

Press Release

March 16, 2023

VK Company Limited (LSE, MOEX: VKCO, hereinafter referred to as "VK" or "the Company") releases audited IFRS results and segment financial information for Q4 and 12 months of 2022

KEY VK HIGHLIGHTS FOR FY 2022

Key financial results for FY 2022

+19%

Revenue growth

+29%

Growth of online advertising

20 bn

Adjusted EBITDA

- **VK revenue grew by 19% to RUB 97.8 bn in 2022.** Revenue growth was driven by 29% growth in online advertising sales in comparison with 2021. The main growth drivers of advertising were:
 - performance formats with 59% YoY growth;
 - the SME segment with a 2.1x YoY growth.
- **Adjusted EBITDA rose by 8.9% YoY to RUB 20.0 bn in 2022** with an EBITDA margin of 20.4%. This was due to the growth in profitability of the "EdTech" and "VK Tech" segments – by 15 p.p. and 17 p.p. YoY, respectively.
- **Total comprehensive loss in 2022 fell by RUB 12.4 bn YoY** from RUB 15.3 bn in 2021 to RUB 2.9 bn, in part due to restructuring and optimization of the Group's assets.

VK key audience indicators in Q4 of 2022⁽¹⁾

73 mn

DAU

3.4 bn

Time Spent, minutes per day

>90%

Monthly audience reach within the Russian Internet segment

- As of the end of 2022, **users of VK services accounted for over 90% of the total Russian Internet monthly audience.**
- **VK continued to increase the audience of its platforms while also increasing user engagement:**
 - **In Q4 2022 the average DAU of all VK services reached a record of 73 mn users;**
 - In Q4 2022 time spent across VK services increased by 18% YoY, averaging 3.4 bn minutes per day.
- The growth of key audience indicators was ensured by the implementation of VK's updated strategy aimed at strengthening its leading position in the market of content focused entertainment and educational IT products and active development in the segments of innovative solutions for businesses.

(1) Source: Mediascope, Q4 2022, Russia 0+, age 12+, desktop and mobile devices.

FINANCIAL RESULTS OF OPERATING SEGMENTS FOR 2022

Segment performance for 2022

RUB billions, unless otherwise stated	Social networks & content services	EdTech	VK Tech	New business lines	Elimination of intragroup transactions and non-allocated costs	Group
Revenue	75.1	11.3	5.8	6.3	(0.7)	97.8
YoY, %	21.8%	4.0%	82.6%	-5.9%	84.2%	19.3%
Operating expenses	(49.8)	(10.9)	(4.6)	(10.6)	(7.0)	(83.0)
Share-based payments	-	-	-	-	5.2	5.2
Adjusted EBITDA	25.3	0.3	1.2	(4.3)	(2.5)	20.0
EBITDA margin, %	33.6%	3.0%	20.1%	-68.7%	-	20.4%

- Taking into account the substantial business transformation and in order to enhance the quality and transparency of the Group's financial reporting, VK has adjusted the provision of key segmental financial information in accordance with the current asset composition starting from Q4 2022 reporting.
- The "Communications & Social" segment has been renamed into "Social networks & content services" to reflect the increasing emphasis on media and content projects, launches of new internal business functions for media strategy and influencer activity, and the acquisition of Dzen. Given the similar nature of activities and business drivers, services such as VK Calls, VK Clips, and VK Video have been included in this segment. These projects were previously part of the "New Initiatives" segment.
- **The revenue of VK's key "Social networks & content services" segment increased by 22% YoY in 2022 to RUB 75.1 bn, while its Q4 2022 revenue increased by 30% YoY. The segment's EBITDA margin in 2022 stood at 34%. The main drivers of growth were:**
 - **The growth of the VKontakte social network, VK's biggest asset.** Its average MAU in Russia in Q4 2022 increased by 9.6% YoY to a record 79.5 mn users, while DAU grew by 8.9% YoY to a record 51.1 mn users. **The growth of the audience and its engagement led to a 29% increase in VKontakte's revenue in 2022. In Q4 2022 VKontakte's revenue grew by 31% YoY.**
 - The acquisition of the Dzen and News platforms in September 2022. **The average MAU of Dzen' newsfeed in 2022 was 70 mn, and the number of active creators doubled to 100,000 per week.**
- "EdTech" segment revenue grew by 4% in 2022 to RUB 11 bn. **At the end of December 2022, the number of registered students of VK's education platforms rose by 28% YoY, reaching over 13 mn. Adjusted EBITDA was positive in 2022, reaching RUB 337 mn, while EBITDA margin rose by 15 p.p. YoY to 3%.**
- Given VK's increasing emphasis on providing technologies for business and their growing revenue share, a number of B2B services developed internally under the VK Tech brand were moved from the "New Initiatives" to a standalone "VK Tech" segment.
- **"VK Tech" was the fastest growing VK segment in 2022.** Its revenue increased by 83% YoY to RUB 5.8 bn, with revenue more than doubling in Q4 2022 YoY. The segment's EBITDA margin increased by 17 p.p. YoY to 20% in 2022.
- **"New business lines" segment is in the active investment phase. It includes such new products and services such as VK Play and RuStore.**

