in its investment portfolio in the long run is remote. Financial investments in such associates are carried in the consolidated statement of financial position at fair value even though the Group may exert significant influence over those companies. This treatment is permitted by IAS 28 *Investments in Associates and Joint Ventures*, which allows investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IFRS 9, with changes in fair value recognised in consolidated statement of comprehensive income in the period of the change. Accounting policies of the Group with respect to financial investments in associates are discussed in more detail under Note 3.15 above as part of the Group's accounting policies with respect to financial assets.

3 Summary of significant accounting policies (continued)

3.21 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive income.

In cases the Group ceases to classify the asset (or disposal group) as held for sale then the asset is measured at the lower of:

- Its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale; and
- Its recoverable amount at the date of the subsequent decision not to sell.

The Group shows all the needed adjustments of the carrying amount of non-current asset which is no longer classified as held for sale in profit or loss from continuing activity in the period during which the criteria for asset classification as held for sale are no longer met. The consolidated financial statements should be adjusted accordingly for the periods from the moment of applying the asset classification (or disposal group) as held for sale.

4 Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the reporting dates and the reported amounts of revenues and expenses during the reporting periods. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

4.1 Judgments

In the process of applying the Group’s accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the consolidated financial statements:

4.1.1 Investments in associates and joint ventures

The Company directly or indirectly owned up to 50% in certain of its investments. Based on its voting rights and restrictions in the respective governing documents, the Group made judgments about whether it has control or significant influence over these investments. Subsequently, these entities are either accounted for as subsidiaries (consolidated) or associates (accounted for under the equity method or as financial assets at fair value through profit or loss).

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

4 Significant accounting judgments, estimates and assumptions (continued)

4.1 Judgments (continued)

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within *'Impairment of equity accounted associates'* in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4.1.2 Consolidation of a structured entity

In November 2010, the Company established, as settlor, an employee benefit trust (the "Trust") under a Trust Deed dated November 11, 2010 ("Trust Deed"), the trustee of which is Mail.ru Employee Benefit Trustees Limited (the "Trustee"). The purpose of the Trust consists in holding trust funds for present and former employees and consultants and related persons long-term incentive plans.

4.1.3 Accounting treatment of share-based payments where the Group has a choice to settle in cash or equity

The Group has wide discretion over the manner of settlement of options issued and determines the accounting treatment of the options based on whether the Group has a present obligation to settle in cash. Specifically, any option holder granted an aggregate of 20,000 or more options was only allowed to exercise the respective portion options in the form of GDRs, while exercises by the optionees granted a smaller cumulative number of options can continue to be in GDRs or cash at the Group's discretion. The terms of the option plan and past exercise history make it reasonable to expect cash settlement of most of the smaller option exercises, even though the Group continues to have discretion over the way of option exercise settlement. Larger than cumulative 20,000 options per person continue to be accounted for as equity awards.

4.2 Estimates and assumptions

Significant estimates and assumptions reflected in the Group's consolidated financial statements include, but are not limited to the following:

- Revenue recognition;
- Fair value of financial instruments;
- Useful lives of intangible assets;
- Software development costs;
- Impairment of goodwill and other intangible assets;
- Fair value of assets and liabilities in business combinations; and
- Recoverability of deferred tax assets.

Actual results could materially differ from those estimates.

The key assumptions concerning the future events and other key sources of estimation uncertainty at the reporting date that have a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4 Significant accounting judgments, estimates and assumptions (continued)

4.2 Estimates and assumptions (continued)

4.2.1 Revenue recognition

EdTech

The pre-recorded courses and professional training programs are based on the pre-recorded content, which is available to a customer for unlimited period from the moment of getting access to the education platform and the purchased course or professional training program. Such courses and professional training programs do not include obligatory webinars, and customers have opportunity to study the materials in their own timeline.

The Group considers internally available historical data for the past 2 years to estimate the customers' period of studying. The Group analyzes the historical activity patterns of customers who purchased the pre-recorded courses and professional training programs. To assess the customers' period of studying for the pre-recorded courses and professional training programs, the Group calculates the length of the period starting from the date when the customer receives control of the education materials until the latest date the customer is active on the education platform, to arrive at the best estimate for period of studying. The Group applies stratified approach splitting the learners into strata by the period of studying based on the historical data. The Group recognizes revenue for each stratum rateably over the estimated period of studying.

4.2.2 Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates and assumptions have to be made, and a degree of judgment has to be applied in establishing fair values. The judgments, estimates and assumptions include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The expected volatility in the pricing models used to measure the fair value of the derivative financial assets and liabilities is determined by reference to peer companies' historical volatility, as the issuers of the underlying equity instruments are not public. When determining risk-free rates to be used in the pricing models, regard is given to US Treasury bonds or Russian government bonds with maturities equal to the expected terms of the respective derivative financial instruments.

Detailed information on the fair values of the Group's financial instruments is available in Note 24.

4.2.3 Useful life of intangible assets

The Group estimates remaining useful lives of its intangible assets at least once a year at the reporting date. If the estimation differs from the previous estimations, the changes are accounted for in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. These estimates may have a significant impact on the carrying value of intangible assets and amortisation, charged to earnings. The carrying value of intangible assets is disclosed in Note 7.

4.2.4 Software development costs

Software development costs are capitalised in accordance with the accounting policy described in Note 3.8.1 Initial capitalisation of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits (Note 7).

4.2.5 Impairment of goodwill and other intangible assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from management forecast. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Notes 7 and 8.

4 Significant accounting judgments, estimates and assumptions (continued)

4.2 Estimates and assumptions (continued)

4.2.6 Fair value of assets and liabilities in business combinations

At the acquisition date the Group recognises separately the identifiable assets, liabilities and contingent liabilities acquired or assumed in a business combination as well as contingent considerations at their fair values, which involves estimates. Such estimates are based on valuation methods that require considerable judgment in forecasting future cash flows and developing other assumptions.

4.2.7 Share-based payments

Management estimates the fair value of equity-settled stock options at the date of grant and the fair value of cash-settled options at each reporting date using the binominal, Black-Scholes models. The option pricing models were originally developed for use in estimating the fair value of traded options, which have different characteristics than the Group's stock options granted by the Company. The models are also sensitive to changes in the subjective assumptions, which can materially affect the fair value estimate. These subjective assumptions include expected volatility, dividend yield, risk-free interest and forfeiture rates.

4.2.8 Deferred taxes on undistributed earnings

Deferred tax is recognised based on estimated dividends distributions of Company's subsidiaries taking into account limitation of cash and cash equivalents available at the reporting date.

4.2.9 Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

4.2.10 Significant judgments in determining the rate for attracting additional borrowed funds

The Group obtained estimates of interest rates from banks and compared them to the interest swap rate for the currency of the lease agreement with a similar term, adjusted by the average credit spread for entities with a credit rating similar to the Group's. As of December 31, 2023, the rate was close to 10.8% for the weighted average lease term. The period for the discount rate is determined based on the weighted average lease period, which as of January 1, 2023 was 6.2 years. The discount rate applies to all leases.

5 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 statement of comprehensive income, assuming 100% ownership in all of the Group's key operating subsidiaries, based on management reporting.

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 EBITDA.

Certain corporate expenses are considered non-allocated items: allocations now exclude services that are mostly related to general group issues, as well as expenses that cannot be tied to a particular business unit, such as Public Relations, Investor Relations, Government Relations, and certain other services. Comparative period numbers for each segment have also been restated in line with the current allocation approach for comparability purposes.

In order to bring segment disclosure closer to the current operating model, changes were implemented in the structure of the Company's segments. The "Social networks and content services" segment was renamed to "Social platforms and media content". Some business units including Mail and Cloud Mail.ru, VK Pay and VK ID, were transferred to the segment "Ecosystem services and other business lines". The segment "New business lines" was renamed to "Ecosystem services and other business lines", as included in the segment assets are aimed at meeting different audience needs. The allocation of expenses between segments was specified.

5 Operating segments (continued)

The "Social platforms and media content" segment comprises services and products aimed at the development of social networks, creation and management of content. The segment includes social networks VKontakte and Odnoklassniki. Revenue is generated from commissions from application developers based on the respective applications' revenue, user payments for virtual gifts, stickers and music subscriptions, and the placement of online advertising. The segment also includes content platforms Zen, entertainment services VK Clips and VK Video. The main share of the revenue of these services is generated from online-advertising. This segment also includes such entertainment services as VK Music and VK Dating which mainly earn revenue for user payments. Also the segment "Social platforms and media content" also comprises "Sferum" developing within the project VK Messenger as a unite protected educational system for school children, teachers and parents.

The businesses within this segment have similar nature and economic characteristics as they are associated with social media, content and online communication services, offer products and services to similar customer groups, and regulated in a similar regulatory environment.

The "EdTech" segment includes the Group's online education platforms with educational courses and programs (including GeekBrains, Skillbox, Skillfactory, Uchi.ru and Tetrika). Almost all revenue is generated from individuals paying for education courses, as well as a small share of the B2B segment.

The "Technologies for business" segment is represented by VK Tech which includes cloud platforms and data management solutions, corporate communication services, tax monitoring platform, and other corporate software.

The "Ecosystem services and other business lines" segment includes Mail.ru, Cloud Mail.ru and products which were launched in 2022 and which are being constantly developed – application store for mobile devices RuStore and game platform VK Play. This segment is currently in an active investment stage.

The Group measures performance of its operating segments through a measure of earnings before interest, tax, depreciation and amortisation (adjusted EBITDA). Segment adjusted EBITDA is calculated as the respective segment's revenue less operating expenses (excluding depreciation and amortisation and impairment of intangible assets and share-based payments), including Group corporate expenses allocated to the respective segment.

Adjusted EBITDA is not a measure of financial performance under IFRS. The calculation of adjusted EBITDA by the Group may be different from the calculations of similarly labelled measures used by other companies, and it should therefore not be used to compare one company against another or as a substitute for analysis of the Group's operating results as reported under IFRS. Adjusted EBITDA is not a direct measure of the Group's liquidity, nor is it an alternative to cash flows from operating activities as a measure of liquidity, and it needs to be considered in the context of the Group's financial commitments. Adjusted EBITDA may not be indicative of the Group's historical operating results, nor is it meant to be predictive of the Group's potential future results. The Group believes that adjusted EBITDA provides useful information to the users of the consolidated financial statements because it is an indicator of the strength and performance of the Group's ongoing business operations, including the Group's ability to fund discretionary spending such as capital expenditure, acquisitions and other investments and the Group's ability to incur and service debt.

The information about the breakdown of revenue from external customers by the customers' country of domicile and non-current assets by country is not available to the management of the Group, and it considers that the cost to develop such information would be excessive.

The statement of comprehensive income items for each segment for the year ended December 31, 2023, as presented to the CODM, are stated below :

Segments	Social platforms and media content	EdTech	Technologies for business	Ecosystem services and other business lines	Not allocated	Elimination of intragroup transactions	Group
Revenue	84,552	15,904	9,679	23,008	33	(406)	132,770
Total operating expenses	(77,062)	(15,728)	(7,044)	(26,547)	(7,410)	406	(133,385)
Adjustments							
Share-based payment transactions	–	–	–	–	1,110	–	1,110
Adjusted EBITDA	7,490	176	2,635	(3,539)	(6,267)	–	495

The statement of comprehensive income items for each segment for the year ended December 31, 2022, as presented to the CODM, are stated below (restated):

Segments	Social platforms and media content	EdTech	Technologies for business	Ecosystem services and other business lines	Not allocated	Elimination of intragroup transactions	Group
Revenue	62,502	11,222	5,778	18,989	31	(752)	97,770
Total operating expenses	(40,244)	(10,910)	(4,618)	(20,322)	(7,639)	752	(82,981)
Adjustments							
Share-based payment transactions	–	–	–	–	5,186	–	5,186
Adjusted EBITDA	22,258	312	1,160	(1,333)	(2,422)	–	19,975

5 Operating segments (continued)

	2023	2022
Group adjusted EBITDA	495	19,975
Share-based payment transactions	(1,110)	(5,186)
Depreciation and amortisation	(23,714)	(18,113)
Impairment of intangible assets	–	(1,052)
Share of loss of equity accounted associates and joint ventures	684	(16,994)
Finance income	10,288	6,561
Finance expenses	(17,759)	(12,379)
Recovery of reserves due to the expiration of the limitation period	906	–
Other non-operating gain	110	187
Goodwill impairment	–	(9,681)
Net loss on financial assets and liabilities at fair value through profit or loss	(1,838)	(10,486)
Profit from sale of subsidiaries	92	13
Impairment recovery of equity accounted associates	295	–
Impairment of equity accounted associates and joint ventures	–	(13,973)
Loss on remeasurement of assets held for sale	–	(283)
Gain on remeasurement of previously held interest in joint ventures and equity accounted associate	310	24,360
Loss on remeasurement of financial instruments	(4,584)	(123)
Expected credit loss allowance on restricted cash	(64)	(2,190)
Foreign exchange	1,681	9,867
Income tax expense	(83)	(3,149)
Net profit from discontinued operations	–	28,736
Net loss under IFRS	(34,291)	(3,910)
Effect of foreign exchange differences on translation of transactions of foreign joint ventures	–	1,002
Effect of foreign exchange differences on translation of transactions of foreign companies	3,509	(26)
Consolidated loss after income tax expense under IFRS	(30,782)	(2,934)

6 Lease contracts

6.1 The Group as a lessee

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the financial year ending December 31, 2023 and December 31, 2022:

	Right-of-use assets				
	Premises	Racks in data centers	Other	Total	Lease liability
As at January 1, 2023	6,787	2,635	97	9,519	10,508
Additions	2,478	4,519	466	7,463	5,645
Depreciation charge	(1,871)	(2,044)	(107)	(4,022)	–
Interest expense	–	–	–	–	958
Payments	–	–	–	–	(4,721)
Disposals	(1,726)	(926)	–	(2,652)	(2,737)
As at December 31, 2023	5,668	4,184	456	10,308	9,653

In 2023, lease liabilities payments of RUB 4,721 included payment of lease liability principal amount of RUB 3,763 and interest of RUB 958.

Disposals include the disposal of a right-of-use asset of RUB 674 and lease liabilities of RUB 727 as a result of the acquisition of CJSC Zinger (Note 6.2) and the decrease of the lease office spaces.

	Right-of-use assets				
	Premises	Racks in data centers	Other	Total	Lease liability
As at January 1, 2022	12,027	2,801	15	14,843	15,448
Additions	3,485	1,888	164	5,537	5,566
Depreciation charge	(3,599)	(1,949)	(71)	(5,619)	–
Interest expense	–	–	–	–	1,180
Payments	–	–	–	–	(5,808)
Disposals	(5,126)	(105)	(11)	(5,242)	(5,878)
As at December 31, 2022	6,787	2,635	97	9,519	10,508

Notes to the Consolidated Financial Statements (continued)

6 Lease contracts (continued)

6.1 The Group as a lessee (continued)

In 2022, lease liabilities payments of RUB 5,808 include payment of lease liability principal amount of RUB 4,628 and interest of RUB 1,180.

Disposals include the disposal of a right-of-use asset of RUB 4,749 and lease liabilities of RUB 5,334 as a result of the acquisition of Linder JSC (Note 9.1), as well as the disposal of a right-of-use asset of RUB 226 and lease liabilities of RUB 241 as a result of the sale of subsidiaries (Note 13).

