

VK IPJSC

Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2024



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Report on Review of Interim Financial Information

To the shareholders and Board of Directors of
VK IPJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of VK IPJSC and its subsidiaries (the Group), which comprise the interim condensed consolidated statement of financial position as of June 30, 2024, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six-month period then ended, and selected explanatory notes ("interim consolidated financial information").

Management of VK IPJSC is responsible for the preparation and presentation of this interim consolidated financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Emphasis of matter

We draw attention to Note 2.1 "Going concern" in the interim condensed consolidated financial statements, which indicates that for the six-month period ended June 30, 2024 the Group incurred net loss in the amount of 24,617 million Russian Rubles, and the amount of short-term liabilities exceeded the amount of current assets as of June 30, 2024 by 37,196 million Russian Rubles. As stated in Note 2.1 "Going concern" to the interim condensed 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 conclusion is not modified in respect of this matter.



Ustimenko Anton Sergeevich
Partner
TSATR – Audit Services Limited Liability Company

August 7, 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, 75.
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 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.

Interim Condensed Consolidated Statement of Financial Position

As of June 30, 2024

(in millions of Russian Roubles)

	Notes	As of June 30, 2024 (unaudited)	As of December 31, 2023
Assets			
Non-current assets			
Investments in equity accounted associates and joint ventures	8	15,442	13,909
Goodwill	6	166,000	165,646
Right-of-use assets		11,230	10,308
Other intangible assets	6	29,371	30,530
Property and equipment	7	52,973	51,089
Financial assets at fair value through profit or loss	16.2	725	471
Deferred income tax assets	13	1,805	1,666
Other financial assets	10, 16	2,806	1,164
Advance under office lease contracts		424	404
Total non-current assets		280,776	275,187
Current assets			
Trade accounts receivable and other receivables	16	52,892	64,175
Prepaid expenses and advances to suppliers		4,015	3,000
Loans issued	16	3,128	3,193
Inventories		1,394	1,064
Other current assets	10	3,990	2,827
Cash and cash equivalents	16	31,092	51,294
Total current assets		96,511	125,553
Total assets		377,287	400,740
Equity and liabilities			
Equity attributable to equity holders of the parent			
Issued capital		-	-
Share premium		80,776	80,774
Treasury shares		(1,039)	(1,039)
Retained earnings		29,892	54,414
Foreign currency translation reserve		5,971	6,070
Total equity attributable to equity holders of the parent		115,600	140,219
Non-controlling interests		(2,228)	(2,685)
Total equity		113,372	137,534
Non-current liabilities			
Deferred income tax liabilities	13	2,699	2,713
Deferred revenue		572	664
Non-current lease liabilities	16	5,356	5,929
Non-current financial liabilities at fair value through profit or loss	16.2	2,726	3,948
Long-term interest-bearing loans and bonds	16.3	107,380	115,208
Deferred income on loan obligations		10,825	12,442
Other non-current liabilities		650	702
Total non-current liabilities		130,208	141,606
Current liabilities			
Trade accounts payable	16	20,238	20,482
Income tax payable		2,040	1,901
VAT and other taxes payable		5,192	4,811
Deferred revenue and customer advances		10,984	11,121
Short-term portion of long-term interest-bearing loans and bonds	16.3	64,797	52,954
Current lease liabilities	16	5,110	3,725
Current financial liabilities at fair value through profit or loss	16.2	1,533	2,858
Other payables and accrued expenses	10	23,813	23,748
Total current liabilities		133,707	121,600
Total liabilities		263,915	263,206
Total equity and liabilities		377,287	400,740

General director _____ Bagudina E.G.

August 7, 2024

VK Interim Results 2024



Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2024

(in millions of Russian Roubles)

	Notes	Six months ended June 30	
		2024 (unaudited)	2023 (unaudited)
Online advertising		41,980	35,059
Community IVAS		10,905	9,151
Education technology services		8,884	7,000
Other revenue		8,419	6,040
Total revenue	5, 12	70,188	57,250
Personnel expenses	17	(33,915)	(25,333)
Agent/partner fees and media content		(21,655)	(15,389)
Marketing expenses		(10,300)	(9,896)
Server hosting expenses		(588)	(501)
Professional services		(900)	(592)
Other operating income		11	145
Other operating expenses	18	(3,673)	(2,816)
Total operating expenses, net		(71,020)	(54,382)
Depreciation and amortisation		(14,202)	(11,437)
Share of loss of equity accounted associates and joint ventures	8	1,572	11
Finance income	11	4,153	3,135
Finance expenses	11, 16.3	(12,347)	(7,098)
Other non-operating loss		(15)	(60)
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	16	29	(1,116)
Profit from sale of subsidiaries		-	8
Loss on remeasurement of financial instruments	16	(3,886)	(38)
Expected credit loss allowance on restricted cash		-	(34)
Foreign exchange		1,113	2,349
Loss before income tax expense		(24,415)	(11,412)
Income tax (expense)/benefit	13	(202)	38
Net loss		(24,617)	(11,374)
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Exchange difference on translation of foreign operations		(99)	2,588
Total other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		(99)	2,588
Total other comprehensive (loss)/income net of tax effect of 0		(99)	2,588
Total comprehensive loss, net of tax		(24,716)	(8,786)

Interim Condensed Consolidated Statement of Comprehensive Income (continued)

	Notes	Six months ended June 30	
		2024 (unaudited)	2023 (unaudited)
Net loss, attributable to:			
Equity holders of the parent		(24,522)	(11,292)
Non-controlling interests		(95)	(82)
Total comprehensive loss, net of tax, attributable to:			
Equity holders of the parent		(24,621)	(8,704)
Non-controlling interests		(95)	(82)
Loss per share, in RUB:			
Basic loss per share attributable to ordinary equity holders of the parent		(108)	(50)
Diluted earnings per share attributable to ordinary equity holders of the parent		n/a	n/a