SOCIAL NETWORKS & CONTENT SERVICES SEGMENT

Audience performance of key segment assets in Q4 2022, Russia

 **80 mn**

VKontakte, MAU

+10% YoY

 **37 mn**

Odnoklassniki, MAU

stable YoY

 **50 mn**

Mail, MAU⁽¹⁾

+5% YoY

 **70 mn**

Dzen.ru, MAU

acquired in Sep'2022

Social networks & content services segment performance - Q4 & 2022

RUB billions, unless otherwise stated	Q4 2021	Q4 2022	YoY, %	2021	2022	YoY, %
Revenue	18.4	24.0	30.3%	61.7	75.1	21.8%
Operating expenses	(11.0)	(17.7)	60.7%	(37.3)	(49.8)	33.7%
Adjusted EBITDA	7.4	6.3	(15.1%)	24.4	25.3	3.6%
<i>EBITDA margin, %</i>	<i>40.1%</i>	<i>26.2%</i>	<i>(14.0 p.p.)</i>	<i>39.5%</i>	<i>33.6%</i>	<i>(5.9 p.p.)</i>

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

The revenue of the "Social networks & content services" segment in Q4 2022 increased by 30.3% YoY, reaching RUB 24.0 bn. The growth in online advertising income was the primary driver of revenue growth. Revenue increase VKontakte, in particular, reached 31% YoY. Revenue from the Dzen and News projects has been included in the segment revenue since their purchase in early September 2022.

Adjusted EBITDA lost 15% YoY and reached RUB 6.3 bn in Q4 2022, with a margin of 26% versus 40% in Q4 2021. EBITDA was impacted by major product launches and upgrades of existing services, accompanied with growth in hiring and marketing activities.

VKontakte

VKontakte continued to strengthen its leading position among Russian social networks: the average MAU in Q4 2022 grew by 9.6% YoY to a record of 79.5 mn users. The global average audience of VKontakte in Q4 2022 reached a record high of 101.7 mn monthly active users, while the average DAU in Russia grew by 8,9% compared to Q4 2021 to a record of 51.1 mn users. In Q4 2022, the average total time spent on VKontakte was 45.2 minutes per day⁽²⁾. VKontakte was reaching a record 86% of the Russian internet audience in December 2022, with 54% of users visiting the platform daily⁽³⁾.

One of the most exciting launches in Q4 of 2022 with an emphasis on audience engagement was the development of deepfake technology for UGC content, where neural networks can replace users' faces with celebrities' faces in VK Clips and VK Video with a single click. VKontakte also actively implements Web3 technologies. NFT transactions can now be carried out in the new VK NFT service without leaving the social network.

More than 6.3 bn units of content, including posts, clips, articles, videos, music, and other formats, were published on VKontakte in 2022. News feed views increased by 47% in Q4 2022 compared to Q4 2021, owing to improved recommendations and greater audience engagement. The number of approved friend requests increased by 31% YoY.

VKontakte is actively developing Communities: the total number of active creator public pages in December 2022 increased by 13% YoY and reached 2 mn. VKontakte continues to add new ways for communities and creators to monetize their content.

(1) Source: Mediascope Cross Web, Q4 2022, Russia, age 12+, desktop and mobile devices; (2) Source: Mediascope, Q4 2022, Russia 0+, age 12+, desktop and mobile devices; (3) Source: Mediascope, December 2022, Russia 0+, age 12+, desktop and mobile devices.