6.2 Group as a lessor

Acquisition of CJSC Zinger

In May 2023, the Group acquired control under CJSC Zinger by purchasing a 100% stake for a cash consideration of RUB 2,500. CJSC Zinger owns long-term lease rights in the House of the company "Zinger" in St. Petersburg. Since 2010, it has been the headquarters of the VKontakte social network.

The main purpose of the purchase was to optimize the structure of the Group's lease payments, as well as to obtain additional income from subleasing premises. In accordance with IFRS 3 *Business Combination*, this acquisition is an acquisition of an asset.

As a result of the acquisition of CJSC Zinger, the Group acquired a long-term sublease agreement for part of the premises of the leased building and reviewed the terms of the sublease. The term of the sublease of the asset (until 2047) corresponds to the expected lease term of the underlying asset (until 2048). In accordance with IFRS 16 *Leases* this agreement is classified as a “Finance Lease”.

The Group also recognized right-of-use assets in the amount of RUB 1,571 and other assets in the amount of RUB 54. Other assets mainly include advances received in the amount of RUB 23 and cash in the amount of RUB 77 (included in cash flows from investing activities).

The Group also recognized a liability for additional tax risks in the amount of RUB 114 and an asset in the form of a right to claim tax risks in a similar amount due to the existence of a seller's guarantee to indemnify claims.

The breakdown of components of the net investment in the lease and future cash flows as at December 31, 2023, are presented below:

Components of the net investment in the lease

	December 31, 2023
Future lease payments	3,082
Expected carrying amount on disposal	–
Less: unearned financial income	(2,190)
Net investment in the lease	892

Future cash flows

	December 31, 2023
During 2023	–
During 2024	64
During 2025	67
During 2026	71
During 2027	76
After 2027	2,804
Total undiscounted cash flows	3,082
Less: unearned financial income	(2,190)
Net investment in the lease	892

7 Intangible assets

	Goodwill	Trademark	Customer base	Game software and software development costs	Other software, licenses and other	Video content	Total
Cost							
At 1 January 1, 2022	149,844	15,986	21,857	18,675	19,836	–	226,198
Additions	–	–	–	1,847	5,731	–	7,578
Disposals	–	–	–	(3,967)	(997)	–	(4,964)
Reclassification to assets held for sale	–	–	–	–	(271)	–	(271)
Additions due to acquisition of subsidiaries	33,830	1,849	5,475	–	6,125	–	47,279
Disposal due to sale of subsidiaries	(6,334)	(598)	–	(14,257)	(96)	–	(21,285)
Translation adjustment	–	(313)	–	(1,930)	(664)	–	(2,907)
At December 31, 2022	177,340	16,924	27,332	368	29,664	–	251,628
Additions	–	2	–	–	11,020	2,155	13,177
Disposals	–	(89)	–	(118)	(4,223)	–	(4,430)
Additions due to acquisition of subsidiaries	9,417	1,630	1,873	–	2,811	–	15,731
Disposal due to sale of subsidiaries	–	–	–	–	(42)	–	(42)
Translation adjustment	–	22	–	99	408	–	529
At December 31, 2023	186,757	18,489	29,205	349	39,638	2,155	276,593
Accumulated amortisation and impairment							
At January 1, 2022	(11,430)	(11,937)	(18,927)	(12,994)	(14,172)	–	(69,460)
Charge for the year	–	(1,141)	(1,391)	(976)	(4,799)	–	(8,307)
Disposals	–	–	–	3,963	962	–	4,925
Disposal due to sale of subsidiaries	–	220	–	9,273	235	–	9,728
Impairment	(9,681)	(120)	–	–	(932)	–	(10,733)
Translation adjustment	–	108	–	449	140	–	697
At December 31, 2022	(21,111)	(12,870)	(20,318)	(285)	(18,566)	–	(73,150)
Charge for the year	–	(1,423)	(1,812)	(187)	(7,447)	(487)	(11,356)
Disposals	–	74	–	123	4,080	–	4,277
Disposal due to sale of subsidiaries	–	–	–	–	21	–	21
Translation adjustment	–	(20)	–	–	(189)	–	(209)
At December 31, 2023	(21,111)	(14,239)	(22,130)	(349)	(22,101)	(487)	(80,417)
Net book value							
At January 1, 2022	138,414	4,049	2,930	5,681	5,664	–	156,738
At December 31, 2022	156,229	4,054	7,014	83	11,098	–	178,478
At December 31, 2023	165,646	4,250	7,075	–	17,537	1,668	196,176

7.1 Analysis of indicators of impairment of other intangible assets

The Group conducted an impairment test on other intangible assets as part of its testing of CGUs disclosed in Notes 7 and 8. For other CGUs, the Group did not identify any indicators of impairment.

7.2 Impairment of intangible assets

For the year ended December 31, 2023, the Group did not recognize any impairment of intangible assets.

In 2022, given the significant economic uncertainty in terms of market prospects on cloud gaming markets, as well as the expected increase in operating expenses related to the further development of the project, in particular the cost of servers, the Group recognised an impairment charge of RUB 906 against intangible assets related to Playkey cloud gaming.

In 2022, given the significant economic uncertainty, the Group recognised an impairment charge of RUB 43 against intangible assets related to the CGU Native Roll.

8 Goodwill

The table below shows movements in goodwill per groups of CGUs, corresponding to the Group's operating segments for each of the years ended December 31, 2023 and 2022:

Group of CGU's	Cost at January 1, 2022 (restated)	Disposal	Addition	Impairment	Cost at December 31, 2022 (restated)	Addition	Impairment	Cost at December 31, 2023
Vkontakte	98,272	–	4,616	–	102,888	300	–	103,188
Zen.Platform	–	–	28,584	–	28,584	–	–	28,584
Social Networks	20,989	–	630	–	21,619	–	–	21,619
Uchi.ru	–	–	–	–	–	4,476	–	4,476
YClients	–	–	–	–	–	3,292	–	3,292
Skillbox	2,008	–	–	–	2,008	–	–	2,008
Skillfactory	1,754	–	–	(636)	1,118	–	–	1,118
Tetrika	–	–	–	–	–	995	–	995
VK Art Lab	–	–	–	–	–	192	–	192
Skillbox English	–	–	–	–	–	162	–	162
Cube	12	–	–	–	12	–	–	12
Email, Portal and IM	4,258	–	–	(4,258)	–	–	–	–
Online Games	1,952	(1,952)	–	–	–	–	–	–
33 Slona	1,720	–	–	(1,720)	–	–	–	–
Pixonic	1,592	(1,592)	–	–	–	–	–	–
Worki	1,565	–	–	(1,565)	–	–	–	–
Deus Craft	840	(840)	–	–	–	–	–	–
Panzerdog	625	(625)	–	–	–	–	–	–
Ingame	592	(592)	–	–	–	–	–	–
Native roll	425	–	–	(425)	–	–	–	–
Relap	261	–	–	(261)	–	–	–	–
Bit Games	210	(210)	–	–	–	–	–	–
E-commerce	149	–	–	(149)	–	–	–	–
Swag Masha	130	(130)	–	–	–	–	–	–
Mamboo games	393	(393)	–	–	–	–	–	–
Mentorama	667	–	–	(667)	–	–	–	–
Total	138,414	(6,334)	33,830	(9,681)	156,229	9,417	–	165,646

During the year ended December 31, 2023, the Group recognised goodwill in the amount of RUB 9,417, including Didenok Star LLC (2022: RUB 33,830 including Medium Quality Production LLC) as a result of business combination (Note 12).

In 2023, the amount of cash paid for the acquisition of subsidiaries net of cash received was RUB 6,747 (2022: cash paid net of cash received was RUB 3,302) (Note 12).

During the year ended December 31, 2023, the Group did not recognise any disposal or impairment of goodwill. During the year ended December 31, 2022, the Group recognised recognised the disposal of goodwill of RUB 6,334 as a result of the sale of a subsidiary of MY.GAMES HOLDINGS LTD (Cyprus) (Note 13) and goodwill impairment of RUB 9,681.

The recoverable amount of goodwill has been determined based on value-in-use calculations as of October 1, 2023 and October 1, 2022.

Due to the full implementation of the subsidiary United Media Agency LLC in the VKontakte and Social Networks CGUs, the goodwill related to the UMA of CGUs was allocated between the VKontakte and Social Networks CGUs. Also due to the full implementation of the subsidiary Geekbrains LLC in the Skillbox CGUs, the goodwill related to the Geekbrains CGUs was allocated between the Skillbox CGUs.

In 1Q 2023, in accordance with the signed agreements with the seller, the Group adjusted the cash consideration for the acquisition of one of the subsidiaries, control of which was acquired in 4Q 2022. The consolidated statement of financial position was therefore adjusted for the lines "Other current assets" and "Goodwill".

Notes to the Consolidated Financial Statements (continued)

8 Goodwill (continued)

8.1 Impairment testing of goodwill

At October 1, 2023, value in use was determined using cash flow projections from financial budgets and forecasts approved by senior management covering a five-year period.

The major assumptions used in the DCF models at October 1, 2023 are presented below:

	Vkontakte	Zen.Platform	Social Networks	Skillbox	Skillfactory	Uchi.ru	YClients
Terminal growth rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Pre-tax discount rate	20.4%	20.6%	20.6%	22.5%	22.7%	22.0%	23.9%

The major assumptions used in the DCF models at October 1, 2022 are presented below:

	Vkontakte	Zen.Platform	Social Networks	Skillbox	Skillfactory	Geekbrains
Terminal growth rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Pre-tax discount rate	19.6%	19.7%	20.2%	25.2%	25.1%	25.8%

Determining value in use requires the exercise of significant judgment, including judgment about appropriate discount rates, terminal growth rates, the amount and timing of expected future cash flows. The cash flows employed in the DCF analysis are based on the Group's most recent budget and, for years beyond the budget, the Group's estimates, which are based on assumed growth rates. The discount rates used in the DCF analysis are intended to reflect the risks inherent in the future cash flows of the respective cash generating units.

8.2 Impairment of goodwill

During the year ended December 31, 2023, the Group did not recognise impairment of goodwill.

In 1Q 2022, given the challenging market environment caused by the current geopolitical situation and related sanctions, as well as the related uncertainty in particular, the Group concluded that these circumstances might significantly and adversely affect the advertising and accordingly, the Group revised its advertising revenue projections downwards. Additionally, the significant increase in market interest rates has been reflected in the discount rates used by the Group in discounted cash flow models.

As a result, the Group has recognised impairment of goodwill for a number of CGUs. The breakdown of the impairment charge recognised by the Group for the year ended December 31, 2022 against goodwill and the major assumptions are presented below:

Group of CGU's	Discount rate, %	Revenue growth, %	Impairment charge, RUB
Email, Portal and IM	23.4%-15.5%	5%	4,258
Relap	23.4%-15.5%	5%	261
E-commerce	24.0%	5%	149
33 Slona	24.0%	5%	1,720
Worki	24.0%	5%	1,565
Skillfactory	24.9%-17.0%	5%	636
Native roll	17.5%	5%	425
Mentorama	40%	5%	667
Total			9,681

9 Property and equipment

	Servers and computers	Leasehold improvements	Furniture and office equipment	Assets under construction	Other property and equipment	Total
Cost						
At January 1, 2022	27,409	1,505	764	4,644	1,964	36,286
Additions	129	–	15,069	15,292	5	30,495
Reclassification	5,620	746	98	(6,960)	496	–
Disposals	(1,307)	–	2	(2)	(10)	(1,317)
Additions due to acquisition of subsidiaries	48	–	8	–	33	89
Disposal due to sale of subsidiaries	(547)	(201)	(44)	(170)	(57)	(1,019)
Translation adjustment	(218)	–	(6)	(32)	(15)	(271)
At December 31, 2022	31,134	2,050	15,891	12,772	2,416	64,263
Additions	14	–	240	19,988	28	20,270
Reclassification	15,331	303	166	(16,457)	657	–
Disposals	(1,415)	(7)	(47)	(64)	(299)	(1,832)
Additions due to acquisition of subsidiaries	94	–	–	–	2	96
Disposal due to sale of subsidiaries	(4)	–	–	–	(1)	(5)
Translation adjustment	69	–	7	–	–	76
At December 31, 2023	45,223	2,346	16,257	16,239	2,803	82,868
Accumulated depreciation and impairment						
At January 1, 2022	(18,563)	(465)	(414)	–	(1,046)	(20,488)
Charge for the year	(5,316)	(480)	(106)	–	(231)	(6,133)
Disposals	800	–	(3)	–	3	800
Additions due to acquisition of subsidiaries	(26)	–	–	–	(4)	(30)
Disposal due to sale of subsidiaries	451	130	24	–	41	646
Translation adjustment	176	–	7	–	9	192
At December 31, 2022	(22,478)	(815)	(492)	–	(1,228)	(25,013)
Charge for the year	(6,554)	(921)	(113)	–	(748)	(8,336)
Disposals	1,239	7	92	–	285	1,623
Additions due to acquisition of subsidiaries	(31)	–	–	–	(1)	(32)
Disposal due to sale of subsidiaries	2	–	–	–	–	2
Translation adjustment	(17)	–	(6)	–	–	(23)
At December 31, 2023	(27,839)	(1,729)	(519)	–	(1,692)	(31,779)
Net book value						
At January 1, 2022	8,846	1,040	350	4,644	918	15,798
At December 31, 2022	8,656	1,235	15,399	12,772	1,188	39,250
At December 31, 2023	17,384	617	15,738	16,239	1,111	51,089

As of December 31, 2023, property and equipment with a carrying value of RUB 14,957 (as of December 31, 2022: RUB 15,474) were pledged under loan agreements.

9.1 Acquisition of Linder JSC

In Q4 2022, the Group acquired control of Linder JSC by purchasing 100% of shares for a cash consideration of RUB 3,492. The amount of cash consideration was determined taking into account the debt of Linder JSC to the Group and third parties. The main purpose of the purchase is to acquire real estate, which is owned through a 100% share of Linder JSC in Achill LLC.

In accordance with IFRS 3 *Business Combinations*, the Group performed a concentration test and concluded that this acquisition constitutes an acquisition of an asset.

9.2 Analysis of indicators of impairment of property and equipment

The Group conducted an impairment test for property and equipment as part of its testing of CGUs disclosed in Note 8. The Group did not identify any indicators of impairment for other CGUs.

Notes to the Consolidated Financial Statements (continued)

10 Consolidated subsidiaries

These consolidated financial statements include the assets, liabilities and financial results of the Company and its subsidiaries, whose main activity is providing Russian-language Internet services. The significant subsidiaries as at December 31, 2023 and 2022 are listed below:

		Ownership, %	
Subsidiary	Main activity	December 31, 2023	December 31, 2022
VK Company LLC (renamed from Mail.Ru Group LLC) (Russia)	Holding entity	100.0%	100.0%
VK LLC (renamed from Mail.Ru LLC) (Russia)	Online portal services, development and support of online games, social network	100.0%	100.0%
International Company LLC VK MGL Limited (renamed from MGL MY.COM (CYPRUS) LIMITED) (Cyprus)	Support of online games	100.0%	100.0%
Data Centre M100 LLC (Russia)	Hosting services	100.0%	100.0%
V kontakte LLC (Russia)	Social network	100.0%	100.0%
Skillbox LLC (Russia)	Education technologies	55.28%	56.25%
GeekBrains LLC (Russia)	Education technologies	55.28%	56.25%
Skillfactory LLC (Russia)	Education technologies	55.28%	35.87%
Uchi.ru LLC (Russia)	Education technologies	100.0%	–
Preprep.ru LLC (Russia)	Education technologies	85.97%	–
Zen.Platform LLC (Russia)	Social network, Online advertising	100.0%	100.0%
Medium Quality Production LLC (Russia)*	Media content production	51.0%	51.0%
Invite LLC (Russia)	Online advertising	100.0%	100.0%
ITR LLC (Russia)	Holding entity	100.0%	100.0%
YClients LLC (Russia)	CRM-system for automation of B2C business operation	100.0%	–

* *The Group consolidates 100% of MQP LLC on the totality of contractual relations.*

The ownership percentages above represent the Company's effective indirect ownership in each subsidiary.

