



# Press Release

May 15, 2023

VK Company Limited (LSE, MOEX: VKCO, hereinafter referred to as "VK" or "the Company") releases operating results and segment information for Q1 2023

## VK HIGHLIGHTS FOR Q1 2023

Key results for Q1 2023

**+39.5%**

Revenue growth

**+67%**

Growth of online advertising

**+107%**

Growth of SME segment online advertising revenue

- **VK revenue grew by 39.5% YoY to RUB 27.3 bn.** Revenue growth was mainly driven by a 67% growth in online advertising in comparison with Q1 2022 to RUB 16.3 bn. The main growth drivers of advertising were:
  - performance formats with 1.8x YoY growth;
  - SME segment which doubled YoY.

VK key audience indicators in Q1 2023<sup>1</sup>

**76 mn**

DAU

**3.6 bn**

Minutes per day, Time spent

**>95%**

Monthly audience reach within the Russian internet segment

- As of the end of Q1 2023, users of VK services accounted for over 95% of the total monthly Russian Internet segment audience.
- VK increased the audience of its platforms while also intensifying user engagement:
  - In Q1 2023, the DAU of all VK services rose by 17% YoY and reached 76 mn users;
  - In Q1 2023, time spent across VK services increased by 17% YoY, with time spent averaging 3.6 bn minutes per day.

<sup>1</sup> Source: Mediascope, Q1 2023, Russia 0+, age 12+, desktop and mobile devices.

## RESULTS OF OPERATING SEGMENTS FOR Q1 2023

### Segment performance for Q1 2023


RUB bn, unless otherwise stated	Social networks & content services	EdTech	VK Tech	New business lines	Elimination of intragroup transactions and non-allocated costs	Group
Revenue	21.5	3.4	1.1	1.35	(0.2)	27.3
YoY, %	46.7%	20.6%	55.4%	0.8%		39.5%


- The revenue of VK's key "Social networks & content services segment" increased by 47% YoY in Q1 2023 to RUB 21.5 bn. The main drivers of growth were:
  - The growth of the VKontakte social network, VK's biggest asset. Its MAU in Russia in Q1 2023 increased by 11% YoY to a record 81.5 mn users, while DAU grew by 11% YoY to a record of 52.3 mn users. **The growth of the audience and its engagement led to a 49% YoY increase in VKontakte's revenue in Q1 2023.**
  - The acquisition of the Dzen platform in September 2022. As of the end of Q1 2023, Dzen's DAU reached 32.5 mn.
- "EdTech" segment revenue grew by 21% in Q1 2023 to RUB 3.4 bn. 800,000 students registered with Skillbox Holding Limited education platforms in Q1 2023, with 37,000 of them being new paying students. VK consolidated the largest online platform for school students, Uchi.ru, on February 20, 2023. The number of new active Uchi.ru students reached 1 mn in Q1 2023, with 209,000 new paying students.
- "VK Tech" remained the fastest growing VK segment in Q1 2023. Its revenue increased by 55% YoY to RUB 1.1 bn. VK Cloud solutions and services for HR automation were the primary drivers of the segment's growth.
- "New business lines" segment is in an active investment phase. It includes such new products and services as voice technologies, VK Play and RuStore. As of the end of Q1 2023, more than 16.5 mn accounts were registered on VK Play, and the project's MAU surpassed 13 mn users, while 10 mn individuals installed the RuStore app store on their devices. VK also sold 2.2x more smart speakers to end consumers in Q1 2023 than in Q1 2022.

VK's revenue and key audience indicators increased significantly in Q1 2023 as a result of the company's active investments in content, development of monetization programs, recommendation systems, and new technologies. In addition, high demand for VK's educational services and business technologies was a key growth driver.