The number apps on the VK Mini Apps platform increased in Q4 2022 by 90% YoY to 75,380. The platform's MAU increased by 8% to 44.6 mn people in Q4 2022 compared to Q4 2021, and in-app ad revenue of mini apps increased by 95% over the same period.

The number of mobile games in the VKontakte catalog in Q4 2022 increased by 132% YoY, and revenue from in-game purchases on mobile devices increased by 91%.

Odnoklassniki (OK)

Average Russia MAU for OK stood at 36.6 mn in Q4 2022. Audiences demonstrated strong engagement in Q4 by sending more than 8.3 bn virtual gifts, 614 mn postcards and 543 mn stickers.

OK continues to expand its content services within the social network. OK relaunched its recommendation system with a focus on creator content. As a result, the time spent on the social network's feed increased by 28% YoY in Q4, while groups of bloggers and media got an increase in reach by 78% YoY. The reach of bloggers' content increased by 1.5x YoY and the share of content made by communities in users' feeds grew from 31% to 46%.

OK was updated in September as part of the social network's new positioning, and launched a new service called Hobbies, which shows content about users' particular interests and hobbies. More than 21.4 mn people per month watched Hobbies in Q4 2022.

Moments (vertical, full-screen photos and videos that disappear after 24 hours) average MAU reached 28 mn in Q4 2022 (+4.7% YoY). The number of views stood at 456 mn (+11% YoY).

Dzen

Dzen, a key multi-format platform for viewing and distributing content on a variety of subjects, joined VK on September 12, 2022. Every month, over 70 mn people read articles and posts, watch vertical and long videos in the Dzen newsfeed.

Dzen relaunched its mobile app in Q4, added a new way to sign in to the platform using VK ID, and also gave creators the option to transfer funds earned from platform monetization to bank cards and through the payment service VK Pay.

The platform's content will continue to grow with Pulse integrated into Dzen since March 2023. The merger is taking place under a single Dzen brand and its technology foundation, which includes a sophisticated recommendation system.

Furthermore, Dzen will serve as a unified entry point for all creators, providing simple tools for making, distributing, and monetizing content. Every week, over 100,000 active authors make content on the platform – their number doubled in 2022, and the number of topics increased fivefold.

Email Mail.ru

Mail.ru remains the largest email service in Russia. The product's audience continues to grow, with DAU up by 5% YoY in Q4 to 18 mn people and average MAU up by 5% to 50 mn⁽¹⁾. The service's revenue exceeded RUB 1 bn for the first time in Q4 2022, rising by 28% YoY.

The number of views and subscribers of content services in Q4 2022

 2.0 bn

VK Video⁽²⁾, views

+36% YoY

 0.8 bn

VK Clips, views

2.3x YoY

 +34%

VK Music, growth in subscriber base in Q4

VK Clips

Daily views of VK Clips reached 836 mn (+127% YoY) in Q4. The number of new Clips published rose by 346% YoY and the number of content creators increased by 133% YoY.

(1) Source: Mediascope Cross Web, Q4 2022, Russia, age 12+, desktop and mobile devices; (2) Not including VK Clips.

VK Video

VK Video average daily views (not including VK Clips) reached 1.96 bn in Q4 (+36% YoY).

The platform's library of professional content continues to grow: by the end of 2022, VK Video featured around 100,000 titles in films, TV shows and series from over 130 copyright owners.

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

VK Music

Average MAU for VK Music stood at 46.5 mn in Q4 2022. The service's subscriber base grew by 34% from September to December 2022. VK Records, a new business line, was launched in September 2022, which will create and manage its own music labels. Two live music venues were also opened in Q4 – VK STADIUM with a capacity of 7,000 people and VK Gipsy with a capacity of 2,500 people.

VK Messenger

The average MAU of VK Messenger in Q4 2022 grew by 3.7% to 66.2 mln users. VK Messenger was launched as a standalone app in May 2022 with the number of installations reaching 4.5 mn by the end of 2022.

New features have been added to Messenger – chats can now be organized into folders, and multiple profiles can be created within the same app. Users can now browse communities as channels, receive notifications from federal services portal Gosuslugi, and pay fines without commission. VK Messenger has significantly accelerated the service's performance and the speed of video downloads, increased the maximum size of sent files to 4 GB, and introduced video messages with recording templates.