11 Investments in equity accounted associates and joint ventures

The Group has investments in associates and joint ventures operating popular Internet websites and providing various services over the Internet. Investments in equity accounted associates and joint ventures as of December 31, 2023 and December 31, 2022 comprised the following:

		Voting shares		Carrying value	
	Main activity	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Joint ventures					
Aliexpress Russia Holding Pte. Ltd.	E-commerce platform	18%	18%	–	–
Tetrika (Russia)	Educational portal	–	60.67%	–	317
Associates					
Tochka JSC (Russia)	All-in-one services for small and medium-sized entrepreneurship	25%	–	12,178	–
Uchi.ru LLC (Russia)	Educational portal	–	25%	–	2,950
Umskul LLC	Educational portal	25%	25%	1,076	959
Haslop Company Limited (Cyprus) and Russian subsidiaries (collectively, "Mamba" JSC)	Provides content for www.love.mail.ru, one of the key services of the portal www.mail.ru managed by the Group	28.35%	28.35%	602	230
Other				53	129
Total				**13,909**	**4,585**

The above mentioned entities have the same reporting date as the Company. None of the entities were listed on a public exchange as of December 31, 2023.

11 Investments in equity accounted associates and joint ventures (continued)

Movement in investments in equity accounted associates and joint ventures for the years ended December 31, 2023 and December 31, 2022 is presented below:

	2023	2022
Investments in equity accounted associates and joint ventures as of January 1	4,585	48,921
Share in net loss of equity accounted associates and joint ventures	684	(16,994)
Gain of control over associates and joint ventures	(3,481)	–
Acquisition of shares in equity accounted associates	11,625	513
Gain on remeasurement of previously held interest in joint venture	310	24,360
Dividends received from equity accounted associates	(109)	(76)
Impairment recovery of associates and joint ventures	295	–
Impairment of equity accounted associates and joint ventures	–	(13,973)
Additional contribution to equity accounted joint ventures	–	2,701
Loans converted to the share capital of joint venture	–	5,888
Disposal of shares in equity accounted associates	–	(380)
Disposal of equity accounted joint venture	–	(47,377)
Foreign currency translation effect relating to joint venture	–	1,002
Investments in equity accounted associates and joint ventures as of December 31	13,909	4,585

In 4Q 2023, the Group acquired 25% shares of Tochka JSC (Note 12.8) for a cash consideration in the amount of RUB 11,625. In accordance with IAS 28, the Group accounts for the investment in Tochka JSC as an investment in equity accounted associates.

In 2023, the Group gained control over its associate Uchi.ru LLC (Note 12.1) and over joint venture Preprep.ru LLC (Note 12.5).

In 2022, the Group additionally contributed RUB 2,600 and converted loans receivable of RUB 5,858 and interest receivable of RUB 30 into the share capital of O2O JV. The Group's share in the JV remained unchanged as another investor also converted its loans receivable from the JV and contributed to the share capital for the same amount.

In 2022, the Group sold its stake in O2O Holding (JV) to another investor of this JV.

In 2022, the Group received the put notices from the holders of the put options in respect of its 10% of shares in Umschool LLC. In September 2022, the option agreement was cancelled by agreement of the parties. The Group's share in the Umschool remained unchanged.

In 2022, the Group acquired a 25% interest in Goodt LLC (hereinafter "GoodData") for a cash consideration of RUB 133. In accordance with IAS 28, the Group accounts for the investments in GoodData as an investments in equity accounted associates.

In 2022, the Group made additional contributions in the amount of RUB 101 in Digital Education (JV). The Group's share in the JV remained unchanged as another investor made additional contributions of the same amount.

11.1 Impairment of equity accounted joint ventures

In 2023, given significant changes having a positive impact in the market conditions and given the improvement of the economic performance of Mamba JSC, the Group recovered the previously recognized impairment in the amount of RUB 295.

In 2022, given the significant economic uncertainty particularly affecting on e-commerce markets, the Group recognised an impairment charge against AliExpress JV of RUB 9,866, including impairment of goodwill of RUB 4,468 that forms a part of the carrying value of the investments in AliExpress JV. As of December 31, 2022, the estimate has not changed.

In 2022, the management of O2O JV decided to discontinue operations related to Citymobil (Taxi services). Accordingly, the Group recognised an impairment charge of RUB 2,959 including impairment of goodwill of RUB 1,574 that forms a part of the carrying value of the investments in O2O JV.

In 2022, given the significant economic uncertainty, the Group recognised an impairment charge against Haslop Company Limited (Cyprus) and Uchi.ru LLC (Russia) equity accounted associates of RUB 295 and RUB 853, respectively.

Notes to the Consolidated Financial Statements (continued)

11 Investments in equity accounted associates and joint ventures (continued)

11.2 Tochka JSC

	December 31, 2023	October 31, 2023
Current assets	312,832	264,291
Non-current assets	21,029	21,382
Current liabilities	(295,721)	(249,827)
Non-current liabilities	(4,069)	(3,986)
Equity	34,071	31,860
Group's share in equity – 25% (as of December 31, 2022: 0%)	8,518	7,965
Goodwill	3,660	3,660
Group's carrying amount of the investment	12,178	11,625

	November-December 2023	2022
Revenue	10,368	–
Cost of sales	(5,590)	–
Administrative and commercial expenses	(548)	–
Finance and other income/expenses	(1,063)	–
Profit before tax	3,167	–
Income tax expense	(956)	–
Profit for the year	2,211	–
Group's share of profit for the period	553	–

11.3 Umschool LLC

	December 31, 2023	December 31, 2022
Current assets	714	517
Non-current assets	224	334
Current liabilities	(1,895)	(2,219)
Non-current liabilities	(12)	(25)
Equity	(969)	(1,393)
Group's share in equity – 25%	(218)	(335)
Goodwill	1,294	1,294
Group's carrying amount of the investment	1,076	959

	2023	2022
Revenue	2,837	2,503
Cost of sales	(2,219)	(1,903)
Administrative and commercial expenses	(241)	(252)
Finance and other income/expenses	483	123
Profit before tax	860	471
Income tax expense	(3)	(2)
Profit for the year	857	469
Group's share of profit for the period	214	118

11 Investments in equity accounted associates and joint ventures (continued)

11.4 Uchi.ru LLC

	December 31, 2023	December 31, 2022
Current assets	–	1,541
Non-current assets	–	4,061
Current liabilities	–	(1,686)
Non-current liabilities	–	–
Equity	–	3,916
Group's share in equity – 0% (as of December 31, 2022: 25%)	–	979
Goodwill	–	2,824
Impairment	–	(853)
Group's carrying amount of the investment	–	2,950

	2023	2022
Revenue	449	4,357
Cost of sales	(631)	(2,965)
Finance and other income/expenses	27	(1,667)
Loss before tax	(155)	(275)
Income tax expense	(1)	(8)
Loss for the year	(156)	(283)
Group's share of loss for the period	(39)	(71)

12 Business combinations and disposals

12.1 Uchi.ru LLC

In the 1 quarter of 2023, the Group acquired control over the online educational platform Uchi.ru LLC (hereinafter – "Uchi.ru") by increasing its shareholding to 100% (plus 75% to the 25% share as at December 31, 2022) in the equity of an associate accounted for a cash consideration of RUB 8,110. As a result of the acquisition, the written put option for a 75% stake in Uchi.ru became invalid, in accordance with IFRS 3, the fair value of this option is included in the consideration transferred.

If the Group acquired control of Uchi.ru on January 1, 2023, this would increase the consolidated revenue of the Group by RUB 449 and increase the consolidated net loss of the Group by RUB 156.

In 2023, the Group finalized the purchase price allocation of Uchi.ru LLC, which resulted in no change from provisional values.

12 Business combinations and disposals (continued)

12.1 Uchi.ru LLC (continued)

The fair value of the identifiable assets and liabilities as of the date of acquisition were as follows:

	Fair value
Intangible assets	4,120
Right-of-use assets	26
Property and equipment	35
Other non-current assets	101
Trade accounts receivable and advances to suppliers	85
The right to claim compensation for tax risks	275
Other current assets	7
Cash and cash equivalents	1,377
Total assets	6,026
Trade accounts payable	84
VAT and other tax payables	54
Deferred revenue	1,351
Tax risks reserve	505
Deferred tax liabilities	507
Other payables, reserves and accrued expenses	797
Total liabilities	3,298
Total net assets	2,728

Goodwill was calculated as the excess of:	
(a) The consideration transferred by the Group measured at fair value:	
[1] cash consideration	8,110
[2] fair value of the previously owned stake at the acquisition date	2,911
[3] fair value of the put option over acquisition of 75% interest at the acquisition date	(3,817)
Fair value of the consideration transferred	7,204
(b) The amount of non-controlling interest in Uchi.ru LLC measured at the proportionate share of the identifiable net assets	–
Over:	
(c) The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured at final fair value	2,728
Goodwill	4,476

Goodwill relates mainly to educational services and potential synergy with the Group's business. It is assumed that goodwill will not be deductible for income tax purposes.

Intangible assets are mainly represented by software, trademark and customer base and are amortised over 4-10 years.

The right to claim compensation for tax risks is represented by the seller's obligation to partially compensate the Group for claims from tax authorities that may occur in the foreseeable future.

The cash flows on acquisition were as follows:

Cash paid (included in cash flows from investing activities)	(8,110)
Cash acquired (included in cash flows from investing activities)	1,377
Net cash flow on acquisition	(6,733)

12 Business combinations and disposals (continued)

12.2 Didenok Star

In the 1 quarter of 2023, the Group acquired control of the creative agency Didenok Star LLC. Didenok Star LLC specializes in influencer marketing and promotion in social networks.

Goodwill relates mainly to the Vkontakte and potential synergies with the Group's business (Note 8). It is assumed that goodwill will not be deductible for income tax purposes. At the date of acquisition Didenok Star LLC had no significant assets and liabilities.

12.3 Digital education

In the 1 quarter of 2023, the Group acquired control over the software developers of Digital Education LLC (hereinafter – "Sferum") by increasing its participation share to 99.41% (plus 49.41% to the 50% share as of December 31, 2022) in the equity accounted of the joint venture, by conversion of the issued interest-bearing loan into the authorized capital of Sferum in the amount of RUB 270 (RUB 250 the amount of the principal debt of the loan and RUB 20 accrued interest at the date of acquisition).

The group will continue to develop the Sferum as part of the VK Messenger project as a single technological environment for communication between schoolchildren, teachers and parents.

The fair value of the identifiable assets and liabilities as of the date of acquisition were as follows:

	Provisional fair value
Intangible assets	172
Property and equipment	18
Other current assets	30
Cash and cash equivalents	68
Total assets	288
Other payables, reserves and accrued expenses	16
Total liabilities	16
Total net assets	272

Goodwill was calculated as the excess of:	
(a) The consideration transferred by the Group measured at fair value:	
[1] Fair value of the loan and accrued interests as of the date of acquisition	270
Fair value of the consideration	270
(b) The amount of non-controlling interest in Digital education measured at the proportionate share of the identifiable net assets	2
over	
(c) The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured at final fair value	272
Goodwill	–

Intangible assets are mainly represented by software and is amortized over 4 years.

The cash flows on acquisition were as follows:

Cash paid (included in cash flows from investing activities)	–
Cash acquired (included in cash flows from investing activities)	68
Net cash flow on acquisition	68

Notes to the Consolidated Financial Statements (continued)

12 Business combinations and disposals (continued)

12.4 VK Art Lab

In the 3 quarter of 2023, the Group gained control over VK Art Lab LLC (renamed from Nota-RTK LLC), acquired a 51% stake. The Group also signed options agreement to purchase the remaining 49% stake. In accordance with IFRS 10, the fair value of these options was accounted for deferred remuneration, and non-controlling interest was not recognised.

The main activity of VK Art Lab LLC is software development. The deal is aimed at the development of perspective products of the Group.

The fair value of the identifiable assets and liabilities as of the date of acquisition were as follows:

	Provisional fair value
Property and equipment	1
Deferred tax assets	3
Cash and cash equivalents	69
Other current assets	8
Total assets	81
Trade accounts payable	5
VAT and other tax payables	9
Advances received	2
Other payables, reserves and accrued expenses	10
Total liabilities	26
Total net assets	55

Goodwill was calculated as the excess of:	
(a) The consideration transferred by the Group measured at fair value:	
[1] fair value of the put option over acquisition of 49% interest at the acquisition date	172
[2] the amount of actual settlement of pre-existing advance relations	75
Over:	
(b) The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured at final fair value	55
Goodwill	192

Goodwill relates mainly to new business directions and potential synergies with the Group's business. It is assumed that goodwill will not be deductible for income tax purposes.

The cash flows on acquisition were as follows:

Cash paid (included in cash flows from investing activities)	–
Cash acquired (included in cash flows from investing activities)	69
Net cash flow on acquisition	69

Notes to the Consolidated Financial Statements (continued)

12 Business combinations and disposals (continued)

12.5 Tetrika LLC

In 3Q 2023, the Group gained control over Preprep.ru LLC (hereafter – Tetrika) by increasing its share from 60.67% to 85.97%.

The main product of Tetrika is an online-platform that allows children to study with tutors online. The deal is aimed at expanding the Group's presence on the online education market.

In 2023, the Group specified the price allocation of the acquisition of Tetrika, as a result, the fair value of net assets decreased by RUB 68, the net effect amount to the increase of goodwill by RUB 68. As at December 31, 2023, the Group did not finalise the purchase price allocation of Tetrika.

The fair value of the identifiable assets and liabilities as of the date of acquisition were as follows:

	Provisional fair value
Intangible assets	644
The right to claim compensation for losses	112
Other non-current assets	18
Cash and cash equivalents	371
Other current assets	43
Total assets	1,188
Trade accounts payable	79
Deferred revenue	446
VAT and other tax payables	284
Other payables, reserves and accrued expenses	40
Total liabilities	849
Total net assets	339

Goodwill was calculated as the excess of:	
(a) The consideration transferred by the Group measured at fair value:	
[1] Fair value of the previously owned stake (60.67%) at the acquisition date	570
[2] Cash contribution to Tetrika (stake increase by 9.96%)	541
[3] Non-cash contribution in the form of net assets of the subsidiary "Uchi.doma" LLC to Tetrika (stake increase by 12.06%)	96
[4] Deferred cash consideration (stake increase by 3.28%)	70
Fair value of the consideration	1,277
(b) The amount of non-controlling interest in Tetrika LLC measured at the proportionate share of the identifiable net assets	57
over	
(c) The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured at final fair value	339
Goodwill	995

Goodwill is mainly attributable to the educational services and potential synergy with the Group's business. Goodwill is not expected to be deductible for income tax purposes.