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

(in millions of Russian Roubles)

	Notes	Six months ended June 30	
		2024 (unaudited)	2023 (unaudited)
Cash flows from operating activities			
Loss before income tax expense		(24,415)	(11,412)
<i>Adjustments to reconcile loss before income tax to cash flows</i>			
Depreciation and amortisation		14,202	11,437
Share of loss of equity accounted associates and joint ventures		(1,572)	(11)
Finance income	11	(4,153)	(3,135)
Finance expenses	11	12,347	7,098
Expected credit loss allowance on trade receivables		136	91
Expected credit loss allowance on restricted cash		–	(30)
Net (gain)/loss on financial assets and liabilities at fair value through profit or loss	16	(29)	1,116
Profit from sale of subsidiaries		–	(8)
Loss on remeasurement of financial instruments		3,886	38
Foreign exchange		(1,113)	(2,349)
Cash settled and equity settled share-based payments		2	(463)
Other non-cash items		(46)	(16)
<i>Change in operating assets and liabilities</i>			
Decrease in accounts receivable		4,328	5,575
Increase in prepaid expenses and advances to suppliers		(1,015)	(491)
Increase in inventories and other assets		(1,319)	(1,119)
Increase/(decrease) current liabilities and accrued expenses		2,181	(3,151)
Decrease in other non-current assets		11	26
Decrease in deferred revenue and customer advances		(229)	(857)
Increase in financial assets at fair value through profit or loss		–	(188)
Operating cash flows before interest and income taxes		3,202	2,151
Interest received		2,553	774
Interest paid		(3,901)	(2,656)
Income tax paid	13	(164)	(154)
Net cash provided by operating activities		1,690	115
Cash flows from investing activities			
Cash paid for property and equipment	7	(6,831)	(10,933)
Cash paid for intangible assets	6	(5,851)	(4,811)
Dividends received from equity accounted associates	8	39	56
Dividends received from venture capital investments	11	27	–
Loans issued		(333)	(337)
Loans collected		85	56
Cash paid for acquisitions of subsidiaries, net of cash acquired	9, 10, 16.2	(4,717)	(7,175)
Cash paid for the acquisition of financial assets	16	(510)	–
Cash paid for acquiring long-term lease rights less cash received		(245)	(2,423)
Cash received from sale of subsidiaries	16	3,722	–
Cash received from sale of financial assets		109	–
Cash outflow from sale of subsidiary		–	(49)
Cash advanced for investments in associates and joint ventures	8	(1,550)	–
Net cash used in investing activities		(16,055)	(25,616)

Interim Condensed Consolidated Statement of Cash Flows (continued)

	Notes	Six months ended June 30	
		2024 (unaudited)	2023 (unaudited)
Cash flows from financing activities			
Payment of lease liabilities		(2,095)	(1,833)
Loans received		–	63,630
Loans repaid	16.3	(3,471)	(4,074)
Cash paid by subsidiaries to non-controlling shareholders	16.3	(250)	–
Net cash (used in)/provided by financing activities		(5,816)	57,723
Net (decrease)/increase in cash and cash equivalents		(20,181)	32,222
Effect of exchange differences on cash balances		(21)	105
Change in expected credit loss allowance on restricted cash		–	30
Change in cash related to asset held for sale		–	120
Cash and cash equivalents at the beginning of the period		51,294	48,759
Cash and cash equivalents at the end of the period		31,092	81,236

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023

(in millions of Russian Roubles)

	Share capital		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
	Number of shares issued and outstanding	Amount							
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	–	–	–	–	(11,292)	–	(11,292)	(82)	(11,374)
<i>Other comprehensive income</i>									
Foreign currency translation	–	–	–	–	–	2,588	2,588	–	2,588
Total other comprehensive income	–	–	–	–	–	2,588	2,588	–	2,588
Total comprehensive loss	–	–	–	–	(11,292)	2,588	(8,704)	(82)	(8,786)
Share-based payment transactions	–	–	(463)	–	–	–	(463)	–	(463)
Change of non-controlling interests	–	–	–	–	–	–	–	1	1
Disposal of non-controlling interests	–	–	–	–	–	(9)	(9)	–	(9)
Balance at June 30, 2023 (unaudited)	226,150,707	–	81,409	(1,039)	75,549	5,164	161,083	(2,228)	158,855

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

(in millions of Russian Roubles)

	Share capital		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
	Number of shares issued and outstanding	Amount							
Balance at January 1, 2024	226,150,707	–	80,774	(1,039)	54,414	6,070	140,219	(2,685)	137,534
Loss for the year	–	–	–	–	(24,522)	–	(24,522)	(95)	(24,617)
<i>Other comprehensive income</i>									
Foreign currency translation	–	–	–	–	–	(99)	(99)	–	(99)
Total other comprehensive income	–	–	–	–	–	(99)	(99)	–	(99)
Total comprehensive loss	–	–	–	–	(24,522)	(99)	(24,621)	(95)	(24,716)
Share-based payment transactions	–	–	2	–	–	–	2	–	2
Recognition of non-controlling interests as a result of business acquisition (Note 9)	–	–	–	–	–	–	–	552	552
Balance at June 30, 2024 (unaudited)	226,150,707	–	80,776	(1,039)	29,892	5,971	115,600	(2,228)	113,372

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

(in millions of Russian Roubles)

1 Corporate information and description of business

These interim condensed financial statements of VK International Public Joint-Stock Company (hereinafter "the Company") and its subsidiaries (collectively – "the Group" or "VK") for the six months ended June 30, 2024 were authorised for issue by the directors of the Company on August 7, 2024.