## SOCIAL NETWORKS & CONTENT SERVICES SEGMENT

Audience indicators of key segment assets in Q1 2023, Russia

 **81 mn**  
VKontakte, MAU

 **37 mn**  
Odnoklassniki, MAU

 **50 mn**  
Mail, MAU

 **33 mn**  
Dzen, DAU (March 2023)

### “Social networks & content services” segment performance – Q1 2023

RUB bn, unless otherwise stated	Q1 2022	Q1 2023	YoY, %
<b>Revenue</b>	<b>14.7</b>	<b>21.5</b>	<b>46.7%</b>

*Main projects: VKontakte, Odnoklassniki, Dzen, Pulse, Portal, Mail.ru, VK Music, VK Clips, VK Video, VK Messenger*

The revenue of the “Social networks & content services” segment in Q1 2023 increased by 47% YoY, reaching RUB 21.5 bn. Online advertising was the primary driver of the revenue growth. In particular, VKontakte revenue increased by 49% YoY. The segment’s revenue growth incorporates the impact of the consolidation of the Dzen platform in September 2022.

#### VKontakte

VKontakte maintains its leading position among social networks in Russia: the MAU in Q1 2023 grew by 11% YoY to a record of 81.5 mn users. The global average monthly audience of VKontakte in Q1 2023 reached a record high of 104.2 mn active users. The DAU in Russia grew by 11% compared to Q1 2022 to a record of 52.3 mn users. In March 2023, the peak daily audience reached 53.6 mn users setting a new record. Total time spent on VKontakte in Q1 2023 was 45 minutes per day<sup>1</sup>. VKontakte was reaching 86% of the Russian internet audience in March 2023, with 54% of users visiting the platform daily<sup>2</sup>.

VKontakte modified its “For You” suggested media feed in February 2023, with an emphasis on colorful visual formats and deep audience engagement. The feed is powered by machine learning algorithms that detect topics and analyze if the information is up-to-date, relevant, its visual appeal and how it fits with trends. Various indicators, such as likes, views, comments, subscriptions, reposts, and other aspects, improve the accuracy of recommendations. Total news feed and recommendations feed views increased by 37% YoY in Q1 2023 thanks to the evolution of recommendations and increased audience engagement.

The overall number of active creator public pages in VKontakte increased by 10% YoY to 2.06 mn in March 2023. Revenue of creators using VK Donut increased by 178% YoY in Q1 2023, exceeding RUB 168 mn. In Q1 2023, the number of communities using this tool increased by 67% YoY, and the number of members making payments through VK Donut surged by 113% YoY. VKontakte also presented a new monetization interface in Q1 2023, enabling content creators to directly receive money earned through monetization tools. In order to support self-employed authors, the company will give out an increased compensation over a six-month period, in the equivalent of the professional income tax.

The number of apps on the VK Mini Apps platform increased in Q1 2023 by 83% YoY to 76,600. The platform's MAU increased by 4% to 43.3 mn users in Q1 2023 compared to Q1 2022, while the ad monetization of mini apps increased by 145% over the same period. In Q1 2023, VK Mini Apps platform launched a new technology for displaying ads in mini apps.

The number of mobile games in the VKontakte catalogue in Q1 2023 increased by 98% YoY, and revenue from in-game purchases on mobile devices grew by 75%.

<sup>1</sup> Source: Mediascope, Q1 2023, Russia 0+, age 12+, desktop and mobile devices

<sup>2</sup> Source: Mediascope, March 2023, Russia 0+, age 12+, desktop and mobile devices

VKontakte continues to implement NFT technologies. VK NFT, a service for transferring non-fungible tokens to the social network, presented its first mechanics for partners: they can release their own collections, create a separate branded page within the app, and add NFTs with varying degrees of rarity. VK NFT already supports the most popular blockchains on the market — Ethereum, Polygon, TON, and continues to expand this pool. Also, VKontakte, together with Definition, held the first online hackathon for Web3 developers on the VK NFT platform.

### Odnoklassniki (OK)

Russian MAU for OK stood at 37 mn in Q1 2023. Audiences demonstrated strong engagement in Q1 2023 by sending more than 11.7 bn virtual gifts, 618 mn postcards, and 560 mn stickers.