Intangible assets mainly include software, trademark and customer base and are amortised over the period of 3 to 5 years.

The right to claim compensation for losses is represented by the seller's obligation to partially compensate the Group for potential expenses that may occur in the foreseeable future.

The cash flows on acquisition were as follows:

Cash paid (included in cash flows from investing activities)	(541)
Cash acquired (included in cash flows from investing activities)	597
Net cash flow on acquisition	56

Notes to the Consolidated Financial Statements (continued)

12 Business combinations and disposals (continued)

12.6 Skillbox English

In 3Q 2023, the Group obtained control over System KESPA LLC (hereafter – Skillbox English) by increasing its stake from 30.00% to 63.38%.

The main product of Skillbox English is a platform for conducting online English lessons. The deal is aimed at expanding the Group's presence on the online education market.

The fair value of the identifiable assets and liabilities as of the date of acquisition were as follows:

	Provisional fair value
Intangible assets	70
Trade accounts receivable	7
Cash and cash equivalents	39
Other current assets	7
Total assets	123
Trade accounts payable	22
Deferred revenue	160
Loans and borrowings	62
VAT and other tax payables	7
Other payables, reserves and accrued expenses	13
Total liabilities	264
Total net assets	(141)
Goodwill was calculated as the excess of:	
(a) The consideration transferred by the Group measured at fair value:	
[1] Fair value of the previously owned stake (30%) at the acquisition date	35
[2] Cash consideration	38
Fair value of the consideration	73
(b) The amount of non-controlling interest in Skillbox measured at the proportionate share of the identifiable net assets	(52)
over	
(c) The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured at final fair value	(141)
Goodwill	162

Goodwill is mainly attributable to the educational services and potential synergy with the Group's business. Goodwill is not expected to be deductible for income tax purposes.

Intangible assets mainly include software and content and are amortised over 3 years.

The cash flows on acquisition were as follows:

Cash paid (included in cash flows from investing activities)	(38)
Cash acquired (included in cash flows from investing activities)	39
Net cash flow on acquisition	1

12 Business combinations and disposals (continued)

12.7 YClients LLC

In 4Q 2023, the Group obtained control over YClients LLC (hereafter – YClients), having acquired a stake of 100%. YClients is the leading Russian SAAS-platform for B2C companies. The deal is aimed at the development of perspective services of the Group and the expansion of the customer base.

If the Group obtained control over YClients on January 1, 2023, it would increase the consolidated revenue by RUB 990 and increase the net loss by RUB 80.

The fair value of the identifiable assets and liabilities as of the date of acquisition were as follows:

	Provisional fair value
Intangible assets	1,550
Property and equipment	10
Right-of-use assets	45
Trade accounts receivables and advances to suppliers	28
Cash and cash equivalents	57
Other current assets	43
Total assets	1,733
Trade and other accounts payable	99
Deferred revenue and advances received	603
VAT and other tax payables	17
Deferred tax liabilities	237
Other payables, reserves and accrues expenses	128
Total liabilities	1,084
Total net assets	649

Goodwill was calculated as the excess of:	
(a) The consideration transferred by the Group measured at fair value:	
[1] Cash consideration	2,737
[2] Deferred consideration	1,204
Fair value of the consideration	3,941
(b) The amount of non-controlling interest in YClients measured at the proportionate share of the identifiable net assets	–
over	
(c) The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured at final fair value	649
Goodwill	3,292

Goodwill relates mainly to new business directions and potential synergies with the Group's business. It is assumed that goodwill will not be deductible for income tax purposes.

Intangible assets mainly include software, trademark and customer base and are amortised over the period of 4 to 5 years.

The cash flows on acquisition were as follows:

Cash paid (included in cash flows from investing activities)	–
Cash acquired (included in cash flows from investing activities)	57
Net cash flow on acquisition	57

Notes to the Consolidated Financial Statements (continued)

12 Business combinations and disposals (continued)

12.8 Tochka JSC

In 4Q 2023 the Group purchased 25% of shares of Tochka JSC (hereafter – Tochka) for a cash consideration in the amount of RUB 11,265. In accordance with IAS 28, the Group accounts for the investments in Tochka JSC as an investments in equity accounted associates.

The fair value of the identifiable assets and liabilities as of the date of acquisition were as follows:

	Provisional fair value
Intangible assets and property and equipment	20,507
Deferred tax assets	567
Other non-current assets	308
Trade accounts receivable and advances to suppliers	1,197
Other current assets	4,157
Cash and cash equivalents and financial assets	258,937
Total assets	285,673
Deferred tax liabilities	3,812
Other non-current liabilities	174
Payables to customers, loans and borrowings	242,972
Trade accounts payable	1,823
Other payables, reserves and accrued expenses	5,032
Total liabilities	253,813
Total net assets	31,860
Group's share in equity – 25%	7,965
Goodwill was calculated as the excess of:	
(a) The consideration transferred by the Group measured at fair value:	
[1] Cash consideration	11,625
Fair value of the consideration	11,625
over	
(b) The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured at final fair value	7,965
Goodwill	3,660

Goodwill in the amount of RUB 3,660 is included in the cost of investment in Tochka JSC.

Intangible assets are mainly represented by software and is amortised over 3 years.

12 Business combinations and disposals (continued)

12.9 Delivery Club

In 2022, the Group acquired control of Delivery Club LLC by purchasing 100% of the shares. At the date of acquisition of control, the Group estimated the probability of further sale of Delivery Club LLC as highly probable. Delivery Club LLC was classified as a "Disposal Group" (discontinued operation) in accordance with IFRS 5 as of the date of acquisition of control.

According to IFRS 5, if the disposal group is a newly acquired subsidiary, solely for the purpose of its further sale in the short term, that meets the criteria to be classified as held for sale on an immediate acquisition and, in respect of that acquisition, the fair value of the consideration transferred is greater than or equal to fair value of the net assets of the acquiree, then disclosure of the major classes of assets and liabilities is not required.

The fair value of the identifiable assets and liabilities of Delivery Club LLC as of the date of acquisition were as follows:

	Fair value
Assets held for sale	42,079
Liabilities directly associated with assets held for sale	(3,462)
Total identifiable net assets measured at fair value	38,617
The consideration transferred by the Group measured at fair value:	
[1] disposal of investment in O2O Holding (JV)	46,927
[2] cash consideration transferred to non-controlling shareholders	576
[3] loans conversion to the share capital of Delivery Club LLC, including accrued interest	1,477
[4] net-settlement payment	(10,363)
Fair value of the consideration transferred	38,617

The cash flows on acquisition were as follows:

Cash paid (included in cash flows from investing activities)	(576)
Cash acquired (included in cash flows from investing activities)	1,489
Net cash flow on acquisition	913

Notes to the Consolidated Financial Statements (continued)

12 Business combinations and disposals (continued)

12.10 Zen.Platform

In 2022, the Group completed the acquisition of the Zen and News content platforms from Yandex ("Zen.Platform"). At the same time, the Group sold to Yandex a 100% stake in the Delivery Club, a ready-to-eat and groceries delivery service, which it acquired from O2O Holding in September.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the acquisition date. Right-of-use assets were valued at an amount equal to the lease liability.

In 2023, the Group finalized the purchase price allocation of Zen. Platform, which resulted in the increase of the fair value of other current assets by RUB 222, the net effect amounted to the decrease of goodwill by RUB 222.

The fair value of the identifiable assets and liabilities of Zen.Platform LLC as of the date of acquisition were as follows:

	Fair value
Intangible assets	11,052
Property and equipment	21
Right-of-use assets	338
Deferred income tax assets	27
Prepaid expenses and advances to suppliers	74
Other current assets	309
Cash and cash equivalents	668
Total assets	12,489
Non-current lease liabilities	194
Trade accounts payable	41
Current lease liabilities	144
Deferred income tax liabilities	1,832
Other current liabilities	242
Total liabilities	2,453
Total identifiable net assets measured at fair value	10,036
Goodwill was calculated as the excess of:	
(a) The consideration transferred by the Group measured at fair value:	
[1] Fair value of the Group's disposed 100% of shares in Delivery Club LLC	38,620
Fair value of the consideration transferred	38,620
(b) The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured at final fair value	10,036
Goodwill	28,584

Goodwill relates mainly to advertising services and potential synergies with the Group's business. It is assumed that goodwill will not be deductible for income tax purposes.

Intangible assets are mainly represented by the authors' database, software and trademark, and are amortized over 8-11 years.

The cash flows on acquisition were as follows:

Cash paid (included in cash flows from investing activities)	(1,489)
Cash acquired (included in cash flows from investing activities)	668
Net cash flow on acquisition	(821)

Notes to the Consolidated Financial Statements (continued)

12 Business combinations and disposals (continued)

12.11 Foodplex, Interactive video technologies

In 2022, the Group acquired control of Foodplex LLC by purchasing 100% of shares and Interactive Video Technologies LLC by purchasing 80% of shares.

In 2023, the Group finalized the purchase price allocation of Foodplex LLC and Video Technologies LLC, which resulted in no change from provisional values.

12.12 Medium Quality Production (MQP)

In 4 quarter 2022, the Group acquired control of Medium Quality Production LLC ("MQP") by purchasing 51% of shares. The Group also signed a number of option agreements (received call options and written put options) to acquire the remaining 49% stake. In accordance with IFRS 10, the fair value of these options is recorded as deferred consideration and no non-controlling interest is recognised.

The main activity of MQP is the production of video content. The deal will allow the Group to strengthen its position in the video content market through exclusive shows and joint projects that will be produced specifically for VK Video platforms, VK Clips and other media resources of the Group.

In 2023, the Group finalized the purchase price allocation of MQP.

The fair value of the identifiable assets and liabilities of MQP as of the date of acquisition were as follows:

	Fair value
Intangible assets	2,081
Right-of-use assets	25
Property and equipment	18
Deferred income tax assets	2
Trade accounts receivable	153
Other current assets	66
Cash and cash equivalents	74
Total assets	2,419
Trade accounts payable	102
VAT and other taxes payable	93
Deferred income tax liabilities	244
Customer advances	758
Other payables, provisions and accrued expenses	167
Total liabilities	1,364
Total identifiable net assets measured at fair value	1,055

Goodwill relates mainly to the Vkontakte and Odnoklassniki social network and potential synergies with the Group's business. It is assumed that goodwill will not be deductible for income tax purposes.

Intangible assets are mainly represented by a trademark, software and video content, and are amortized over 1-5 years.

12.13 Invite

In 2022, the Group acquired control over a number of subsidiaries by acquiring from the parent company a 100% stake in Invite LLC (hereinafter "Invite"), a 75% stake in Invite License (hereinafter "Invite License"), as well as an 80% stake in Invite Music (hereinafter "Invite Music"), respectively, together making up a full-cycle creative agency specializing in influencer marketing and social media promotion for a total cash consideration of RUB 12.

According to IFRS 3 *Business Combinations*, all business combinations are ultimately controlled by the same party both before and after business combinations, and are accounted for by the Group as transactions under common control.

This acquisition did not have a material impact on the Group's financial position and operating results.

Notes to the Consolidated Financial Statements (continued)

13 Non-current assets held for sale and discontinued operations

13.1 MY.GAMES (segment "Games")

In 2022, the Group signed a sale agreement and transferred control of its subsidiaries to MY.GAMES HOLDINGS LTD (Cyprus) and My.Games LLC on September 27, 2022 and December 12, 2022, respectively, for RUB 37,241.

The subsidiaries listed above belonged to the "Games" segment. In accordance with IFRS 5:

- MY.GAMES HOLDINGS LTD (Cyprus), My.Games LLC and their subsidiaries were classified as a "Disposal Group" (discontinued operations).
- Financial results related to the Disposal Group are presented separately in the consolidated statement of comprehensive income.
- Gain from the disposal of subsidiary is recognised in the consolidated statement of comprehensive income in the amount of the difference between:
  - The sale price of the subsidiary MY.GAMES HOLDINGS LTD (Cyprus) and My.Games LLC; and
  - Carrying amount of net assets and equity relating to MY.GAMES HOLDINGS LTD (Cyprus), My.Games LLC and its subsidiaries.

Breakdown of major classes from gain from the disposal of subsidiary:

Sale price of a subsidiary of MY.GAMES HOLDINGS LTD (Cyprus) and My.Games LLC	37,241
Carrying amount of net assets relating to MY.GAMES HOLDINGS LTD (Cyprus), My.Games LLC and its subsidiaries	(11,781)
Non-controlling interests	1,663
Accumulated other comprehensive income, reclassified to profit or loss	7
Gain from the disposal of subsidiary	27,130

The effect of the disposal on cash and cash equivalents in 2022 is the amount of cash disposed of by the Segment.

Net cash flows from discontinued operations:

	2023	2022
Operating activities		
Discontinued operations	–	(253)
Net cash (used)/received from operating activities	–	(253)
Investment activities		
Discontinued operations	–	(2,497)
Net cash used in investing activities	–	(2,497)
Financial activities		
Discontinued operations	–	–
Intragroup operations	–	(1,125)
Net cash used in financing activities	–	(1,125)
Net cash (outflow)/inflow from discontinued operations	–	(3,875)

Notes to the Consolidated Financial Statements (continued)

13 Non-current assets held for sale and discontinued operations (continued)

13.1 MY.GAMES (segment “Games”) (continued)

The financial results related to the Disposal Group (discontinued operations) are presented below:

	2023	2022*
Online advertising	–	3,039
MMO games	–	28,314
Community IVAS	–	448
Other revenue	–	454
Total revenue	–	32,255
Personnel expenses	–	(6,505)
Agent/partner fees	–	(7,941)
Marketing expenses	–	(11,395)
Server hosting expenses	–	(232)
Professional services	–	(207)
Other operating expenses	–	(768)
Total operating expenses, net	–	(27,048)
Depreciation and amortisation	–	(1,961)
Finance income	–	107
Finance expenses	–	(9)
Other non-operating gain	–	23
Net loss on financial assets and liabilities at fair value through profit or loss	–	(581)
Profit from sale of subsidiaries	–	27,130
Loss on remeasurement of financial instruments	–	(297)
Expected credit loss allowance on restricted cash	–	(1,285)
Foreign exchange	–	(476)
Profit before income tax expense from discontinued operations	–	27,858
Income tax expense	–	878
Net profit from discontinued operations	–	28,736

* *Income and expenses are recorded for the period from January 1, 2022 to the date of disposal of the respective subsidiaries of the Group*

13.2 Virtus.pro, EPICENTR (Cyprus), ESFORCE AGENCY, Foodplex, MGL Wallet

In 1Q 2023, the Group signed a number of sale agreements and transferred control of its subsidiaries: EPICENTR (Cyprus) Ltd., ESFORCE AGENCY Ltd. for a cash consideration of RUB 47.

The carrying amount of disposed net assets and equity amounted to RUB 14. As a result, the Group recognized a gain on the disposal of the subsidiary in the amount of RUB 61.

In 1Q 2023, the Group also signed a sale agreement and transferred control of a subsidiary Foodplex LLC for a cash consideration of 1 rouble. The carrying amount of disposed net assets and equity amounted to RUB 53. As a result, the Group recognized a loss on the disposal of the subsidiary in the amount of RUB 53.