The Company was registered on September 26, 2023 as an international company of a public joint stock company in accordance with Russian legislation in a special administrative region "Oktyabrsky Island" at the address: 236006, Kaliningrad region, Kaliningrad, Oktyabrskaya str., 12, room 23.

The company consolidates business units that manage Internet portals, social networks, content platforms, messengers, and online games. The company also develops online educational platforms and digital services for businesses. The Group has leading positions in Russia and other CIS states where its operations are present.

The parent of the Company is MF Technologies. MF Technologies does not have a single controlling shareholder

2 Basis of preparation

The interim condensed consolidated financial statements for the six months ended June 30, 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2023.

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 credit resources and other cash available to the Group to assess the Group's ability to operate as a going concern.

Operating results and liquidity position

As of June 30, 2024, the Group had cash and cash equivalents of RUB 31,092. Notwithstanding the net loss under IFRS for the six months ended June 30, 2024 of RUB 24,617 (for the six months ended June 30, 2023: RUB 11,374) and negative working capital (current liabilities exceeding current assets) as of June 30, 2024 of RUB 37,196 (December 31, 2023: positive RUB 3,953), the Group generates positive cash flows from operating activities: cash provided by operating activities for the six months ended June 30, 2024 were RUB 1,690 (for the six months ended June 30, 2023: RUB 115).

As of June 30, 2024, the Group violated a number of restrictive covenants in several loan agreements with banks that are related parties. As of June 30, 2024, the Group's management did not expect partial or full early repayment of long-term debt obligations.

The related party banks confirmed their waivers to early claim on the debt due to the violation of the restrictive conditions stipulated by the agreements as of June 30, 2024. See note 16.3.

Debt/equity ratio

As of June 30, 2024, the debt/equity ratio (total liabilities to total equity) was 2.33.

The likelihood and sources of the Group's repayment of its obligations indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The Group invests in business growth and expects to be able to repay its obligations through debt restructuring from a Related Party, as well as attracting additional financing and future inflows from operating activities.

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 interim condensed consolidated financial statements for the reporting periods.

3 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of new standards effective as of January 1, 2024.

In 2024, the Group applied the following amendments for the first time, but they had no impact on its interim condensed consolidated financial statements. The Group has not prematurely applied any standards, clarifications or amendments that has been issued but is not yet effective.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

3 Changes in accounting policies and disclosures (continued)

Amendments to IFRS (IAS) 1 Classification of Liabilities into Short-term and Long-term and Long-term Liabilities with Covenants

In January 2020 and October 2022, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* clarifying the requirements for classifying liabilities as short-term or long-term, including long-term liabilities with restrictive conditions (covenants). The amendments clarify that:

- If the right to defer repayment of an obligation arising from a loan agreement for a period of more than 12 months depends on the fulfillment of future restrictive conditions, it exists even when these future conditions are not fulfilled as of the reporting date;
- Management's expectations regarding the likelihood of using deferral do not affect the existence of the right. Even if the obligation has been settled in the period after the reporting date and before the release of the financial statements, it is still classified as long-term at the reporting date; and
- The terms of the obligation (option), which may lead, at the discretion of the counterparty, to its repayment through the transfer of the organization's own equity instruments, do not affect the classification if, in accordance with IFRS (IAS) 32 *Financial Instruments: Presentation of Information*, this option is classified as an equity instrument and recognized separately from the obligation as an item of equity.

In addition, the amendments introduce a requirement that an organization must disclose additional information about obligations arising from a loan agreement and classified as long-term obligations in cases where the organization's right to defer repayment depends on compliance with restrictive conditions in the future within twelve months from the reporting date.

Amendments to IFRS (IAS) 7 and IFRS (IFRS) 7 Disclosure of Information: Supplier Financing Arrangements

In May 2023, the IFRS Board issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: disclosures* to clarify the characteristics of supplier financing arrangements and require additional disclosures about such arrangements. The amendments respond to investors that said they urgently need more information about reverse factoring agreements, to be able to assess how these arrangements affect an entity's liabilities, cash flows and liquidity risk.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

In September 2022, the IFRS Board issued amendments to IFRS 16 *Leases* clarifying the requirements according to which the seller-lessee, when assessing a lease obligation arising from a sale-leaseback transaction involving fully variable payments, does not recognise profit or loss in respect of the rights of use retained by him the asset sold.

4 Seasonality of operations

Due to the seasonal nature of the Group's operations, increase revenues and operating profits are usually expected in the second half of the year. Historically increase sales in the second half of the year are mainly attributed to the facts that a large portion of advertising budgets is spent in the last quarter of the year.

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.