OK focuses on developing creator content, with the reach of content creator and media communities in Q1 2023 increasing by 50% YoY. OK continues to develop monetization programs, with over 1,000 creators joining in the first months of the two programs (video and feed content monetization). OK content creators began to earn twice as much as they did with previous partnership programs.

In Q1 2023, the content audience of the Hobbies service, launched in September 2022, reached 21.8 mn users per month. The new service allowed OK content creators to reach an additional target audience. On average, users watch more than 5 mn minutes of content about hobbies per day. At the end of March 2023, OK released their first original show, "OKnutie Lyudi" ("OK People"). The first episode of the show had 15.5 mn views within a month.

### Dzen

By the end of Q1 2023, Dzen platform daily audience increased by 11% YoY and amounted to 32.5 mn<sup>1</sup>.

The integration of Dzen and Pulse, VK's recommendation system, began in March 2023. The teams will develop a unified content platform under the Dzen brand. The integration of the platforms will increase creators' potential audience. In addition, Dzen launched the Subscriptions tab on dzen.ru in Q1 2023. The tab only displays content from creators the user has subscribed to. Dzen has begun testing its Showcase, a new format for demonstrating content that allows new users to quickly get to know the most popular authors.

Dzen authors can now withdraw funds earned from platform monetization through the VK Pay service. To do this, they need to go to the Studio and indicate their VK ID in the Monetization section.

### Mail.ru

Mail.ru email service's average MAU reached 50 mn users<sup>2</sup> in Q1 2023, while DAU amounted to 17.2 mn<sup>3</sup>. Mail.ru has been a leader among e-mail services in Russia for many years. Mail.ru revenue in Q1 2023 rose by 43% YoY to RUB 772 mn thanks to updates in the advertising network and advertising formats, as well as their growing efficiency for advertisers.

### Cloud Mail.ru

Cloud Mail.ru average MAU in Q1 2023 increased by 29% YoY and amounted to 22.1 mn users. Its average DAU increased by 50% over the same period to 2.5 mn<sup>4</sup>. In total, 6 bn files were uploaded to the Cloud in Q1 2023.

<sup>1</sup> Daily audience of dzen.ru and mobile apps. Absolute metrics source: Mediascope Cross Web, March 2023, Russia, age 12+, desktop and mobile. Dynamic data source: company data.

<sup>2</sup> Source: Mediascope Cross Web, Q1 2023, Russia, age 12+, desktop and mobile.

<sup>3</sup> Source: Mediascope Cross Web, Q1 2023, Russia, age 12+, desktop and mobile.

<sup>4</sup> Source: Mediascope Cross Web, Q1 2023, Russia, age 12+, desktop and mobile.

The number of views and subscribers of content services in Q1 2023



2.0 bn

VK Video, views

+24% YoY



1 bn

VK Clips, views

X2 YoY



41 mn

VK Music, MAU in Q1 2023

## VK Video

VK Video average daily views (excluding VK Clips) reached 2.04 bn in Q1 2023 (+24% YoY) thanks in part to improved recommendation algorithms – views for the main video showcase increased by 145% YoY.

The platform's library of professional content continues to grow. In 2023 the platform will have fresh exclusive content from bloggers as well as the largest producer of entertainment shows – Medium Quality. More than 20 projects from the label are among the newly revealed products. On April 1, 2023, a new episode of the show “Chto bylo dalshe?” (“What happened next?”) was released exclusively on the VK Video platform.

In 2023, VK Video plans to continue its focus on attracting new users and developing the platform both within the social networks VKontakte and Odnoklassniki, and as part of a standalone app.

## VK Clips

Daily views of VK Clips in Q1 2023 increased by 104% YoY to 956 mn. VK Clips time spent increased by 150% YoY in part due to the new recommendation system. The number of published clips increased by 106% YoY, while the number of content creators increased by 119%. VK Clips continued to develop tools for content creators in Q1 2023, introducing sound effects, the ability to upload videos in the mobile version of VKontakte, download videos of any quality, and use photos to create clips.