In 4Q 2022, the Group also signed a binding agreement on the sale of its subsidiary MGL Wallet (Cyprus) Ltd for a cash consideration in the amount of EUR 1.2. The transfer of control over the entity depends on the conditions precedent, the fulfilment of which the Group expects in 3Q 2023. The carrying amount of disposed net assets and equity amounted to RUB 32. As a result, the Group recognized a gain on the disposal of the subsidiary in the amount of RUB 85.

In 4Q 2022, the Group signed a sale agreement and transferred control of the subsidiary to the organization Virtus.pro Ltd. for RUB 174. The carrying value of the disposed net assets and capital elements amounted to RUB 161. As a result, the Group recognized a gain on the disposal of the subsidiary in the amount of RUB 13.

13 Non-current assets held for sale and discontinued operations (continued)

13.2 Virtus.pro, EPICENTR (Cyprus), ESFORCE AGENCY, Foodplex, MGL Wallet (continued)

The breakdown of the significant classes of assets and liabilities held for sale as at December 31, 2023 and as at December 31, 2022 is following:

	December 31, 2023	December 31, 2022
Other non-current assets	–	5
Trade accounts receivable	–	43
Loans receivable	–	47
Prepaid income tax	–	4
Prepaid expenses and advances to suppliers	–	8
Other current assets	–	24
Cash and cash equivalents	–	161
Total assets held for sale	–	292
Trade accounts payable	–	(184)
VAT and other taxes payable	–	(2)
Deferred revenue and customer advances	–	(45)
Other payables and accrued expenses	–	(56)
Total liabilities directly associated with assets held for sale	–	(287)

14 Trade accounts receivable

As of December 31, 2023 and 2022 trade receivables comprised the following:

	December 31, 2023	December 31, 2022
Trade accounts receivable, gross	22,234	20,890
Other receivables (Note 13)	47,879	43,739
Allowance for expected credit losses	(5,938)	(357)
Total trade receivables, net	64,175	64,272

The movements in the allowance for expected credit losses of trade and other receivables were as follows:

Balance as of January 1, 2022	(882)
Charge for the year	(89)
Disposal of provision due to sale of subsidiaries	549
Accounts receivable written off	65
Balance as of December 31, 2022	(357)
Charge for the year	(5,707)
Accounts receivable written off	126
Balance as of December 31, 2023	(5,938)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns and the likelihood of default over a given time horizon. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

In 2023, the Group created an allowance for expected credit losses for other receivables in the amount of RUB 4,207 due to the revision of a debt payment schedule.

Set out below is the information about the credit risk exposure on the Group's trade and other receivables as of December 31, 2023 and 2022 using a provision matrix:

	Trade accounts receivable				
	Days past due				
	<90 days	90-180	180-360	>360	Total
As of December 31, 2023					
Expected credit loss rate	0.03-3.35%	0.39-5.8%	0.95-7.01%	50%-100%	
Estimated total gross carrying amount at default	20,176	496	234	1,328	22,234
Expected credit loss	(6)	(4)	(3)	(885)	(898)

14 Trade accounts receivable (continued)

	Trade accounts receivable Days past due <90 days	90-180	180-360	>360	Total
As of December 31, 2022					
Expected credit loss rate	0.01-2.4%	0.45-6.25%	2.34-8.02%	9.68%-100%	
Estimated total gross carrying amount at default	18,425	670	1,296	499	20,890
Expected credit loss	(7)	(11)	(27)	(312)	(357)

The accounts receivable balances as of December 31, 2023 and 2022 mainly represented amounts due from online electronic payment systems and advertising customers.

The trade receivables are non-interest bearing and are generally settled in RUB on a 40-90 days basis. There is no requirement for collateral to receive credit.

Management considers that the carrying amount of the receivable balances approximated their fair value as of December 31, 2023 and 2022.

15 Cash and cash equivalents and short-term deposits

As of December 31, 2023 and 2022 cash and cash equivalents consisted of the following:

	Currency	December 31, 2023	December 31, 2022
Current accounts and cash on hand:	USD	89	262
	RUB	29,518	30,547
	EUR	56	317
	Other	295	90
Total current accounts and cash on hand		29,958	31,216
Deposit accounts with an original maturity of three months or less	RUB	21,201	17,543
	Other	135	–
Total deposit accounts with an original maturity of three months or less		21,336	17,543
Total cash and cash equivalents and short-term deposits		51,294	48,759

As at December 31, 2023, restricted cash amounted to RUB 1,982 (2022: RUB 1,513), the allowance for expected credit losses was formed in full. Balances are held by subsidiaries that operate in countries where exchange control apply.

16 Other non-current assets, other payables, other current liabilities and accrued expense and other current assets

Other non-current assets consist of the following:

	December 31, 2023	December 31, 2022
Trade account receivable	–	1,694
Non-current net investments in lease (Note 6.2)	832	–
Loans issued	332	464
Total other non-current assets	1,164	2,158

Other payables and accrued expenses consist of the following:

	December 31, 2023	December 31, 2022
Payables to personnel	10,026	4,396
Accrued vacations	3,375	2,357
Contingent consideration liabilities (Note 24)	526	576
Liabilities of payment systems	1,002	1,945
Liabilities under the contract of assignment of debt*	–	984
Liabilities under cash pooling agreements	1,208	941
Deferred income on loan obligations (Note 24.3)	3,277	46
Accrued expenses	578	164
Liabilities for acquisition of interests in subsidiaries, associates and venture capital investees	3,174	266
Other current liabilities	582	135
Total other payables and accrued expenses	23,748	11,810

16 Other non-current assets, other payables, other current liabilities and accrued expense and other current assets (continued)

Other current assets consist of the following:

	December 31, 2023	December 31, 2022
Advances for single tax account	1,921	–
Other accounts receivable	176	98
Right of claim on compensation for losses (Note 12)	399	–
Advances for financial instruments	271	–
Current net investments in lease (Note 6.2)	60	–
VAT recoverable	–	2,493
Other taxes recoverable	–	630
Assets under a debt assignment agreement*	–	984
Buyout settlements	–	882
Total other current assets	2,827	5,087

* *In 1Q 2023, the corresponding assets and liabilities under the contract of assignment of debt were settled through netting.*

17 Share capital

17.1 Share capital and share issues

The charter capital of the Group consisted of 227,874,940 ordinary shares and 11,500,100 Class A shares with USD 0.000005 par value each as of December 31, 2023, while the number of authorised shares of the Company as of the same date consisted of 10,000,000,000 ordinary shares and 10,000,000,000 Class A shares. 13,238,213 shares of the Company were held in treasury by the Group as of December 31, 2023.

The charter capital of the Company consisted of 227,874,940 ordinary shares and 11,500,100 Class A shares with USD 0.000005 par value each as of December 31, 2022, while the number of authorised shares of the Company as of the same date consisted of 10,000,000,000 ordinary shares and 10,000,000,000 Class A shares. GDRs representing 13,238,213 shares of the Company were held in treasury by the Group as of December 31, 2022.

As of December 31, 2023 and 2022 all issued shares were fully paid.

Rights attached to the share classes as of December 31, 2023 and 2022

The Class A shares and the ordinary shares rank pari passu in all respects, but constitute separate classes of shares, i.e. each and every ordinary share and Class A share has the following rights:

(i) The right to an equal share in any dividend or other distribution paid by the Company to the holders of the shares, pari passu with all other Class A shares and ordinary shares; and, for the avoidance of doubt, any dividend or other distribution may only be declared and paid by the Company to the holders of the Class A shares and the ordinary shares together, and not to the holders of one of those classes of shares only;

(ii) The right to an equal share in the distribution of the surplus assets of the Company pari passu with all other ordinary shares and Class A shares upon the winding up of the Company.

Each Class A share has the right to twenty five votes and each ordinary share has the right to one vote at a meeting of members of the Company or on any resolution of members of the Company.

For additional details on the options over the shares of the Company outstanding as of December 31, 2023 and 2022, refer to Note 28.

17.2 Buyback and sale of own shares

In 4 quarter 2022, Prosus N.V., a shareholder of VK Company Limited (Note 1), withdrew from the shareholders by transferring shares free of charge to the Company. This transaction is accounted for as a buyback of own equity instruments for nil cash consideration.

The Company sold the received shares to Singularity Lab JSC, controlled by the Group's management, for RUB 24,895. The effect of this operation will be reflected in the consolidated financial statements as the actual repayment of receivables from Singularity Lab JSC.

Notes to the Consolidated Financial Statements (continued)

17 Share capital (continued)

17.3 Non-controlling interests

	December 31, 2023	December 31, 2022
Skillbox LLC (Russia)	(1,345)	(1,063)
GeekBrains LLC (Russia)	(844)	(628)
Skillfactory LLC (Russia)	43	(122)
Other	(539)	(334)
Total	(2,685)	(2,147)

18 Revenue

Contract balances comprise trade receivables presented as a separate line item in the consolidated statement of financial position. Contract liabilities comprise deferred revenue and customer advances presented as separate line items in the consolidated statement of financial position.

Detailed information on revenue from contracts with customers for the year ended December 31, 2023 is presented below in accordance with the requirements of IFRS 15:

Segments	Social platforms and media content	EdTech	Technologies for business	Ecosystem services and other business lines	Not allocated	Eliminations	Group
Timing of revenue recognition							
Services transferred at a point in time	72,417	–	8,622	22,739	33	(406)	103,405
Services transferred over time	12,135	15,904	1,057	269	–	–	29,365
Total revenue	84,552	15,904	9,679	23,008	33	(406)	132,770

Detailed information on revenue from contracts with customers for the year ended December 31, 2022 (restated) is presented below in accordance with the requirements of IFRS 15:

Segments	Social platforms and media content	EdTech	Technologies for business	Ecosystem services and other business lines	Not allocated	Eliminations	Group
Timing of revenue recognition							
Services transferred at a point in time	51,989	–	5,581	18,947	31	(752)	75,796
Services transferred over time	10,513	11,222	197	42	–	–	21,974
Total revenue	62,502	11,222	5,778	18,989	31	(752)	97,770

19 Finance income and expenses

Finance income consists of:

	2023	2022
Deferred income on loan obligations	6,086	665
Interest on loans and deposits	4,095	800
Interest on financial lease	53	–
Modification of bond-secured loans	19	5,096
Dividends from venture capital investments	35	–
Total finance income	10,288	6,561

Finance expenses consist of:

	2023	2022
Interest on loans and borrowings	15,797	10,833
Interest on lease liabilities	958	1,180
Bank charges and commissions	1,004	366
Total finance expenses	17,759	12,379

Notes to the Consolidated Financial Statements (continued)

20 Income tax

On July 14, 2022, Federal Law No. 321-FZ *On Amendments to Part Two of the Tax Code of the Russian Federation* ("the Law") was adopted, which expands the list of companies entitled to apply the tax benefits for IT companies. According to this law, the quantitative criterion for the share of IT revenue is reduced from 90% to 70%, which makes it possible to receive tax benefits. The new benefits come into effect for the periods from January 1, 2022 and are enforced until the end of 2024. IT benefits are fully applied by the companies of the Group that meet the criteria for their application, as of December 31, 2023.

On August 4, 2023, Federal Law No. 414-FZ *On Windfall Tax* was adopted. The Law establishes the procedure for determining and paying a one-off tax on excess (windfall) profits. The Law is effective from January 1, 2024.

According to the Law, Russian entities, permanent establishments of foreign entities and foreign entities that are deemed Russian tax residents (subject to a number of exceptions envisaged by the Law) shall file a windfall tax return with the tax authorities before January 25, 2024 and pay windfall tax calculated at a rate of 10% before January 28, 2024.

The tax base for windfall tax is determined as the amount by which the arithmetic mean of profits for 2021-2022 exceeds that for 2018-2019. The Law provides for a number of specific procedures for calculating the tax base, including specific procedures for companies that were members of a consolidated taxpayer group in those periods.

The Law also provides for the option of voluntarily making a "security payment" during the period from October 1 through November 30, 2023. The security payment will form a tax credit that the taxpayer can use to reduce the tax amount. The amount of such tax credit cannot exceed ½ of the amount of tax payable. The tax credit is assumed to be zero if the security payment is refunded (in full or in part) upon the taxpayer's claim.

The Group's management concluded that certain entities within the Group are liable to pay windfall tax. The Group has applied the option of reducing the tax amount by making an security payment. Therefore, in these consolidated financial statements, the Group recognized a windfall tax liability of RUB 104 within both current income tax expense and current tax liability.

The major components of income tax expense in the consolidated statement of comprehensive income for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Current income tax (benefit)/expense	(405)	2,034
Deferred income tax expense/(benefit)	488	237
Total income tax expense/(benefit)	83	2,271

The reconciliation between theoretical income tax and the actual income tax for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Loss before income tax from continuing operations	(34,208)	(29,497)
Profit before income tax from discontinued operations	–	27,858
Loss before income tax	(34,208)	(1,639)
Theoretical tax at domestic rates applicable to individual group entities	(216)	5,971
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Non-deductible expenses	(645)	(2,808)
Non-taxable foreign exchange and other gains	2,326	1,998
Adjustments in respect of current income tax of previous period	6	(48)
Windfall tax	(104)	–
Tax accruals and penalties	232	(1,703)
Unrecognised deferred tax assets	(1,448)	(1,006)
Share of results of equity accounted associates and joint ventures	(1)	(3,320)
Expected credit loss on restricted cash	(16)	(494)
Goodwill impairment	–	(1,933)
Impairment of equity accounted joint ventures	–	(113)
Effect of applying tax benefits	(139)	(1,236)
Effect of profit from sale of subsidiaries	(15)	2,467
Other	(63)	(46)
Total income tax expense	(83)	(2,271)
Total income tax expense from continuing operations	(83)	(3,149)
Total income tax benefit from discontinued operations	–	878

20 Income tax (continued)

Deferred income tax assets and liabilities as of December 31, 2023 and 2022 are summarised below:

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	December 31, 2023	December 31, 2022	2023	2022
Deferred tax liabilities arising from:				
Intangible assets book basis in excess of tax basis	(2,233)	(1,735)	643	1,791
Property and equipment book basis in excess of tax basis	(448)	(396)	–	–
Other	(100)	(10)	(100)	788
Deferred tax liabilities netting	68	34	–	–
Total deferred tax liabilities	(2,713)	(2,107)	543	2,579
Deferred tax assets arising from:				
Tax credit carryforwards	70	401	(402)	(183)
Deferred compensation and accrued employee benefits	155	149	(97)	(741)
Accrued expenses	379	281	(684)	(242)
Revenue recognition	9	9	(5)	(918)
Unrealised intercompany profit	12	51	(30)	(10)
Prepaid expenses	743	1,072	83	–
Other	366	364	104	(722)
Deferred tax assets netting	(68)	(34)	–	–
Total deferred tax assets	1,666	2,293	(1,031)	(2,816)
Net deferred tax assets	(1,047)	186	(488)	(237)

The temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised, aggregate to RUB 73,680 (2022: RUB 91,874).

Deferred tax assets not recognized in the consolidated statement of financial position amounted to RUB 5,258 and RUB 3,777 as of December 31, 2023 and 2022.