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.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

5 Operating segments (continued)

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 interim condensed 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 six months ended June 30, 2024, 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	46,197	8,893	4,500	11,182	–	(584)	70,188
Total operating expenses	(41,407)	(8,834)	(3,791)	(12,513)	(5,059)	584	(71,020)
<i>Adjustments</i>							
Share-based payment transactions	–	–	–	–	141	–	141
Adjusted EBITDA	4,790	59	709	(1,331)	(4,918)	–	(691)

The statement of comprehensive income items for each segment for the six months ended June 30, 2023, 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	37,592	7,012	3,011	9,817	33	(215)	57,250
Total operating expenses	(30,395)	(6,725)	(2,806)	(11,864)	(2,807)	215	(54,382)
<i>Adjustments</i>							
Share-based payment transactions	–	–	–	–	1,024	–	1,024
Adjusted EBITDA	7,197	287	205	(2,047)	(1,750)	–	3,892

Notes to the Interim Condensed Consolidated Financial Statements (continued)

5 Operating segments (continued)

A reconciliation of group adjusted EBITDA to IFRS net loss for the six months ended June 30, 2023-2024 is presented below:

	2024	2023
Group adjusted EBITDA	(691)	3,892
Share-based payment transactions	(141)	(1,024)
Depreciation and amortisation	(14,202)	(11,437)
Share of loss of equity accounted associates and joint ventures	1,572	11
Finance income	4,153	3,135
Finance expenses	(12,347)	(7,098)
Other non-operating loss	(15)	(60)
Net loss on financial assets and liabilities at fair value through profit or loss	29	(1,116)
Profit from sale of subsidiaries	–	8
Loss on remeasurement of financial instruments	(3,886)	(38)
Expected credit loss allowance on restricted cash	–	(34)
Net foreign exchange	1,113	2,349
Income tax expenses	(202)	38
Net loss under IFRS	(24,617)	(11,374)
Effect of foreign exchange differences on translation of transactions of foreign companies	(99)	2,588
Consolidated loss after income tax expense under IFRS	(24,716)	(8,786)

6 Goodwill and other intangible assets

During the six months ended June 30, 2024, the Group capitalised software development costs and otherwise acquired intangible assets with a cost of RUB 5,104 (for the six months ended June 30, 2023: RUB 6,611).

The amortisation charge for the six months ended June 30, 2024 was RUB 6,880 (for the six months ended June 30, 2023: RUB 5,565).

During the six months ended June 30, 2024, the Group recognised goodwill of RUB 354 as a result of a business combination (Note 9) (for the six months ended June 30, 2023: RUB 4,776).

7 Property and equipment

During the six months ended June 30, 2024, the Group acquired property and equipment with a cost of RUB 6,968 (for the six months ended June 30, 2023: RUB 10,016), the depreciation charge for the six months ended June 30, 2024 was RUB 5,079 (for the six months ended June 30, 2023: RUB 3,892).

8 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 June 30, 2024 and December 31, 2023 comprised the following:

	Main activity	Voting shares		Carrying value	
		June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Joint ventures					
Aliexpress Russia Holding Pte. Ltd.	E-commerce platform	18%	18%	–	–
Associates					
Tochka JSC (Russia)	All-in-one services for small and medium-sized entrepreneurship	25%	25%	13,582	12,178
Umschool LLC (Russia)	Educational portal	25%	25%	1,238	1,076
Haslop Company Limited (Cyprus) and Russian subsidiaries (collectively, "Mamba")	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%	605	602
Others				17	53
Total				15,442	13,909

The above mentioned entities have the same reporting date as the Company. None of the entities were listed on a public exchange as of June 30, 2024.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

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

The movement in investments in equity accounted associates and joint ventures for the six months ended June 30, 2023-2024 is presented below:

	Six months ended June 30, 2024	Six months ended June 30, 2023
Investments in equity accounted associates and joint ventures as of January 1	13,909	4,585
Share in net profit of equity accounted associates and joint ventures	1,572	11
Acquisition of shares in equity accounted associates	–	(2,911)
Dividends received from equity accounted associates	(39)	(56)
Investments in equity accounted associates and joint ventures as of June 30	15,442	1,629

9 Business combinations

9.1 Intickets

In 2024, the Group acquired control of Intickets LLC (hereinafter referred to as "Intickets") by acquiring a 40% share for a cash consideration of RUB 472. The current ownership share is sufficient to make decisions on key issues, which gives control. The Group also recognised an obligation to pay deferred remuneration in the amount of RUB 251.

If the Group acquired control of Intickets on January 1, 2024, this would increase the consolidated revenue of the Group by RUB 103 and increase the consolidated net profit of the Group by RUB 52.

Intickets is a cloud service for monitoring and managing ticket sales. The deal will allow the Group, as a trusted information system, to implement the task of developing the Pushkin Card, including increasing the effectiveness of the program, minimizing the possibility of manipulation and ensuring security for participants – card users, cultural organizations and ticket operators.

The fair value of the identifiable assets and liabilities of Intickets at the acquisition date is presented below:

	Provisional fair value
Intangible assets and property and equipment	629
Trade accounts receivable and other current assets	102
Cash and cash equivalents	690
Total assets	1,421
VAT, other and deferred tax liabilities	157
Other payables, reserves and accrued expenses	343
Total liabilities	500
Total net assets	921
Goodwill was calculated as the excess of:	
(a) The consideration transferred by the Group measured at fair value:	
[1] cash consideration for the acquisition of a 40% stake in "Intickets"	472
[2] fair value of contingent consideration	251
Consideration transferred by the Group	723
(b) the amount of non-controlling interest in Intickets measured at the proportionate share of the identifiable net assets	552
over	
(c) the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured at provisional fair value	921
Goodwill	354

Goodwill relates mainly to new business lines and potential synergies with the Group's business. Goodwill is not expected to be deductible for income tax purposes.

Intangible assets are mainly represented by software and customer base and are amortised over 4-5 years.