## VK Music

Average MAU for VK Music reached almost 41 mn in Q1 2023. VK Music introduced a Podcasts section, lyrics, and the option to listen to favorite radio stations in the web version of the VKontakte music section. VK Records released the soundtrack for the Atomic Heart video game, which was distributed across all music platforms and reached the top of the charts with over 131 mn streams.

## VK Messenger

The MAU of VK Messenger in Q1 2023 grew by 4% YoY to 67.2 mn users. The number of installations of VK Messenger standalone app reached around 6.85 mn as of the end of Q1 2023.

VK Messenger introduced a desktop app for Windows and macOS in Q1 2023, as well as advanced data transfer technology based on the QUIC Internet protocol. VK Messenger also accelerated message delivery and content loading speed. Since March 2023, VK Mini Apps open platform services have become available for shared use in VK Messenger.

## EDTECH SEGMENT

### "EdTech" segment performance – Q1 2023

RUB bn, unless otherwise stated	Q1 2022	Q1 2023	YoY, %
<b>Revenue</b>	<b>2.8</b>	<b>3.4</b>	<b>20.6%</b>

*Main projects: Skillbox, GeekBrains, SkillFactory, Mentorama, Lerna, Sferum, Uchi.ru*

The "EdTech" segment's revenue in Q1 2023 increased by 21% YoY reaching RUB 3.4 bn due to high demand for courses on Skillbox Holding Limited educational platforms and as a result of the consolidation of the online platform for school students Uchi.ru on February 20, 2023.

#### Skillbox Holding Limited

At the end of March 2023, the number of students registered with the educational platforms of Skillbox Holding Limited increased by 29% YoY to 14.0 mn, with 0.8 mn registering in Q1 2023. The number of paying students rose by 45% YoY to 556,000. In Q1 2023, 37,000 new paying students joined the platforms. The average check in Q1 2023 grew by 19% YoY and reached RUB 70,000.

#### Uchi.ru

VK has fully consolidated Uchi.ru, the largest online platform for school students, after buying out the remaining 75% of the company on February 20, 2023. Uchi.ru is Russia's largest online platform for school students for taking compulsory curriculum classes and extracurricular activities, learning to code, preparing for exams and taking part in academic Olympiads.

From April 2022 to March 2023, 11 mn students, 4.8 mn parents, and 750,000 teachers used Uchi.ru's services. During the same period, the number of paying students reached 972,000, rising by 10% YoY. The number of new active students reached 1 mn, with 209,000 new paying students joining the platforms in Q1 2023.

#### Sferum

Sferum is a single technology platform for communication between participants of the educational process. The Sferum educational profile in VK Messenger allows to plan online lessons and parent-teacher meetings, broadcast, create communities, manage channels and private chats for classes and schools, organize surveys, and share educational materials of up to 4GB. By the end of March 2023, the project's viewership had expanded 2.4x YoY exceeding 7.6 mn users (around 6.8 mn students and 860,000 teachers).

At the end of March 2023, VK announced the signing of legally binding documents to consolidate a 100% stake in the joint venture between VK and Rostelecom PJSC — Digital Education JV, the developer of Sferum.

## VK TECH SEGMENT

### "VK Tech" segment performance – Q1 2023

RUB bn, unless otherwise stated	Q1 2022	Q1 2023	YoY, %
<b>Revenue</b>	<b>0.7</b>	<b>1.1</b>	<b>55.4%</b>

*Main projects: VK Cloud, VK WorkSpace communication services*

In Q1 2023, VK Tech revenue rose by 55% YoY and reached RUB 1.1 bn, mainly driven by VK Cloud platform solutions and services for HR automation, which doubled their revenue YoY. VK Cloud launched Cloud Logging, a service for working with system data (logs) in Q1 2023. Small businesses were offered a low-cost communication and collaboration plan on the VK WorkSpace platform. Teams of up to ten people can use a messenger to communicate, make calls and video conferences, use corporate email and collaborate on files in the cloud.