Changes in net deferred tax assets/(liabilities) from January 1, 2022 to December 31, 2023 were as follows:

	2023	2022
Total deferred income tax assets, net at January 1	186	3,929
Deferred tax expense	(488)	(237)
Translation reserve	(2)	83
Effect of sale of subsidiaries (Note 13)	(2)	(1,495)
Effect of acquisition of subsidiaries (Note 12)	(741)	(2,094)
Total deferred income tax (liabilities)/assets, net at December 31	(1,047)	186

21 EPS

21.1 Basic EPS

Basic EPS amounts are calculated by dividing earnings/loss for the year attributable to equity holders of the parent by the weighted average number of ordinary and Class A shares outstanding during the year.

	2023	2022
Net loss attributable to equity holders of the Company	(33,716)	(3,144)
Weighted average number of ordinary and class A shares in issue and outstanding	226,150,707	226,146,782
Basic loss per share (RUB per share)	(149)	(14)

21.2 Diluted EPS

Diluted EPS is calculated by adjusting the weighted average number of ordinary and Class A shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and RSUs granted by the Company (collectively forming the denominator for computing the diluted EPS).

21 EPS (continued)

21.2 Diluted EPS (continued)

For share options and RSUs, a calculation is done to determine the number of shares that would have been issued assuming the exercise of the share options and RSUs. The above number is added to the denominator as an issue of ordinary shares for no consideration. Net profit/loss attributable to equity holders of the parent (numerator) is adjusted for the charge that would arise if equity settlement took place.

The calculation of diluted EPS is summarised in the table below:

	2023	2022
Net loss attributable to equity holders of the Company	(33,716)	(3,144)
Adjustment for the gains from cash settled option	–	–
Adjusted net loss attributable to equity holders of the Company	(33,716)	(3,144)
Weighted average number of ordinary and class A shares in issue and outstanding	226,150,707	226,146,782
Effect of equity-settled share based payments of the Company	–	5,809,355
Total diluted weighted average number of shares	226,150,707	231,956,137
Diluted EPS (RUB per share)	n/a	n/a

22 Commitments, contingencies and operating risks

22.1 Operating environment of the Group

Most of the Group's operations are in Russia. Russia continues economic reforms and development of its legal, tax and regulatory frameworks.

Starting in February 2022, the European Union, the United States and a number of other countries introduced new sanctions against a number of Russian companies, individuals and certain sectors of the economy, blocking and freezing of assets, restrictions on interaction with the Russian financial sector, as well as export control mechanisms to limit receipts a wide range of goods and technologies in the Russian Federation. Some international companies announced the suspension of activities in Russia or the cessation of supplies of products to Russia. All this led to increased economic uncertainty and increased volatility in the stock, currency and consumer markets of the Russian Federation.

The Russian Federation also introduced temporary economic restrictive measures aimed at stabilizing the economy and financial system of the country, including a ban on a number of transactions with non-residents and settlements in US dollars and Euros, increasing the key rate of the Bank of Russia, etc. In the second half of 2023, the Bank of Russia raised the key rate from 7.5% to 16% in response to increased volatility in financial markets and rising inflation risks.

As far as the Company's management is aware, neither the Company nor any of its subsidiaries is directly subject to any sanctions announced to date by the US, UK or EU.

The Group continues to monitor the impact of changes in micro- and macroeconomic conditions on its operations and financial results, and regularly reviews its contingency plans. The Consolidated financial statements reflect management's assessment of the impact of the business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

22.2 Taxation

Tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. These changes may be significant and affect the growth of the tax burden in the countries where the Group operates. In February 2023, The European Union decided to add Russia to its blacklist of non-cooperative jurisdictions on tax matters, which may lead to an increase in the tax burden in the countries of the Group's presence. The Group monitors regulatory changes in these countries and assesses the effect of the implementation of measures.

There is a risk of increasing tax liabilities due to unfavorable changes in tax legislation for the Group, ambiguous interpretation by regulatory authorities and challenging transactions and approaches that have not been challenged before. This may lead to additional taxes, fines, penalties, as well as regulations of the tax authorities, the impact of which on the financial statements of the Group may be significant. Tax audits may cover three calendar years of activity immediately preceding the year of the audit. Under certain conditions, earlier periods may also be subject to verification.

The Group estimates that the amount of possible risks associated with the above aspects, which are not required to be recognized in accordance with IFRS, may significantly exceed the amount of income tax, VAT and other taxes payable reflected in the consolidated statement of financial position at the reporting date. This assessment is provided in accordance with the IFRS requirement to disclose information about possible taxes and should not be considered as an assessment of the Group's future tax liability.

22 Commitments, contingencies and operating risks (continued)

22.2 Taxation (continued)

The Group estimates that the decrease of probable risks in the year ended December 31, 2023, associated with the above aspects in the amount of RUB 448 (for the year ended December 31, 2022: RUB 1,536), was stated in the line "Income tax expense" of the consolidated statement of comprehensive income.

22.3 Legal proceedings

The Group has been and continues to be the subject of legal proceedings and adjudications from time to time, none of which has had, individually or in the aggregate, a material adverse impact on the Group. Management believes that the resolution of all current and potential legal matters will not have a material adverse impact on the Group's financial position or operating results.

22.4 Data privacy

To become registered on a website operated by the Group, users have to input their personal data, which is then protected by the Group from access by third parties. Should such data become available to third parties as a result of hackers' attacks, the Group may become a party to litigation from its users. Management believes it takes all necessary steps to reduce the related risk to an acceptable level.

22.5 Intellectual property rights

The Group may be subject to infringement claims from third parties in the future resulting from the technology and intellectual property used in the provision and marketing of its services. If the Group is found liable for infringement, it may be required to pay significant damages, and if it is unable to license or develop non-infringing technology on a timely basis, it may be unable to continue offering the affected services without risk of liability. Similarly, third parties may obtain and use the Group's intellectual property without authorisation. The validity, application, enforceability and scope of protection of intellectual property rights for many Internet-related activities are uncertain and still evolving, which may make it more difficult for the Group to protect its intellectual property and could have a material effect on its business, results of operations and financial condition. The Group has been subject to such proceedings. Although none of them was individually significant, similar potential claims may subject the Group to significant losses in the future, which currently cannot be reliably estimated.

22.6 Development

Possible risks of opportunity to innovate, to provide popular products and services or to react quickly to changes in the market could affect the popularity of the Group's sites and, in turn, could affect the Group's revenue. Potential difficulties in developing competitive products and services which are compatible with new mobile devices could result in a failure to capture a significant share of an increasingly important market.

22.7 Regulation

The Internet and its associated technologies are subject to government regulation. Substantial part of the Group's business is subject to Russian laws.

During 2023, the following laws came into force:

- Law *On Amendments to the Federal Law On Protection of Competition* ("Fifth Antimonopoly Package") in terms of improving antimonopoly regulation of "digital" markets.

  The law establishes a ban for digital platforms on which transactions between sellers and buyers are made (marketplaces and aggregators of goods, if they have a significant impact on adjacent markets and their revenue for the last calendar year exceeds 2 billion roubles) from abuse of dominant position.
- Law *On Amendments to the Code of Administrative Offenses of the Russian Federation* in relation to owners of social networks, which are subject to liability in the form of fines for the following types of violations:
  - up to 1 million roubles for failure to fulfil obligations for the annual publication of reports, posting user documentation and informing users about changes to it, posting an electronic form for requests, as well as information about the owner of the social network and contact information (email);
  - up to 8 million roubles for failure to fulfil obligations to monitor and take measures to limit access to user documentation information;
  - up to 6 million roubles for failure to comply with the regulator's order to carry out monitoring.

22 Commitments, contingencies and operating risks (continued)

22.7 Regulation (continued)

- Law *On Amendments to the Code of Administrative Offenses of the Russian Federation* in relation to the owners of social networks, ABC, news aggregators and ad services:
  - up to 300 thousand roubles for failure to provide/untimely provision/provision of knowingly false data allowing to identify the owner of the service.
- Law *On Amendments to the Code of Administrative Offenses of the Russian Federation* in relation to MFCs, banks and other organizations that place biometrics in the EBS GIS:
  - up to 700 thousand roubles for processing personal data without the written consent of the subject, in cases where it is mandatory;
  - up to 1 million roubles for violation of the requirements for posting and updating biometric personal data in the Unified Biometric System.
- The Laws *On Amendments to the Code of Administrative Offenses of the Russian Federation*, which provide for:
  - Strengthening administrative liability for repeated violations related to manifestations of monopolistic activity in digital commodity markets;
  - The amount of fines for non-compliance with the decisions or instructions of the antimonopoly authorities is significantly increased – up to RUB 1, but not more than 2% of the turnover.
- Law *On Amendments to the Federal Law On Information, Information Technologies and Information Protection and the Law On Communications*.

  Owners of websites, information systems and computer programs operating on the territory of the Russian Federation are required to authorize Russian users in the following ways: by phone number, through the Unified Identification of Identification, through the EBS, as well as an information system owned by a citizen of the Russian Federation or a Russian company.

  Hosting providers are required to notify Roskomnadzor about the start of work, comply with requirements for information protection and interaction with authorized bodies. The provision of hosting services is possible only after users have passed identification and (or) authentication in the prescribed manner.
- Law *On Amendments to the Law On Information, Information Technologies and Information Protection* (in terms of establishing the specifics of providing information using recommendation technologies).

  The law establishes requirements for services that use recommendation systems, in particular, informing users about the use of recommendation technologies, posting the rules for operating recommendation technologies in the service, and others.

  Roskomnadzor has the right to request from the owner of an information resource information related to the use of recommendation technologies, as well as the right to access the work of recommendation technology to assess compliance with established legal requirements.

The following bills are being considered in the State Duma of the Russian Federation:

- Bill *On Amendments to the Criminal Code of the Russian Federation.* The bill provides for criminal liability of up to 2 years of imprisonment for the knowingly illegal use (distribution) of leaked personal data, and up to 10 years of imprisonment for their use for mercenary motives associated with the movement of carriers of compromised personal data outside the Russian Federation.
- Draft law *On Amendments to the Federal Law On Personal Data.* The bill provides for the creation of a GIS, into which government agencies and commercial companies will be required to provide personal data in anonymized form. If it is impossible to anonymize them, personal data must be provided in collected (raw) form. In the future, such data, after depersonalization, is planned to be provided to government agencies and Russian companies developing AI.
- Bill *On Amendments to the Federal Law On Advertising.* According to the bill, advertising distributors are required to allocate at least 20% of the annual volume of advertising distributed to social advertising. Restrictions are being introduced on the display time of advertising in video games (in terms of duration, total duration and compliance of advertising with the age category of the game).
- Bills *On Amendments to the Code of Administrative Offenses of the Russian Federation*, which provide for:
  - establishment of differentiated fines for leakage of personal data (depending on the volume of leakage), up to 3% of the annual turnover of a legal entity;
  - increasing the existing liability for illegal processing of biometric personal data to 700 thousand roubles.

22 Commitments, contingencies and operating risks (continued)

22.8 Personnel

As competition in Russia's internet industry increases, the Group's business and operations could be adversely affected by difficulties in hiring, motivating and retaining highly-skilled people. Competition for senior managers is high. One or more could join a competitor, or set-up a competing company, with the result that operations and profitability could be affected by a loss of strategic direction, users, know-how and additional staff.

22.9 Infrastructure and capacity

If the infrastructure in Russia were not able to support increased demand, the Group's services could be interrupted or the Group's systems damaged. A limited availability of third-party providers of network and server capacity could limit the Group's ability to offer certain services or to expand. Network or power failures could result in the loss of data and in a reduction in the number of users, which could have a material effect on the Group's business, results of operations and financial condition.

22.10 Fund commitment

In April 2020 the Group entered into the venture capital fund MVOF L.P. (the Fund) as a limited partner. The purpose of the Fund is to carry on the business of investing and, in particular, of identifying, negotiating, making, monitoring the progress of and realising, exchanging or distributing investments. Main investment areas and geographic focus are the sectors of consumer internet, foodtech, EdTech, fintech, AI and modern software, and any other sectors which are generally complementary to such identified sectors in developed markets outside Russia. The Group has right to the share in the financial results of the Fund's investments in the proportion of its participation.

The Group does not control or exercise significant influence over the Fund according to IFRS criteria as the Group does not manage relevant activities of the Fund. Investments in the Fund are accounted for as financial assets at fair value through profit or loss.

As of December 31, 2023, the Group did not have remaining capital commitments (as of December 31, 2022 the total remaining capital commitments of the Group was RUB 5,767 (USD 82)).There were no contributions to the Fund's capital for the years ended December 31, 2023 and December 31, 2022.

Capital contributions to the Fund are made quarterly based on the capital call notices. Anticipated lifetime of the Fund is 10 years.

For the purposes of estimating the fair value of an investment in the MVOF L.P. venture fund, the Group takes into account the current characteristics of the asset, as well as the possibility of exiting the asset. At the moment there is a significant uncertainty about the ability to obtain future economic benefits from holding or selling the asset, and therefore the Group has decided to estimate the fair value of the investment in the fund at 0 (Note 24).

23 Balances and transactions with related parties

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year ended December 31, 2023, excluding Directors and key management of the Group (see Notes 23.1 and 23.2). All related party transactions were made in accordance with contractual terms and conditions agreed between the parties.

The Group applies the exemption from the disclosure requirements of IAS 24 *Related Parties*, paragraph 18, in relation to related party transactions and outstanding balances with:

- A government that has control or joint control of, or significant influence over, the reporting entity; and
- Another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.

23 Balances and transactions with related parties (continued)

	December 31, 2023		December 31, 2022	
	Amounts owed by related parties	Amounts owed to related parties	Amounts owed by related parties	Amounts owed to related parties
Trade accounts receivable and Trade and other payable				
Equity accounted associates	45	30	75	27
Joint ventures	646	159	587	569
Entities with significant influence over the Group including government related entities	2,373	723	1,003	410
Loans issued and Loans received				
Equity accounted associates	175	–	109	–
Joint ventures	–	–	231	–
Entities with significant influence over the Group including government related entities	–	154,252	–	90,620
Advance under office lease contracts				
Entities with significant influence over the Group and government related entities	310	–	92	–

	2023		2022	
	Sales to related parties	Purchases from related parties	Sales to related parties	Purchases from related parties
Sales and Purchases				
Equity accounted associates	270	115	158	85
Joint ventures	861	–	3,596	382
Entities with significant influence over the Group including government related entities	6,914	2,885	2,215	1,294

	2023		2022	
	Finance income	Finance expenses	Finance income	Finance expenses
Finance income and expenses				
Entities with significant influence over the Group including government related entities	6,086	14,233	–	2,575

	2023		2022	
	Cash balances on current accounts	Cash balances on deposit accounts	Cash balances on current accounts	Cash balances on deposit accounts
Cash balances				
Cash balances on current and deposit accounts with government related banks	27,250	16,954	28,583	15,730

	2023		2022	
	Lease liabilities at the end of the year	Lease payments during the year	Lease liabilities at the end of the year	Lease payments during the year
Lease				
Lease transactions with government related entities	3,855	1,690	2,807	2,901

As of December 31, 2023, the Russian Federation has significant influence over Sogaz as one shareholder of MF Technologies and controls the other group of shareholders of MF Technologies.

Decisions over MF Technologies' relevant activities require consent of both groups of shareholders.