The cash flows on acquisition were as follows:

Cash paid (included in cash flows from investing activities)	(80)
Cash acquired (included in cash flows from investing activities)	690
Net cash flow on acquisition	610

Notes to the Interim Condensed Consolidated Financial Statements (continued)

10 Long-term financial assets, other payables and accrued expenses and other current assets

Long-term financial assets include:

	June 30, 2024	December 31, 2023
Prepayment for a share in an associate	1,550	–
Long-term net investment in the lease	846	832
Long-term loans issued	410	332
Total non-current financial assets	2,806	1,164

Other payables and accrued expenses include:

	June 30, 2024	December 31, 2023
Payables to personnel	12,295	10,026
Accrued vacations	4,079	3,375
Contingent consideration liabilities	526	526
Liabilities of payment systems and ticket platforms	1,636	1,002
Liabilities under agency contracts	170	1,208
Deferred income on loan commitments	3,414	3,277
Accrued expenses	738	578
Payables on acquisition of shares in subsidiaries, associates and venture capital investment objects*	325	3,174
Other current liabilities	630	582
Total other payables and accrued expenses	23,813	23,748

* As of June 30, 2024, the Group repaid the debt for the acquisition of 100% stake in YClients in the amount of RUB 2,737.

Other current assets consist of the following:

	June 30, 2024	December 31, 2023
Advances for single tax account	1,965	1,921
Advances issued under agency contracts	1,244	–
Right of claim on compensation for losses	405	399
Current net investments in lease	62	60
Advances for financial instruments	–	271
Other accounts receivable	314	176
Total other current assets	3,990	2,827

11 Finance income and expenses

Finance income consists of:

	For the six months ended June 30	
	2024	2023
Deferred income on loan obligations	1,479	2,320
Interest on loans and deposits	2,553	771
Interest on financial lease	46	8
Modification of bond-secured loans	48	19
Dividends from venture capital investments	27	17
Total finance income	4,153	3,135

Finance expenses consist of:

	For the six months ended June 30	
	2024	2023
Interest on loans and borrowings	11,421	6,048
Interest on lease liabilities	663	486
Bank charges and commissions	263	564
Total finance expenses	12,347	7,098

Notes to the Interim Condensed Consolidated Financial Statements (continued)

12 Revenue

Assets under contracts with customers include trade receivables presented as a separate line item in the interim condensed consolidated statement of financial position. Contract liabilities comprise deferred revenue and customer advances presented as separate line items in the interim condensed consolidated statement of financial position.

Detailed information on revenue from contracts with customers for the six months ended June 30, 2024 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	39,407	–	3,997	10,411	–	(584)	53,231
Services transferred over time	6,790	8,893	503	771	–	–	16,957
Total revenue	46,197	8,893	4,500	11,182	–	(584)	70,188

Detailed information on revenue from contracts with customers for the six months ended June 30, 2023 is presented below (restated):

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	31,249	–	2,548	9,702	33	(215)	43,317
Services transferred over time	6,343	7,012	463	115	–	–	13,933
Total revenue	37,592	7,012	3,011	9,817	33	(215)	57,250

13 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.

The major components of income tax expense in the interim condensed consolidated statement of comprehensive income for the six months ended June 30, 2024 and 2023 are as follows:

	For the six months ended June 30	
	2024	2023
Current income tax expense	481	151
Deferred income tax benefit	(279)	(189)
Total income tax expense/(benefit)	202	(38)

The reconciliation between theoretical income tax and the actual income tax for the six months ended June 30, 2024 and 2023 is as follows:

	For the six months ended June 30	
	2024	2023
Loss before income tax	(24,415)	(11,412)
Theoretical tax at domestic rates applicable to individual group entities	786	(764)
<i>Tax effect of amounts which are not deductible (taxable) in calculating taxable income</i>		
Non-deductible expenses	(655)	3
Non-taxable foreign exchange and other gains	742	1,042
Adjustments in respect of current income tax of previous period	(33)	44
Tax accruals and penalties	(192)	(30)
Unrecognised deferred tax assets	(859)	(121)
Expected credit loss on restricted cash	–	(19)
Share of results of equity accounted associates and joint ventures	–	8
Gain from the sale of a subsidiary	–	(15)
Effect of applying tax benefits	–	(78)
Other	9	(32)
Total income tax (expense)/benefit	(202)	38

Notes to the Interim Condensed Consolidated Financial Statements (continued)

14 Commitments, contingencies and operating risks

14.1 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 of June 30, 2024, the key rate was still 16%.

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 Interim condensed 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.

14.2 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.

As part of the tax reform, on July 12, 2024, the President of the Russian Federation signed Law No. 176-FZ, which amends the Tax Code of the Russian Federation and, among other things, provides:

- Increase in income tax rates. From January 1, 2025, the general income tax rate is set at 25%, the income tax rate for companies applying the IT benefit is set at 5% for the period 2025-2030. The new tax rate of 25% will be applicable to non-resident income from sources in the Russian Federation;
- Introduction of a progressive personal income tax scale and clarification of a number of benefits and special personal income tax rules. Starting from January 1, 2025, the following rates will be applied to salaries and other income related to the main tax base: 13% – up to 2.4 million rubles; 15% – from 2.4 million to 5 million rubles; 18% – from 5 million to 20 million rubles; 20% – from 20 million to 50 million rubles; 22% – from 50 million rubles;
- Expansion of the possibility of reorganization in the Group for companies using the IT tax benefit for income tax and insurance contributions; and
- Increase in the rate of property tax and land tax from January 1, 2025 for objects with a cadastral value of more than 300 million rubles. The increased rates will be applied if the relevant decision is made by the regional authorities.

The State Duma of the Russian Federation is considering Draft Law No. 577665-8, containing additional amendments to the Tax Code of the Russian Federation and, which is highly likely to be adopted during the 3rd quarter of 2024, where, among other things, it is planned:

- Add the opportunity for companies applying IT income tax benefits to carry forward tax losses received during 2022-2024 to future periods; and
- Extend the preferential procedure for calculating penalties for 2024, according to which the penalty rate for companies is assumed to be equal to one three hundredth of the key rate of the Central Bank of the Russian Federation in force during this period.