VK's tax monitoring platform also showed strong revenue figures with an 80% increase in comparison with Q1 2022. VK has developed a tool that allows to integrate the VK Tax Compliance platform with 1C. The open-source based solution helps customers quickly and easily switch to tax monitoring mode, manage data more flexibly, and lower the cost of creating a data mart.

## NEW BUSINESS LINES SEGMENT

### "New business lines" segment performance – Q1 2023

RUB bn, unless otherwise stated	Q1 2022	Q1 2023	YoY, %
<b>Revenue</b>	<b>1.34</b>	<b>1.35</b>	<b>0.8%</b>

*Main projects: VK Play, RuStore, VK Pay, Youla, Marusia, VK Capsule, ESforce, Movika*

The "New business lines" segment's revenue totaled RUB 1.35 bn (+0.8% YoY) in Q1 2023, with smart speakers and VK Play being the main revenue drivers in this segment.

### VK Play

As of the end of Q1 2023, VK Play had over 16.5 mn registered accounts, with the project's monthly audience above 13 mn users.

The launch of the Atomic Heart video game exclusively on VK Play in Russia and the CIS was a big revenue driver for the platform in Q1 2023.

The VK Play Cloud gaming service became available through the VK Play app for Android users in early 2023. In February 2023, VK Play launched VK Play Investments to develop and support Russian game developers. In 2023, RUB 300 mn was allocated for Russian developers.

### RuStore

As of the end of Q1 2023, 10 mn users installed the RuStore app. The store has more than 5,700 applications and 4,000 registered developers.

Early this year, paid apps debuted in RuStore, and the beta testing phase concluded. The developer console received foreign localization, allowing the platform to attract its first foreign developers. A support program for Russian developers was launched, with the store reducing the monetization fee 6x until the end of the year for apps with sales of less than RUB 1 mn. In March, the app catalog was redesigned, and the "Interesting" section became the main page, providing users with up-to-date information about new and popular services. Users can scan their devices for malware thanks to the integration of partner antivirus technology.

### Voice technologies (Marusia and VK Capsule)

VK launched its VK Capsule Neo smart speaker with Marusia voice assistant in January 2023 in three new colors: black, orange and green. Marusia voice assistant MAU in Q1 2023 increased by 35% YoY, while DAU increased by 73%. The number of smart speakers sold to end users in Q1 2023 rose 2.2x YoY.

### VK KEY CORPORATE EVENTS IN Q1 2023

- On February 13, 2023, VK's Board of Directors approved the possibility of re-domiciliating the company from the British Virgin Islands to the Russian Federation, subject to the Company's ability to meet all the applicable legal and regulatory requirements. VK intends to maintain its public company status and will make regular updates on the progress of re-domiciliation;
- On February 20, 2023, VK fully consolidated Uchi.ru, the largest online platform for school students, after buying out the remaining 75% of the company. The deal was valued at RUB 8.7 bn. The deal will strengthen VK's position in the extracurricular school education segment;
- On March 9, 2023, VK announced the acquisition of a 51% stake in Didenok Star, a major communications agency focused on working with celebrity bloggers;
- On March 30, 2023, VK announced the signing of legally binding documents to consolidate the 100% stake in the joint venture between VK and Rostelecom PJSC — Digital Education JV, the developer of Sferum.





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## About VK

VK is one of the largest technology companies in Russia. Its products help millions of people with their day-to-day needs online. More than 90% of the Russian internet audience use VK services, which enable people to keep in touch, play video games, master new skills, listen to music, watch and create video content, buy and offer goods and services and fulfill wide range of other needs. The company provides a number of solutions for digitizing business processes, from online promotion and predictive analytics to corporate social networks, cloud services and enterprise automation.

The information contained in this Announcement is considered by the company as insider information, in accordance with the Regulation on Market Abuse (Regulation 596/2014/eu), as it is part of the domestic legislation of the United Kingdom in accordance with the European Union Act 2018 as amended. After the publication of this announcement through the required disclosure service, this insider information is recognized as publicly available.