VK Calls

VKontakte introduced shared video content streaming in VK Calls in Q4 2022, with real-time reactions and no limit on the number of viewers. The service introduced animated vmoji, allowing VK Calls users to participate in meetings using personal avatars instead of live webcam videos.

EDTECH SEGMENT

EdTech segment performance – Q4 2022 & 2022

RUB billions, unless otherwise stated	Q4 2021	Q4 2022	YoY, %	2021	2022	YoY, %
Revenue	4.8	3.2	(33.0%)	10.8	11.3	4.0%
Operating expenses	(4.0)	(3.0)	(25.7%)	(12.2)	(10.9)	(10.3%)
Adjusted EBITDA	0.7	0.2	(73.7%)	(1.4)	0.3	n/a
<i>EBITDA margin, %</i>	<i>15.1%</i>	<i>5.9%</i>	<i>(9.2 p.p.)</i>	<i>-12.5%</i>	<i>3.0%</i>	<i>15.4 p.p.</i>

Main projects: Skillbox, GeekBrains, SkillFactory, Mentorama, Lerna, Sferum

The "Education" segment was renamed into "Educational Technologies" or "EdTech". It combines VK's consolidated online learning platforms and educational technologies providing services to individuals and businesses.

In 2022, the segment achieved a sustained positive Adjusted EBITDA. In particular, EdTech delivered EBITDA of RUB 189 mn in Q4 2022 compared to RUB 719 mn in Q4 2021 with EBITDA margin of 6%.

At the end of December 2022 VK education platforms saw the number of combined cumulative registered students grow by 28% YoY to more than 13 mn, with 1.2 mn in new registrations during Q4 2022. Cumulative number of paying students reached 519,000 (+49% YoY), with 54,000 new paying students joining in Q4. The overall number of courses and programs at the end of December 2022 was 1,641. The average check in Q4 2022 reached RUB 67,000 (+11% YoY)⁽¹⁾.

(1) Operating data covers only Skillbox Holding Limited companies

VK TECH SEGMENT

VK Tech segment performance – Q4 2022 & 2022

RUB billions, unless otherwise stated	Q4 2021	Q4 2022	YoY, %	2021	2022	YoY, %
Revenue	1.2	2.8	2.4x	3.2	5.8	82.6%
Operating expenses	(0.8)	(1.5)	76.5%	(3.1)	(4.6)	51.2%
Adjusted EBITDA	0.3	1.4	4.2x	0.1	1.2	10.6x
<i>EBITDA margin, %</i>	<i>27.9%</i>	<i>48.0%</i>	<i>20.0 p.p.</i>	<i>3.4%</i>	<i>20.1%</i>	<i>16.6 p.p.</i>

Main projects: VK Cloud, communication services VK WorkSpace

VK Tech Q4 revenue more than doubled YoY and reached RUB 2.8 bn, driven mainly by corporate communication services on the VK WorkSpace platform. Revenue from these services more than tripled, and the share of services in the segment's total revenue exceeded one third. Revenue from VK Cloud services doubled in Q4.

VK Tech posted positive Adjusted EBITDA in both Q4 2022 and 2022 with margins rising by 20 p.p. to 48.0% in Q4.

NEW BUSINESS LINES SEGMENT

New business lines segment performance – Q4 2022 & 2022

RUB billions, unless otherwise stated	Q4 2021	Q4 2022	YoY, %	2021	2022	YoY, %
Revenue	2.3	2.1	(8.5%)	6.7	6.3	(5.9%)
Operating expenses	(3.4)	(4.3)	26.5%	(9.3)	(10.6)	14.3%
Adjusted EBITDA	(1.0)	(2.1)	(2.0x)	(2.6)	(4.3)	(66.3%)
<i>EBITDA margin, %</i>	<i>-45.0%</i>	<i>-100.5%</i>	<i>(55.5 p.p.)</i>	<i>-38.9%</i>	<i>-68.7%</i>	<i>(29.8 p.p.)</i>

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

The "New Initiatives" segment was reorganized into "New business lines". It represents recent launches or acquisitions, as well as assets that are not significant as standalone assets when analyzing VK's business activities.