The Group's management is in the process of assessing the effect of the changes that are provided for within the framework of these legislative acts.

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 orders from tax authorities, the impact of which on the Group's financial statements 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.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

14 Commitments, contingencies and operating risks (continued)

14.2 Taxation (continued)

Management estimates that the amount of possible risks associated with the above-mentioned aspects, the recognition of liabilities for which is not required in accordance with IFRS, may significantly exceed the amount of income tax, VAT and other taxes payable reflected in the interim condensed consolidated statement of financial position at the reporting date. This assessment is provided in accordance with the IFRS requirement for disclosure of information on possible taxes and should not be considered as an assessment of the Group's future tax liability.

14.3 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 and operating results.

14.4 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.

14.5 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.

14.6 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.

14.7 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 2024, the following laws came into force:

- The Law *On Amendments to the Federal Law "On Advertising"*, which prohibits the placement of advertisements for information resources of foreign agents and the distribution of advertising on information resources of foreign agents;
- The Law *On Amendments to the Administrative Code of the Russian Federation*, in terms of increasing fines for violating the Federal Law *On Advertising*, in particular for non-compliance with the conditions for distributing advertising over telecommunication networks (lack of consent of subjects to send advertising messages). For legal entities (advertisers and advertising distributors), the maximum fine has been increased from 500 thousand to 1 million rubles.

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

- Bill *On Amendments to the Federal Law "On State Control (Supervision) and Municipal Control in the Russian Federation"*. According to the bill, Roskomnadzor gets the right to carry out control measures (including unscheduled inspections) when receiving reports of a leak of personal data (without verifying the authenticity of the received messages);
- Bill *On Amendments to the Federal Law "On Consumer Protection"*. The bill obliges the owners of aggregators of goods to provide sellers with the technical ability to add a link to the Unified Register of Issued Certificates of Conformity and registered Declarations to the description of goods, if the goods are subject to mandatory certification. The bill also prohibits restricting the operation of apps and app stores that are required for pre-installation. In addition, the consumer should be provided with the opportunity to download, update programs and make payments through applications and a single application store. According to the bill, it is impossible to set special requirements for pricing or for the technical capabilities of applications installed from app stores;

Notes to the Interim Condensed Consolidated Financial Statements (continued)

14 Commitments, contingencies and operating risks (continued)

14.7 Regulation (continued)

- Bill *On Amendments to the Federal Law "On Advertising"*. The bill provides for a ban on the distribution of advertising of tonic (energy) drinks and a ban on the distribution of advertising on any foreign, international and Russian blocked resources (extremist, undesirable and other resources to which access is limited);
- 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;
- Bill *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. Also, personal data operators are obliged to ensure the possibility of withdrawing consent both in writing and in the form of an electronic document on the website pages using which data is collected;
- Bill *On Amendments to the Federal Law "On Information, Information Technologies and Information Protection" and the Federal Law "On the Protection of Children from Information Harmful to their Health and Development"*. The bill is aimed at countering the spread of destructive content – "trash streams" (for example, demonstration of illegal acts committed with cruelty, their consequences, calls for the commission of these acts);
- Bill *On Amendments to the Federal Law "On Narcotic Drugs and Psychotropic Substances"*. The bill introduces additional requirements for posting information mentioning drugs and their analogues (including in works of literature and art). Any distribution of works containing such information must be accompanied by an indication of administrative and criminal liability, as well as mental and behavioral disorders and other diseases caused by illegal drug use.
- Draft laws *On Amendments to the Administrative Code of the Russian Federation*, which provide for:
 - The establishment of differentiated penalties 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 rubles.

14.8 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. The transfer of such specialists to competitors or the creation of competing companies by them may adversely affect the Group's operating results and profit and lead to the loss of strategic business areas, the outflow of users, technologies and employees.

14.9 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.

15 Balances and transactions with related parties

The following table provides the total amount of transactions with related parties conducted during the six months ended June 30, 2024, excluding Directors and key management of the Group (see Notes 15.1 and 15.2). All related party transactions were made in accordance with contractual terms and conditions agreed between the parties.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

15 Balances and transactions with related parties (continued)

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.

	June 30, 2024		December 31, 2023	
	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	41	34	45	30
Joint ventures	174	208	646	159
Entities with significant influence over the Group including government related entities	1,389	117	2,373	723
Loans issued and Loans received				
Equity accounted associates	248	–	175	–
Entities with significant influence over the Group including government related entities	–	158,967	–	154,252
Advance under office lease contracts				
Entities with significant influence over the Group and government related entities	363	–	310	–

	Six months ended June 30, 2024		Six months ended June 30, 2023	
	Sales to related parties	Purchases from related parties	Sales to related parties	Purchases from related parties
Sales and Purchases				
Equity accounted associates	112	37	93	30
Joint ventures	116	–	260	–
Entities with significant influence over the Group and government related entities	3,186	1,445	1,884	1,217

	Six months ended June 30, 2024		Six months ended June 30, 2023	
	Finance income	Finance expenses	Finance income	Finance expenses
Finance income and expenses				
Entities with significant influence over the Group including government related entities	1,479	10,720	2,320	5,380

	June 30, 2024		December 31, 2023	
	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	12,557	16,455	27,250	16,954

	June 30, 2024		December 31, 2023	
	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	5,832	1,287	3,855	762

As of June 30, 2024, 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.

15.1 Directors of the Company

For the six months ended June 30, 2024, total cash remuneration of the members of the Board of Directors (each a "Director" and collectively, "Directors") of the Company amounted to RUB 72 (for the six months ended June 30, 2023: RUB 69).