23.1 Directors of the Company

For the year ended December 31, 2023, total cash remuneration of the members of the Board of Directors (each a "Director" and collectively, "Directors") of the Company amounted to RUB 139 (2022: RUB 131).

For the year ended December 31, 2023, no options over the shares of the Company were granted to Directors (2022: nil).

For the year ended December 31, 2023, no PSUs were forfeited by Directors (2022: 55,000 PSUs), and did not exercise any PSUs/RSUs over shares of the Company (2022: nil).

For the year ended December 31, 2023, there was no corresponding share-based payment expense (2022: negative RUB 29).

23 Balances and transactions with related parties (continued)

23.2 Key management of the Group

For the year ended December 31, 2023 total cash remuneration of the key management of the Group (excluding Directors) amounted to RUB 3,196 (2022: RUB 1,959).

For the year ended December 31, 2023, no PSUs/RSUs or options were granted to key executive employees of the Group (excluding Directors) (2022: nil).

For the year ended December 31, 2023, key management of the Group (excluding Directors) forfeited 670,350 PSUs (2022: 2,036,100) and did not exercise any PSUs/RSUs and options (2022: nil).

For the year ended December 31, 2023, the corresponding share-based payment expense amounted to negative RUB 2,464 (2022: RUB 1,628).

24 Financial instruments

As of December 31, 2023 and December 31, 2022, the Group's financial instruments are presented by category in the table below:

	Category*	December 31, 2023	December 31, 2022
Financial assets at fair value through profit and loss			
Non-current			
Financial investments in venture capital investees	FAFVPL	471	118
Financial derivative under lease contract	FAFVPL	–	232
Financial assets at amortised cost			
Non-current			
Loans issued	FAAC	332	464
Other trade accounts receivable**	FAAC	–	1,694
Current			
Trade accounts receivable	FAAC	64,175	64,272
Loans issued and interest receivable	FAAC	3,193	3,029
Cash and cash equivalents	FAAC	51,294	48,759
Financial lease			
Net investment lease, long-term	Other	832	–
Net investment lease, short-term	Other	60	–
Total financial assets		120,357	118,568

	Category*	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit and loss			
Current			
Contingent consideration payable	FLFVPL	526	576
Financial liabilities at fair value through profit or loss	FLFVPL	2,443	4,806
Deferred consideration for the acquisition of a subsidiary's non-controlling interest	FLFVPL	415	–
Non-current			
Financial liabilities at fair value through profit or loss	FLFVPL	3,948	3,982
Financial liabilities at amortised cost			
Current			
Trade accounts payable	FLAC	20,482	17,121
Other payables and accrued expenses	FLAC	23,222	11,234
Short-term portion of long-term interest-bearing loans and bonds	FLAC	52,954	88,742
Short-term lease liabilities	FLAC	3,725	3,216
Non-current			
Long-term interest-bearing loans and bonds	FLAC	115,208	35,775
Deferred income on loan liabilities	FLAC	12,442	–
Non-current lease liabilities	FLAC	5,929	7,292
Total financial liabilities		241,294	172,744

* *Financial instruments used by the Group are included in one of the following categories:*

- *FAFVPL – financial assets at fair value through profit or loss;*
- *FLFVPL – financial liabilities at fair value through profit or loss;*
- *FAAC – financial assets at amortised cost; or*
- *FLAC – financial liabilities at amortised cost.*

** *Long-term other trade accounts receivable are represented by the debt of the disposed subsidiaries of the "Games" segment (Note 13) to the Group for software.*

24 Financial instruments (continued)

None of the Group's financial investees are public companies and none of the Group's financial instruments are traded in active markets. Accordingly, fair values of the Group's financial assets and liabilities at fair value through profit or loss are determined using valuation techniques, including discounted cash flow models, comparison to similar instruments for which observable market prices exist, option pricing models and other relevant valuation models. Such valuation techniques require management to make certain assumptions about model inputs, including credit risk and volatility.

Fair value of cash and cash equivalents, short-term time deposits, short-term accounts receivable, other current assets, trade accounts payable approximate their carrying amounts largely due to the short-term maturities of these instruments.

24.1 Financial assets at amortised cost

The Group classifies the following financial assets at amortised cost:

- The asset is held within a business model with the objective of collecting the contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding;
- Trade account receivable; and
- Cash and cash equivalents.

24.2 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2023 and December 31, 2022, the Group held the following financial instruments measured at fair value through profit or loss:

	December 31, 2023	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss				
Financial investments in venture capital investees	471	–	–	471
Financial derivative under lease contract	–	–	–	–
Total financial assets measured at fair value through profit or loss	471	–	–	471
Financial liabilities measured at fair value through profit or loss				
Non-current financial derivative on put options over non-controlling interests of the Group's subsidiary	3,948	–	–	3,948
Current financial derivative on put options over non-controlling interests of equity accounted associate	2,443	–	–	2,443
Deferred consideration for the acquisition of a subsidiary's non-controlling interest	415	–	–	415
Contingent consideration payable	526	–	–	526
Total financial liabilities measured at fair value through profit or loss	7,332	–	–	7,332

	December 31, 2022	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss				
Financial investments in venture capital investees	118	–	–	118
Financial derivative under lease contract	232	–	–	232
Total financial assets measured at fair value through profit or loss	350	–	–	350
Financial liabilities measured at fair value through profit or loss				
Non-current financial derivative on put options over non-controlling interests of the Group's subsidiary	3,982	–	–	3,982
Current financial derivative on put options over interests of equity accounted associate	4,806	–	–	4,806
Contingent consideration payable	576	–	–	576
Total financial liabilities measured at fair value through profit or loss	9,364	–	–	9,364

Notes to the Consolidated Financial Statements (continued)

24 Financial instruments (continued)

24.2 Fair value hierarchy (continued)

The balance of financial assets and liabilities at fair value through profit or loss measurements as of January 1, 2023 is reconciled to the balance of those measurements as of December 31, 2023 and as of January 1, 2022 and December 31, 2022:

	Balance as of January 1, 2023	Gains/(losses) recognised in profit and loss	Purchases/ settlement	Business combination (Note 12)	Acquisition of non-controlling interests	Balance as of December 31, 2023
Financial assets measured at fair value through profit or loss						
Financial investments in venture capital investees	118	145	243	(35)	–	471
Non-current convertible loans	–	–	58	(58)	–	–
Financial assets and derivatives under lease contracts	232	–	(232)	–	–	–
Total financial assets at fair value through profit or loss	350	145	69	(93)	–	471
Financial liability measured at fair value through profit or loss						
Non-current financial derivative on put options over non-controlling interests of the Group's subsidiary	(3,982)	(1,958)	–	(172)	2,164	(3,948)
Current financial derivative on put options over interests of equity accounted associate	(4,806)	(250)	–	2,613	–	(2,443)
Contingent consideration payable	(576)	(23)	73	–	–	(526)
Deferred consideration for the acquisition of a subsidiary's non-controlling interest	–	248	–	–	(663)	(415)
Total financial liabilities measured at fair value through profit or loss	(9,364)	(1,983)	73	2,441	1,501	(7,332)

During 2023, the Group signed a number of agreements as a result of which the Group recognized an increase of its share in Skillfactory LLC from 63.76% to 100%. The total deal amount was RUB 863 including cash paid in 3Q 2023 in the amount of RUB 200, and a floating forward contract was signed for the acquisition for the rest of the share.

The Group derecognized a non-current financial derivative on put option over non-controlling interest in Skillfactory LLC in the amount of RUB 2,164.

	Balance as of January 1, 2022	Gains/(losses) recognised in profit and loss	Purchases/ settlement	Reclassification from non-current to current	Disposal group (Note 13)	Balance as of December 31, 2022
Financial assets measured at fair value through profit or loss						
Financial investments in venture capital investees	5,992	(5,842)	21	–	(53)	118
Non-current convertible loans	585	(460)	478	(147)	(456)	–
Current convertible loans	–	(90)	71	147	(128)	–
Financial assets and derivatives under lease contracts	326	(94)	–	–	–	232
Total financial assets at fair value through profit or loss	6,903	(6,486)	570	–	(637)	350
Financial liability measured at fair value through profit or loss						
Non-current financial derivative on put options over non-controlling interests of the Group's subsidiary	(660)	(1,372)	(1,950)	–	–	(3,982)
Current financial derivative on put options over interests of equity accounted associate	–	(3,795)	(1,011)	–	–	(4,806)
Contingent consideration payable	(943)	367	–	–	–	(576)
Conversion option of the bonds issued	(219)	219	–	–	–	–
Total financial liabilities measured at fair value through profit or loss	(1,822)	(4,581)	(2,961)	–	–	(9,364)

Notes to the Consolidated Financial Statements (continued)

24 Financial instruments (continued)

24.3 Interest-bearing loans and bonds

The table below represents the major loans and bonds as of December 31, 2023 and December 31, 2022:

Type	Original currency	Type of rate	Average nominal interest rate	Maturity date	Outstanding amount as of December 31, 2023	Outstanding amount as of December 31, 2022
Unsecured loans	RUB	Fixed	7.21%	2024	4,414	10,490
Unsecured and secured loans	RUB	Floating		2024-2029	89,472	81,454
Unsecured loans	USD	Fixed	2.75%	2024-2027	1,290	7,171
Unsecured loans	EUR	Fixed	2.83%	2027	196	238
Bonds	USD	Fixed	1.63%	On demand	9,913	9,836
Convertible bonds	USD	Fixed	1.63%	2025	2,653	–
Bonds	RUB	Fixed	4.25%	2026-2028	60,224	15,328
Total interest-bearing loans and bonds					168,162	124,517

Movements in loans and bonds, including related interest, for the years ended December 31, 2023 are presented below:

	January 1, 2023	Principal amount, proceeds	Principal amount, repayment	Interest, accruals, discounting	Interest, repayment	Reclassification from non-current to current	Foreign exchange differences	Deferred income on loan obligations	Modification of financial liabilities	Recognition of loans as a result of disposal of a subsidiary	Other	December 31, 2023
Current												
Interest bearing loans	78,880	–	(6,631)	10,156	(3,679)	(34,184)	202	(4,360)	–	–	–	40,384
Private placement bonds	–	–	–	3,193	(898)	–	–	–	–	–	–	2,295
MOEX replacement bonds	–	–	–	11	–	–	–	–	–	–	23	34
LSE convertible bonds	9,841	–	(68)	186	(67)	(2,843)	2,906	–	(19)	–	(23)	9,913
MOEX bonds	–	–	–	1,182	(1,182)	328	–	–	–	–	–	328
Other borrowings	21	3	(24)	2	(2)	–	–	–	–	–	–	–
Non-current												
Interest bearing loans	20,447	4,464	(7,747)	1,067	–	34,184	2,534	–	–	39	–	54,988
Private placement bonds	–	60,000	–	–	–	–	–	(17,399)	–	–	–	42,601
LSE convertible bonds	–	–	–	–	–	2,843	(224)	–	–	–	–	2,619
MOEX bonds	15,328	–	–	–	–	(328)	–	–	–	–	–	15,000
Total liabilities from financing activities	124,517	64,467	(14,470)	15,797	(5,828)	–	5,418	(21,759)	(19)	39	–	168,162

In 2Q 2023, the Group issued interest-bearing non-convertible bonds par value RUB 60,000 with a maturity period of 5 years by private placement. The Group will apply received funds toward the realization of its strategy, development of its current services and launch of new products. In accordance with IAS 20, the Group recognized a deferred income on loan obligations the amount of RUB 17,399.

Movements in loans and bonds, including related interest, for the years ended December 31, 2022 are presented below:

	January 1, 2022	Principal amount, proceeds	Principal amount, repayment	Interest, accruals, discounting	Interest, repayment	Reclassification from non-current to current	Foreign exchange differences	Other	Modification of financial liabilities	Recognition of loans as a result of disposal of a subsidiary	Recognition of loans resulting from the acquisition of a subsidiary (Note 9)	December 31, 2022
Current												
Interest bearing loans	7,056	10,394	(18,220)	3,368	(2,601)	76,481	171	(711)	–	1,616	1,326	78,880
LSE convertible bonds	–	–	(11,425)	272	–	33,974	(7,884)	–	(5,096)	–	–	9,841
Other borrowings	22	14	(15)	6	(6)	–	–	–	–	–	–	21
Non-current												
Interest bearing loans	9,485	71,818	(538)	202	–	(76,481)	1,160	–	–	5,104	9,697	20,447
LSE convertible bonds*	25,996	–	–	5,813	–	(33,974)	2,165	–	–	–	–	–
MOEX bonds	15,329	–	–	1,181	(1,182)	–	–	–	–	–	–	15,328
Total liabilities from financing activities	57,888	82,226	(30,198)	10,842	(3,789)	–	(4,388)	(711)	(5,096)	6,720	11,023	124,517

* *Accrued interest on LSE convertible bonds includes RUB 403 interest expense and RUB 5,410 finance expense.*

Due to the fact that the LSE convertible bonds liability of USD 405, where USD 400 – principal amount, 5 – interest payable, measured at amortised cost with effective interest rate of 5.5% (nominal interest rate is 1.625%) was reclassified from non-current to "on demand" category, the Group recognised finance expense of RUB 5,410.

During 2022, the Group repurchased part of the convertible bonds (nearly 66%) traded on the London Stock Exchange at a discount. As a result, the Group recognised income from modification of financial liabilities in the amount of RUB 5,096 as part of financial income.

24 Financial instruments (continued)

24.3 Interest-bearing loans and bonds (continued)

Bonds refunding

In October 2023, a company of the Group, Mail.Ru Finance LLC, placed "replacement" bonds on MOEX – Russian bonds repeating certain terms of the VK Company Limited Eurobonds, with a maturity date of October 1, 2025, interest rate – 1.625% , ISIN code – XS2239639433 (hereinafter – Eurobonds). Payment for the replacement bonds was made using Eurobonds within the Russian depository infrastructure. The replacement was made in the amount of USD 29.2, which is 7.3% of the originally issued Eurobonds.

The rest of the Eurobonds, which remain debt to foreign holders and are classified as "on demand". The terms of the replacement bonds are similar to the terms of the Eurobonds in terms of the amount of income on the bonds, the period for payment of such income, the maturity of the bonds and their nominal value.

Settlements on replacement bonds are made in Russian roubles at the Bank of Russia exchange rate on the date of the corresponding payment.

Obligations to service Eurobonds, which are accounted for in the Russian Federation, if the holders of such Eurobonds have not replaced them as part of the placement of replacement bonds of the Company, are currently fulfilled in accordance with the requirements of Decree of the President of the Russian Federation dated July 5, 2022 #430 *On Repatriation by Residents – Participants in Foreign Economic Activity Foreign Currency and the Currency of the Russian Federation* and the Decision of the Board of Directors of the Bank of Russia dated December 23, 2022 in full.

24.4 Loans issued

During 2023, the Group did not issue any individually significant loans.

In January 2022, the Group granted loans to O2O JV in the amount of RUB 5,000 at the interest rate of 9.25% with maturity in February of 2022.

In February 2022, the Group converted loans receivable of RUB 5,000 and interest receivable of RUB 25 into the share capital of O2O JV.

In July 2022, the Group granted loans to O2O JV in the amount of RUB 858 at the interest rate of 12% with maturity in August of 2022.