The segment's revenue totaled RUB 2.1 bn (-9% YoY) in Q4 2022. Adjusted EBITDA loss in Q4 amounted to RUB 2.1 bn (vs. the loss of RUB 1.0 bn in Q4 2021). EBITDA margin in the Q4 came in at negative 101% against negative 45% in Q4 2021. In Q4 2022 VK continued to invest in several fast-growing services, including the VK Play gaming platform, the RuStore app store and other initiatives.

Youla

The asset achieved a positive adjusted EBITDA margin for the full financial year for the first time.

VK Play

VK Play ended its beta phase in October 2022. The number of developers on the platform doubled in the second half of 2022, reaching 600 in December 2022. Over 12 mn accounts were registered on the platform by the end of Q4 2022. Average MAU for the last 30 days of 2022 exceeded 11 mn.

VK Play Live streaming platform, which was launched on VK Play in August 2022, completed its closed beta test phase at the end of November 2022. In November 2022, VK Play Live launched its mobile app. As a result, by the end of 2022, more than 52,000 streams were conducted on VK Play Live and more than 12,000 streamers were registered.

In 2023 VK Play will continue focusing on developing the platform and attracting new users.

RuStore

RuStore is Russia's largest app store for Android devices. Its average MAU reached 7 mn people in 4Q. As of December 2022, RuStore had around 3,700 apps and over 2,000 developers.

In February 2023 the product completed beta testing and allowed international developers to publish their apps. This year, RuStore plans to continue focusing on expanding functionality, attracting new users and developers.

Voice technologies (Marusia and VK Capsule)

In October 2022 VK launched its VK Capsule (the smart speaker with Marusia voice assistant) in new color options and presented a new VK Capsule Neo smart speaker in December 2022.

Marusia voice assistant DAU increased more than 1.5-fold at the end of 2022, thanks in part to greater integration with the company's various products.

GAMES SEGMENT

On September 27, 2022 VK announced the sale of MY.GAMES. The deal included all MY.GAMES assets such as its studios and game products. The total deal value amounted to USD 642 mn and was closed in Q4 2022. The segment and its performance figures were excluded from financial statements for 2022, according to the IFRS 5 requirements due to the sale of the asset.

JOINT VENTURES

VK exited from the O2O Holding. The deal was closed on September 29, 2022.

VK KEY CORPORATE EVENTS IN Q4 2022

- VK completed the sale of MY.GAMES. The company continues to develop its own local gaming services under the VK Play brand.
- In October 2022 VK's subsidiary ITR acquired 87.2% in Movika, the developer of a platform for short videos, and in December 2022 VK announced it signed an agreement to acquire 51% in Medium Quality Production, a leader in digital video content creation in the CIS. Both deals were a part of the company's strategy to expand its content services. In December 2022, the company opened VK STADIUM, its first own concert venue.
- On November 10, 2022, VK announced that Prosus ceased to be a shareholder in the company by way of renouncing its shares to the company for nil consideration. Prosus held a 25.7% economic stake. This stake was subsequently sold to Singularity Lab to support VK's future long-term management motivation programs.
- VK bought back around 66% of its total convertible bond issue with a nominal value of ~\$263 mn as part of the restructuring carried out before the end of 2022.

KEY EVENTS AFTER THE REPORTING DATE

- On February 13, 2023, the VK Board of Directors approved the possibility of the company's re-domiciliation 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 plans to maintain its public company status and will provide regular updates on the re-domiciliation process;
- On February 20, 2023, VK consolidated Uchi.ru, the largest online platform for schoolchildren, by buying out the remaining 75% of the company. The deal's value reached RUB 8.7 bn. The acquisition will strengthen VK's foothold in the segment of extracurricular education for schoolchildren;
- On March 9, 2023, VK announced an acquisition of 51% stake in Didenok Star, the largest communication agency specializing on working with celebrity bloggers.

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EBITDA

This release presents Adjusted EBITDA, which is a non-IFRS financial measure. MY.GAMES has been excluded from all measures in accordance with IFRS 5 due to the disposal of the asset at the end of Q3 2022.