Notes to the Interim Condensed Consolidated Financial Statements (continued)

15 Balances and transactions with related parties (continued)

15.2 Key management of the Group

For the six months ended June 30, 2024 total cash remuneration of the key management of the Group (excluding Directors) amounted to RUB 1,673 (for the six months ended June 30, 2023: RUB 1,216).

For the six months ended June 30, 2024 expenses related to incentive programs, including payment of share-based remuneration and a long-term bonus program amounted to RUB 65 (for the six months ended June 30, 2023: RUB negative amount of 50). For the six months ended June 30, 2023 the rights to 425,650 shares were revoked.

16 Financial instruments

As of June 30, 2024 and December 31, 2023, the Group's financial instruments are presented by category in the table below:

	Category*	June 30, 2024	December 31, 2023
Financial assets at fair value through profit and loss			
<i>Non-current</i>			
Financial investments in venture capital investees	FAFVPL	725	471
Financial assets at amortised cost			
<i>Non-current</i>			
Loans issued	FAAC	410	332
<i>Current</i>			
Trade accounts receivable	FAAC	52,892	64,175
Loans issued and interest receivable	FAAC	3,128	3,193
Cash and cash equivalents	FAAC	31,092	51,294
Finance lease			
Net investment in the lease, long-term	Other	846	832
Net investment in the lease, short-term	Other	62	60
Total financial assets		89,155	120,357

	Category*	June 30, 2024	December 31, 2023
Financial liabilities at fair value through profit and loss			
<i>Current</i>			
Contingent consideration payable	FLFVPL	526	526
Financial liabilities at fair value through profit or loss	FLFVPL	1,368	2,443
Deferred consideration for the acquisition of a subsidiary's non-controlling interest	FLFVPL	165	415
<i>Non-current</i>			
Financial liabilities at fair value through profit or loss	FLFVPL	2,726	3,948
Financial liabilities at amortised cost			
<i>Current</i>			
Trade accounts payable	FLAC	20,238	20,482
Other payables and accrued expenses	FLAC	23,287	23,222
Short-term portion of long-term interest-bearing loans and bonds	FLAC	64,797	52,954
Short-term lease liabilities	FLAC	5,110	3,725
<i>Non-current</i>			
Long-term interest-bearing loans and bonds	FLAC	107,380	115,208
Deferred income on loan liabilities	FLAC	10,825	12,442
Non-current lease liabilities	FLAC	5,356	5,929
Total financial liabilities		241,778	241,294

* 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.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

16 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.

For the six months ended June 30, 2024, changes in accounts receivable are mainly related to partial repayment and revaluation of other accounts receivable.

As of June 30, 2024, restricted cash amounted to RUB 6,623 (December 31, 2023: RUB 1,982), the reserve for expected credit losses was formed amounted to RUB 1,855 (December 31, 2023: RUB 1,982). The balances are held by subsidiaries that operate in countries where currency control measures are applied.

16.1 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 other receivables; and
- Cash and cash equivalents.

Trade receivables are represented by balances on settlements with counterparties for main types of activities, other receivables are represented by balances on settlements with counterparties for other types of activities, including investment activities, including operations with associated and subsidiary companies.

16.2 Financial assets at fair value through profit or loss

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 at June 30, 2024 and December 31, 2023, all financial instruments of the Group measured at fair value through profit or loss were classified at Level 3 of the fair value hierarchy.

The following is a reconciliation of balances of financial assets and liabilities at fair value through profit or loss as of January 1, 2024 and June 30, 2024:

	Balance as of January 1, 2024	Gains/(losses) recognised in profit and loss	Purchases/ settlement	Reclas-sification from non-current to current	Business combination (Note 9)	Sale of venture capital investments	Balance as of June 30, 2024
Financial assets measured at fair value through profit or loss							
Financial investments in venture capital investees	471	35	508	–	(180)	(109)	725
Total financial assets at fair value through profit or loss	471	35	508	–	(180)	(109)	725
Financial liability measured at fair value through profit or loss							
Non-current financial derivative	(3,948)	64	50	1,275	(167)	–	(2,726)
Current financial derivative	(2,443)	(70)	2,504	(1,275)	(84)	–	(1,368)
Contingent consideration payable	(526)	–	–	–	–	–	(526)
Deferred consideration for the acquisition of a subsidiary's non-controlling interest	(415)	–	250	–	–	–	(165)
Total financial liabilities measured at fair value through profit or loss	(7,332)	(6)	2,804	–	(251)	–	(4,785)

Notes to the Interim Condensed Consolidated Financial Statements (continued)

16 Financial instruments (continued)

16.2 Financial assets at fair value through profit or loss (continued)

For the six months ended June 30, 2024, the Group settled the deferred consideration obligation for the acquisition of YClients in the amount of RUB 1,204, and also exercised a call option to acquire a non-controlling interest in MQP and acquired the corresponding 16.3% share.

For the six months ended June 30, 2024, the Group settled deferred consideration for the purchase of a non-controlling interest in Skillfactory LLC in the amount of RUB 250.