In August 2022, the Group converted loans receivable of RUB 858 and interest receivable of RUB 5 into the share capital of O2O JV. The Group's share in the JV remained unchanged as the other investor also converted its loans receivable from the JV to the share capital in the same amount.

In August 2022, the Group granted loans to Delivery Club LLC in the amount of RUB 1,475 at the interest rate of 12% with maturity in November of 2022.

25 Personnel expenses

Personnel expenses for years ended December 31, 2023 and 2022 consist of:

	2023	2022
Salary and related taxes	38,953	25,444
Share-based payments*	1,110	5,060
Provisions and other expenses	15,798	8,343
Total personnel expenses	55,861	38,847

* *In April, September and December 2023 the Group decided to make a replacement award offer to its employees holding RSUs or PSUs over the shares of the Company. The Group offered to replace RSUs/PSUs vesting in 2023 with rights to receive cash in the amount of RUB 2,198 (2022: RUB 2,581).*

For the year ended December 31, 2023, the Group recognized expenses in the amount of RUB 1,253 (2022: RUB 1,980) in connection with the change in the form of remuneration. In addition, for the year ended December 31, 2023, the Group recognized income in the amount of RUB 143 (2022: RUB 3,079) for share-based payments settled in equity instruments.

Based on IFRS 2 requirements, the Group has reclassified the fair value of PSUs/RSUs and options modification from equity settled to cash settled, total amount was RUB 945 for the year ended December 31, 2023 (for the year ended December 31, 2022: RUB 600).

26 Other operating expenses

Other operating expenses for the years ended December 31, 2023 and 2022 consist of:

	2023	2022
VAT and other taxes*	2,280	1,716
Change of expected credit loss allowance on trade receivables	1,500	72
Cost of sales	1,773	1,102
Travel expenses	727	274
Corporate events	953	354
Office maintenance	729	630
Charity	466	157
Security	118	106
Other operating expenses	1,026	644
Other operating expenses	9,572	5,055

* *As of December 31, 2023, the Group updated the assessment of tax risks and recognised expenses for VAT and other taxes of RUB 413 (2022: RUB 992) and also expenses for non-recoverable VAT write-off in the amount of RUB 585 (2022: RUB 80). In addition, the Group recognised RUB 1,121 (2022: RUB 1,143) expenses related to write-off of input VAT due to 5% limit established by the Tax Code of the Russian Federation.*

27 Financial risk management objectives and policies

27.1 Introduction

The Group's principal financial liabilities mainly comprise interest-bearing loans and bonds, contingent consideration liability and trade accounts payable. The main purposes of these financial liabilities are to finance the Group's operations and, in the case of the contingent consideration, a business acquisition. The Group has short-term receivables, short-term time deposits, cash and cash equivalents and other current financial assets that arise directly from the Group's operations.

The Group also has a venture capital investment portfolio consisting of equity investments in Internet start-ups and smaller Internet companies and derivative contracts over the equity of the Group's venture capital investees.

The Group's senior management is responsible for identifying and controlling risks. These activities are supervised by the Board of Directors, the Group's governing body that is ultimately responsible for the Group's overall approach to risk management. The Board of Directors is developing risk management policies covering the following major aspects: identification and analysis of the risks the Group faces, setting appropriate risk limits and controls, and monitoring risks and adherence to limits. Risk management procedures and systems are contemplated to be reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

The Group's Audit, Risk, Compliance and Sustainable Development Committee has been established to oversee, inter alia, how management monitors compliance with the Group's risk management practices and procedures when these are approved by the Board of Directors.

27.2 Liquidity and financial resources

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group monitors its risk of a shortage of funds using a liquidity planning tool. Management regularly monitors projected and actual cash flow information, analyzes the repayment schedules of the existing financial assets and liabilities and performs annual detailed budgeting procedures.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of operating cash flows, bank loans and overdrafts. Other financial liabilities of the Group are mostly represented by trade payables with maturity less than one year.

The contractual maturities of the Group's financial liabilities are presented below:

Year ended December 31, 2023	Carrying amount	Contractual cash flows	Less than 3 months	3 to 12 months	1 to 3 years	> 3 years
Short-term and long-term interest-bearing loans and bonds	168,162	226,214	15,620	51,018	67,552	92,024
Trade accounts payable	20,482	20,482	20,482	–	–	–
Current and non-current lease liabilities	9,654	11,357	1,094	2,688	5,432	2,143
Contingent consideration liabilities	526	526	526	–	–	–
Other payables, accrued expenses	23,222	23,222	23,222	–	–	–
Total financial liabilities	222,046	281,801	60,944	53,706	72,984	94,167

27 Financial risk management objectives and policies (continued)

27.2 Liquidity and financial resources (continued)

Year ended December 31, 2022	Carrying amount	Contractual cash flows	Less than 3 months	3 to 12 months	1 to 3 years	> 3 years
Short-term and long-term interest-bearing loans and bonds	124,517	154,687	4,915	10,432	79,295	60,045
Trade accounts payable	17,121	17,121	17,121	–	–	–
Current and non-current lease liabilities	10,508	13,287	1,024	2,354	5,657	4,252
Contingent consideration liabilities	576	576	576	–	–	–
Other payables, accrued expenses	11,234	11,234	11,234	–	–	–
Total financial liabilities	163,956	196,905	34,870	12,786	84,952	64,297

27.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Financial assets, which potentially subject the Company and its subsidiaries and associates to credit risk, consist principally of cash and cash equivalents, short-term time deposits, short-term receivables and convertible loans. The total of these account balances represents the Group's maximum exposure to credit risk.

The Group places its cash and cash equivalents with highly rated financial institutions, which are considered at the time of deposit to have minimal risk of default. The Group does not require collateral or other security to support the financial instruments subject to credit risk.

As of December 31, 2023, accounts receivable from the two largest customers collectively represented 13.5% of total trade accounts receivable of the Group (as of December 31, 2022: 22.7%). No customer accounted for more than 10% of revenue in 2023 or 2022. The Group provides credit payment terms to its customers in accordance with market practices and based on thorough review of the customer's profile and creditworthiness. Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss beyond the allowance already recorded.

27.4 Capital management policy

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions.

27.5 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The market risks the Group is exposed to comprise two types of risk: currency risk (Note 27.6) and equity risk. The Group's financial instruments affected by market risk include payables, cash and cash equivalents, short-term time deposits, financial investments in associates and derivative financial instruments. The Group's equity risk arises from uncertainties about future values of the investment into unlisted securities.

27.6 Foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in USD and EUR exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	(Negative)/positive effect on profit before tax
2023	' +30%	5,272
	' -10%	(1,757)
2022	' +25%	4,853
	' -25%	(4,853)

	Change in EUR rate	(Negative)/positive effect on profit before tax
2023	' +30%	351
	' -10%	(117)
2022	' +25%	(244)
	' -25%	244

28 Share-based payments

28.1 Share-based payment arrangements of the Company and its subsidiaries

28.1.1 Option/RSU/PSU plans VK International Public Joint-Stock Company

During 2023 and 2022, the Company had the following unrealized option/RSU plans:

	2010 Option Plan	2015 RSU Plan	2017 RSU Plan	2021 PSU Plan
Adoption date	November 2010	February 2015	November 2017	March 2021
Type of shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares
Number of options or RSU reserved	10,706,403	5,795,500	7,202,471	12,150,000
Exercise price	Granted: • Prior December 31, 2011 – USD 19.60 • Since December 31, 2011 – USD 17.50	–	–	• 0 • 20 USD
Exercise basis	Prior to November 2011 – net share basis only Since November 2011 – net share basis or cash at the Group's discretion	Shares or cash at the Group's discretion	Shares or cash at the Group's discretion	Shares or cash at the Group's discretion
Expiration date	December 2022	December 2022	December 2026	December 2030
Vesting period	Generally 4 years	Generally 4 years	Generally 4 years	Generally 4 years following the performance Year in which PSUs are granted
Other major terms	• The options are not transferrable • All other terms of the options under the 2010 Option Plan are to be determined by the Company's Board of Directors or Remuneration Committee	• The RSUs are not transferrable • All other terms of the options under the 2015 RSU Plan are to be determined by the Company's Board of Directors or Remuneration Committee	• The RSUs are not transferrable • Performance conditions • Immediate vesting due to change of ultimate controlling party • All other terms of the options under the 2017 RSU Plan are to be determined by the Company's Board of Directors or Remuneration Committee	• The PSUs are not transferrable • Performance conditions • Continuous employment • All other terms of the options under the 2021 PSU Plan are to be determined by the Company's Board of Directors or Remuneration Committee

28.1.2 Changes in outstanding options VK International Public Joint-Stock Company

The table below summarises the number and weighted average exercise prices (WAEP) of and movements in share options and RSUs/PSUs in 2023 and 2022 for the Company:

	Number of options/RSU/PSU	WAEP
Outstanding as of December 31, 2021	10,265,098	2.31
Exercisable as of December 31, 2021	2,101,800	12.43
Available for grant as of December 31, 2021	5,858,244	0.72
Granted during the year	209,736	0.06
Exercised during the year	20,000	27.96
Cancelled during the year	2,046,536	21.09
Forfeited during the year	2,453,975	16.07
Outstanding as of December 31, 2022	5,954,323	10.56
Exercisable as of December 31, 2022	2,176,267	16.76
Available for grant as of December 31, 2022	10,149,019	0.83
Granted during the year	–	–
Exercised during the year	–	–
Cancelled during the year	2,622,467	11.51
Forfeited during the year	1,266,890	15.78
Outstanding as of December 31, 2023	2,064,966	15.58
Exercisable as of December 31, 2023	1,121,925	14.37
Available for grant as of December 31, 2023	14,038,376	2.28

In 2023 and 2022, the weighted-average share price for exercised options and RSUs/PSUs was USD 3.54 and USD 22.03, respectively.

Notes to the Consolidated Financial Statements (continued)

28 Share-based payments (continued)

28.1 Share-based payment arrangements of the Company and its subsidiaries (continued)

The range of exercise prices for options and RSUs/PSUs outstanding as of December 31, 2023 and 2022 is presented in the table below:

Exercise price	December 31, 2023	December 31, 2022
–	420,986	416,375
17.5	255,700	508,117
19.6	190,080	538,175
20	1,198,200	1,891,600

28.1.3 Valuations of share-based payments VK International Public Joint-Stock Company

The valuations of all equity-settled options and RSU/PSU granted during 2023 and 2022 are summarised in the table below:

Option plan / grant date	Number of options	Share price (USD)	Fair value, total (million RUB)	Fair value per option/RSU (RUB)
2021 PSU Plan / 2022	209,736	0.86	59	282

The valuations of all cash-settled options as of December 31, 2023 are summarised in the table below:

Number of options	Dividend yield %	Volatility, %	Risk-free interest rate, %	Expected term, years	Share price (USD)	Fair value, total (million RUB)	Fair value per option (RUB)	Valuation method
387,230	0%	32%	1.04%	n/a	11.59	–	–	Binomial model

The valuations of all cash-settled options as of December 31, 2022 are summarised in the table below:

Number of options	Dividend yield %	Volatility, %	Risk-free interest rate, %	Expected term, years	Share price (USD)	Fair value, total (million RUB)	Fair value per option (RUB)	Valuation method
387,230	0%	32%	1.04%	n/a	11.59	–	–	Binomial model

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options/RSUs/PSUs is indicative of future trends, which may not necessarily be the actual outcome.

28.2 Share-based payment arrangements of Skillbox Holding Limited

28.2.1 Option plans Skillbox Holding Limited

In 2023 and 2022, Skillbox Holding Limited has the following unrealized option plans for the management and directors of the company:

	Option plan A	Option plan B	Option plan C
Adoption date	October 1, 2021	October 1, 2021	October 1, 2021
Type of shares	Ordinary shares	Ordinary shares	Ordinary shares
Number of options	2,588,235	2,588,235	2,588,236
Exercise price	0.1	254	254
Currency	EUR	RUB	RUB
Exercise basis	Shares	Shares	Shares
Expiration date	December 31, 2031	December 31, 2031	December 31, 2031
Vesting period	1 part – granting date 2 part – 1 year from granting date 3 part – 2 years from granting date 4 part – 3 years from granting date 5 part – 4 years from granting date	1 part – vesting condition is linked with increase of market price and certain operating results 2 part – 1 year from the date when vesting condition for 1 part of option plan are met 3 part – 2 years from the date when vesting condition for 1 part of option plan are met 4 part – 3 years from the date when vesting condition for 1 part of option plan are met 5 part – 4 years from the date when vesting condition for 1 part of option plan are met	1 part – vesting condition is linked with increase of market price and certain operating results 2 part – 1 year from the date when vesting condition for 1 part of option plan are met 3 part – 2 years from the date when vesting condition for 1 part of option plan are met 4 part – 3 years from the date when vesting condition for 1 part of option plan are met 5 part – 4 years from the date when vesting condition for 1 part of option plan are met

28 Share-based payments (continued)

28.2 Share-based payment arrangements of Skillbox Holding Limited (continued)

28.2.2 Outstanding options Skillbox Holding Limited

The table below summarises the number and weighted average exercise prices (WAEP) of and movements in share options of Skillbox Holding Limited in 2023:

	Number of options	WAEP (EUR)	WAEP (RUB)
Outstanding as of December 31, 2022	7,482,270	0.1	254
Granted during the year	1,024,597	n/a	n/a
Forfeited during the year	5,463,529	0.1	254
Outstanding as of December 31, 2023	994,144	0.1	254
Exercisable as of December 31, 2023	345,644	0.1	254
Available for grant as of December 31, 2023	569,494	0.1	254

The range of exercise prices for options outstanding as of December 31, 2023 is presented in the table below:

Currency	Exercise price	December 31, 2023	December 31, 2022
EUR	0.1	2,018,741	2,545,448
RUB	254	–	2,348,586
RUB	254	–	2,588,236

28.2.3 Valuations of share-based payments Skillbox Holding Limited

The valuations of all equity-settled options for Skillbox Holding Limited granted in 2023 and 2022 are summarised in the table below:

	Option plan 2	Option plan 3
Grant date	July 1, 2022	July 1, 2022
Number of options	585,257	213,360
Exercise price	254	254
Currency	RUB	RUB
Expiration date	December 31, 2031	December 31, 2031
Option pricing model	Black-Scholes model	Black-Scholes model
Stock price	–	–
Expected volatility	52.40%	52.40%
The risk-free interest rate	8.30%	8.30%
Expected dividends	not expected	not expected
Fair value per option (RUB)	41-48	41-48
Fair value, total (RUB thousand)	25,988	9,474

For the year ended December 31, 2023, the Group recognised RUB 107 income related to equity-settled share-based payment (2022: RUB 378). The expense was included in "Personnel expenses" in the consolidated statement of comprehensive income.

28.3 Share-based payment expense

For the year ended December 31, 2023, the Group recognised RUB 1,110 in share-based payment expenses (2022: RUB 5,186),The expense was included under "Personnel expenses" in the consolidated statement of comprehensive income.

29 Events after the reporting period

In February 2024 the Group executed a call option to acquire 16.3% of the non-controlling interest in Medium Quality Production LLC.

In February 2024 the Group paid off a deferred consideration in the amount of RUB 1,200 for the acquisition of YClients.

In February 2024 the Bank of Russia revoked the banking license of Qiwi Bank JSC. The management believes that this event will not have a significant impact on the Group.