Cautionary Statement regarding Forward Looking Statements and Disclaimers

This press release contains statements of expectation and other forward-looking statements regarding future events or the future financial performance of the Group. You can identify forward looking statements by terms such as "expect", "believe", "anticipate", "estimate", "forecast", "intend", "will", "could", "may" or "might", the negative of such terms or other similar expressions including "outlook" or "guidance". The forward-looking statements in this release are based upon various assumptions that are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and may be beyond the Group's control. Actual results could differ materially from those discussed in the forward looking statements herein. Many factors could cause actual results to differ materially from those discussed in the forward looking statements included herein, including competition in the marketplace, changes in consumer preferences, the degree of Internet penetration and online advertising in Russia, concerns about data security, claims of intellectual property infringement, adverse media speculation, changes in political, social, legal or economic conditions in Russia, exchange rate fluctuations, and the Group's success in identifying and responding to these and other risks involved in its business, including those referenced under "Risk Factors" in the Group's public filings. The forward-looking statements contained herein speak only as of the date they were made, and the Group does not intend to amend or update these statements except to the extent required by law to reflect events and circumstances occurring after the date hereof.

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.

VK CONSOLIDATED RESULTS – Q4 AND 12M 2022

The Group's consolidated financial statements for Q4 and twelve months ended 31 December 2022 prepared in accordance with IFRS and accompanied by an independent auditor's review report have been filed on the National Storage Mechanism appointed by the Financial Conduct Authority and can be accessed at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> or on the Group's website at <https://vk.com/company/media/files/vkifrsfy2022eng.pdf>.

RUB millions, unless otherwise stated	Q4 2021	Q4 2022	YoY, %	2021	2022	YoY, %
Revenue						
Online advertising	13,659	19,316	41.4%	44,066	56,917	29.2%
Community IVAS	4,915	4,298	-12.6%	17,924	17,008	-5.1%
Education technology services	4,727	3,156	-33.2%	10,651	11,190	5.1%
Other revenue	3,239	4,942	52.6%	9,341	12,655	35.5%
Total revenue	26,540	31,712	19.5%	81,982	97,770	19.3%
Operating expenses						
Personnel expenses	(9,004)	(11,680)	29.7%	(27,928)	(38,847)	39.1%
Agent/partner fees	(6,708)	(7,580)	13.0%	(22,943)	(23,988)	4.6%
Marketing expenses	(2,879)	(5,712)	98.4%	(8,903)	(14,018)	57.5%
Server hosting expenses	(131)	(120)	-8.4%	(520)	(636)	22.3%
Professional services	(342)	(478)	39.8%	(1,135)	(1,229)	8.3%
Other operating income	76	31	-59.2%	570	792	38.9%
Other operating expenses	(1,998)	(1,847)	-7.6%	(4,879)	(5,055)	3.6%
Total operating expenses, net	(20,986)	(27,386)	30.5%	(65,738)	(82,981)	26.2%
<i>Adjustments</i>						
Share-based payment transactions	1,380	499	-63.8%	2,091	5,186	2.5x
Adjusted EBITDA	6,934	4,825	-30.4%	18,335	19,975	8.9%
<i>EBITDA margin, %</i>	<i>26.1%</i>	<i>15.2%</i>	<i>(10.9 p.p.)</i>	<i>22.4%</i>	<i>20.4%</i>	<i>(1.9 p.p.)</i>
Total comprehensive (loss)/profit	(5,204)	7,923	n/a	(15,314)	(2,934)	-80.8%
<i>Total comprehensive (loss)/profit margin, %</i>	<i>-19.6%</i>	<i>25.0%</i>	<i>44.6 p.p.</i>	<i>-18.7%</i>	<i>-3.0%</i>	<i>15.7 p.p.</i>

OPERATING SEGMENTS

- Social networks & content services
- EdTech
- VK Tech
- New business lines
- Non-allocated items

The "Social networks & content services" segment includes email, instant messaging services, News and Dzen platform, recommendation platform Pulse, as well as Portal (main page and media projects), VK Music, VK Calls, VK Videos, VK Mini Apps projects. It generates substantially all its revenues from advertising. This segment also aggregates the Group's social networks VKontakte, OK, My World and generates revenues from (1) commissions from application developers based on the respective

applications' revenue, (2) user payments for virtual gifts, stickers and music subscriptions, and (3) online advertising. The businesses within this segment have similar nature and economic characteristics as they are associated with social media, content and online communication services, offer products and services to similar customer groups, and regulated in a similar regulatory environment.