The following is a reconciliation of the balances of financial assets and liabilities measured at fair value through profit or loss as at January 1, 2023 and June 30, 2023:

	Balance as of January 1, 2023	Gains/(losses) recognised in profit and loss	Purchases/ settlement	Business combination	Balance as of June 30, 2023
Financial assets measured at fair value through profit or loss					
Financial investments in venture capital investees	118	–	65	–	183
Non-current convertible loans	–	(10)	57	–	47
Financial assets and derivatives under lease contracts	232	–	(232)	–	–
Total financial assets at fair value through profit or loss	350	(10)	(110)	–	230
Financial liability measured at fair value through profit or loss					
Non-current financial derivative on put options over non-controlling interests	(3,982)	(947)	–	–	(4,929)
Current financial derivative on put options over non-controlling interests	(4,806)	(136)	–	3,817	(1,125)
Contingent consideration payable	(576)	(23)	73	–	(526)
Total financial liabilities measured at fair value through profit or loss	(9,364)	(1,106)	73	3,817	(6,580)

16.3 Interest-bearing loans and bonds

The table below represents the major loans and bonds as of June 30, 2024 and December 31, 2023:

Type	Original currency	Type of rate	Average nominal interest rate	Maturity date	Outstanding amount as of June 30, 2024	Outstanding amount as of December 31, 2023
Unsecured loans	RUB	Fixed	17.39%	2024	2,209	4,414
Unsecured and secured loans	RUB	Floating	–	2024-2029	96,158	89,472
Unsecured loans	USD	Fixed	2.67%	2024-2027	168	1,290
Unsecured loans	EUR	Fixed	2.50%	2027	64	196
Bonds	USD	Fixed	1.63%	On demand	9,346	9,913
Convertible bonds	USD	Fixed	1.63%	2025	2,543	2,653
Bonds	RUB	Fixed	4.22%	2026-2028	61,689	60,224
Total interest-bearing loans and bonds					172,177	168,162

As of June 30, 2024, the Group received bank waivers, according to which the banks confirmed that the violated restrictive conditions under a number of loan agreements are not grounds for early repayment of loan funds, as a result of which the corresponding liabilities for interest-bearing loans were classified as long-term liabilities.

Movements in loans and bonds, including related interest, for the six months ended June 30, 2024 are presented below:

	January 1, 2024	Principal amount, repayment	Interest, accruals with discounting	Interest, repayment	Reclassifica- tion from non-current to current	Foreign exchange differences	Modification of financial liabilities	Other	June 30, 2024
Current									
Interest bearing loans	40,384	(2,672)	8,369	(1,727)	6,955	22	–	–	51,331
Bonds issued by closed subscription	2,295	–	2,363	(898)	–	–	–	–	3,760
MOEX replacement bonds	34	–	21	(22)	–	(1)	–	–	32
LSE convertible bonds	9,913	(161)	77	–	–	(435)	(48)	–	9,346
MOEX bonds	328	–	591	(591)	–	–	–	–	328
Non-current									
Interest bearing loans	54,988	(638)	–	–	(6,955)	(6)	–	(121)	47,268
Bonds issued by closed subscription	42,601	–	–	–	–	–	–	–	42,601
MOEX replacement bonds	2,619	–	–	–	–	(108)	–	–	2,511
MOEX bonds	15,000	–	–	–	–	–	–	–	15,000
Total liabilities from financing activities	168,162	(3,471)	11,421	(3,238)	–	(528)	(48)	(121)	172,177

Notes to the Interim Condensed Consolidated Financial Statements (continued)

16 Financial instruments (continued)

16.3 Interest-bearing loans and bonds (continued)

Movements in loans and bonds, including related interest, for the six months ended June 30, 2023 are presented below:

	January 1, 2023	Principal amount, proceeds	Principal amount, repayment	Interest, accruals	Interest, repayment	Reclassifi- cation from non-current to current	Foreign exchange differences	Deferred income on loan com- mitments	Modification of financial liabilities	June 30, 2023
Current										
Interest bearing loans	78,880	–	(3,910)	3,515	(1,537)	(44,462)	232	(1,878)	–	30,840
Bonds issued by closed subscription	–	–	–	874	–	–	–	–	–	874
LSE convertible bonds	9,841	–	(68)	79	(42)	–	2,325	–	(19)	12,116
MOEX bonds	–	–	–	591	(591)	328	–	–	–	328
Other borrowings	21	3	–	–	–	–	–	–	–	24
Non-current										
Interest bearing loans	20,447	3,666	(96)	989	–	44,462	1,531	–	–	70,999
Bonds issued by closed subscription	–	60,000	–	–	–	–	–	(17,399)	–	42,601
MOEX bonds	15,328	–	–	–	–	(328)	–	–	–	15,000
Total liabilities from financing activities	124,517	63,669	(4,074)	6,048	(2,170)	–	4,088	(19,277)	(19)	172,782

17 Personnel expenses

Personnel expenses for the six months ended June 30, 2024 and 2023 consist of:

	Six months ended June 30	
	2024	2023
Salary and related taxes	23,101	18,427
Share-based payments	141	1,024
Reserves and other	10,673	5,882
Total personnel expenses	33,915	25,333

18 Other operating expenses

Other operating expenses for the six months ended June 30, 2024 and 2023 consist of:

	Six months ended June 30	
	2024	2023
VAT and other taxes*	1,100	867
Change of expected credit loss allowance on trade receivables	136	74
Cost of sales	521	460
Travel expenses	351	302
Corporate events	298	216
Office maintenance	546	419
Charity	67	45
Security	70	67
Other operating expenses	584	366
Other operating expenses	3,673	2,816

* As of June 30, 2024, the Group updated the assessment of tax risks and recognised expenses for VAT and other taxes of RUB 163 (2023: RUB 282) and also expenses for non-recoverable VAT write-off in the amount of RUB 84 (2023: RUB 109). In addition, the Group recognised RUB 523 (2023: RUB 408) expenses related to write-off of input VAT due to 5% limit established by the Tax Code of the Russian Federation.

19 Events after the reporting period

After the reporting date, there were no events that require adjustment or disclosure in the interim condensed consolidated financial statements in accordance with IAS 10 *Events after the reporting date*.