The "EdTech" segment includes the Group's online education platforms with educational courses and programs (such as GeekBrains, Skillbox, Skillfactory and others), and earns substantially all revenue from individuals paying for education courses, as well as a small share of the B2B segment.

The "VK Tech" segment includes VK Cloud platform, data management solutions, corporate communication services, tax monitoring platform, and other corporate software.

The "New business lines" segment represents separate operating segments aggregated into one reportable segment because of their similar nature of newly acquired or newly launched and dynamically developing businesses. This segment consists primarily of Youla classifieds, which derives substantially all of its revenues from advertising and listing fees, the VK Play gaming platform, the Marusia voice assistant and VK Capsule smart speakers, and the RuStore app store for mobile devices.

The Group evaluates the operating performance of its segments based on earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA). Adjusted EBITDA for the segments is calculated as revenues net of operating expenses (excluding depreciation, amortization, and impairment of intangible assets), taking into account the Group's corporate expenses allocated to the respective segment.

OPERATING SEGMENTS PERFORMANCE – 12M 2022

RUB millions, unless otherwise stated	Social networks & content services	EdTech	VK Tech	New business lines	Non-allocated costs	Elimination of intragroup transactions	Group
Revenue	75,116	11,274	5,778	6,300	31	(729)	97,770
Total operating expenses	(49,847)	(10,937)	(4,618)	(10,628)	(7,680)	729	(82,981)
<i>Adjustments</i>							
Share-based payment transactions	-	-	-	-	5,186	-	5,186
Adjusted EBITDA	25,269	337	1,160	(4,328)	(2,463)	-	19,975
<i>EBITDA margin, %</i>	33.6%	3.0%	20.1%	-68.7%	-	-	20.4%
Total comprehensive loss							(2,934)
Total comprehensive loss margin, %							-3.0%

OPERATING SEGMENTS PERFORMANCE – 12M 2021

RUB millions, unless otherwise stated	Social networks & content services	EdTech	VK Tech	New business lines	Non-allocated costs	Elimination of intragroup transactions	Group
Revenue	61,662	10,841	3,164	6,694	-	(379)	81,982
Total operating expenses	(37,277)	(12,191)	(3,055)	(9,297)	(4,297)	379	(65,738)
<i>Adjustments</i>							
Share-based payment transactions	-	-	-	-	2,091	-	2,091
Adjusted EBITDA	24,385	(1,350)	109	(2,603)	(2,206)	-	18,335
<i>EBITDA margin, %</i>	39.5%	-12.5%	3.4%	-38.9%	-	-	22.4%
Total comprehensive loss							(15,314)
Total comprehensive loss margin, %							-18.7%

LIQUIDITY

As at December 31, 2022, the Group had RUB 48,759 mn of cash and cash equivalents, RUB 124,517 mn of debt outstanding (excluding lease liabilities) and RUB 8,788 mn of financial liabilities at fair value through profit or loss. The Group's net debt position amounted to RUB 84,546 mn.

AGGREGATE SEGMENT FINANCIAL INFORMATION

The Group evaluates the performance of its operating segments based on earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA). Segment Adjusted EBITDA is calculated as the segment's revenue minus operating expenses (excluding amortization and impairment of intangible assets), but taking into account corporate expenses allocated to the relevant segment.

A reconciliation of the adjusted EBITDA of the Group and the Group's comprehensive profit/(loss) for the three months ended December 31, 2022, and December 31, 2021, under IFRS is presented in the table below:

RUB millions	Q4 2022	Q4 2021
Group adjusted EBITDA	4,825	6,934
Share-based payment transactions	(499)	(1,380)
Depreciation and amortization	(4,811)	(4,295)
Impairment of intangible assets	-	(1,714)
Share of loss of equity accounted associates and joint ventures	(167)	(6,986)
Finance income	4,262	236
Finance expenses	(2,169)	(1,338)
Other non-operating gain/(loss)	224	(207)
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(1,407)	677
Net gain on disposal of subsidiaries	13	-
Impairment of equity accounted associates and joint ventures	(356)	(559)
Loss on remeasurement of assets held for sale	(283)	-
Gain on remeasurement of previously held interest in joint ventures and equity accounted associate	174	-
Loss on remeasurement of financial instruments	(4)	(429)
Expected credit loss allowance on restricted cash	(28)	-
Net foreign exchange gain/(loss)	703	(953)
Income tax expense	(2,344)	(389)
Net profit from discontinued operations	8,051	4,494
Other comprehensive income	1,739	705
Consolidated profit/(loss) after income tax expense under IFRS	7,923	(5,204)

Reconciliation of the adjusted EBITDA of the Group to comprehensive loss of the Group for the twelve months ended December 31, 2022, and December 31, 2021, under IFRS is presented in the table below:

RUB millions	2022	2021
Group adjusted EBITDA	19,975	18,335
Share-based payment transactions	(5,186)	(2,091)
Depreciation and amortisation	(18,113)	(16,131)
Impairment of intangible assets	(1,052)	(1,714)
Share of loss of equity accounted associates and joint ventures	(16,994)	(21,167)
Finance income	6,561	951
Finance expenses	(12,379)	(4,229)
Other non-operating gain/(loss)	187	(182)
Goodwill impairment	(9,681)	-
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(10,486)	2,755

RUB millions	2022	2021
Net gain on disposal of subsidiaries	13	–
Impairment of equity accounted associates and joint ventures	(13,973)	(559)
Loss on remeasurement of assets held for sale	(283)	–
Gain on remeasurement of previously held interest in joint ventures and equity accounted associate	24,360	305
Loss on remeasurement of financial instruments	(123)	(819)
Expected credit loss allowance on restricted cash	(2,190)	–
Net foreign exchange gain/(loss)	9,867	(1,042)
Income tax expense	(3,149)	(757)
Net profit from discontinued operations	28,736	10,648
Other comprehensive income	976	383
Consolidated loss after income tax expense under IFRS	(2,934)	(15,314)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

RUB millions	As of December 31, 2022	As of December 31, 2021 (restated)
ASSETS		
Non-current assets		
Investments in equity accounted associates and joint ventures	4,585	48,921
Goodwill	157,111	138,414
Right-of-use assets	9,519	14,843
Other intangible assets	22,249	18,324
Property and equipment	39,250	15,798
Financial assets at fair value through profit or loss	350	6,903
Deferred income tax assets	2,293	5,157
Other financial assets	2,158	69
Advance under office lease contracts	437	462
Total non-current assets	237,952	248,891
Current assets		
Trade accounts receivable	20,533	20,688
Accounts receivable from the sale of a subsidiary	43,739	–
Prepaid income tax	262	359
Prepaid expenses and advances to suppliers	1,965	2,353
Loans issued	2,982	109
Inventories	226	157
Other current assets	4,205	1,445
Cash and cash equivalents	48,759	23,737
Assets held for sale	292	–
Total current assets	122,963	48,848
Total assets	360,915	297,739
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Issued capital	–	–
Share premium	81,872	79,397
Treasury shares	(1,039)	(1,044)
Retained earnings	86,841	89,985
Foreign currency translation reserve	2,585	1,578
Total equity attributable to equity holders of the parent	170,259	169,916
Non-controlling interests	(2,147)	346
Total equity	168,112	170,262
Non-current liabilities		
Deferred income tax liabilities	2,107	1,228
Deferred revenue	793	1,455

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

RUB millions	As of December 31, 2022	As of December 31, 2021 (restated)
Non-current lease liabilities	7,292	11,327
Non-current financial liabilities at fair value through profit or loss	3,982	879
Long-term interest-bearing loans and bonds	35,775	50,810
Other non-current liabilities	572	522
Total non-current liabilities	50,521	66,221
Current liabilities		
Trade accounts payable	17,121	14,541
Income tax payable	2,689	3,208
VAT and other taxes payable	5,183	4,391
Deferred revenue and customer advances	8,428	17,794
Short-term portion of long-term interest-bearing loans and bonds	88,742	7,078
Current lease liabilities	3,216	4,121
Current financial liabilities at fair value through profit or loss	4,806	–
Other payables and accrued expenses	11,810	10,123
Liabilities directly associated with assets held for sale	287	–
Total current liabilities	142,282	61,256
Total liabilities	192,803	127,477
Total equity and liabilities	360,915	297,739

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

RUB millions	2022	2021
Continuing operations		
Online advertising	56,917	44,066
Community IVAS	17,008	17,924
Education technology services	11,190	10,651
Other revenue	12,655	9,341
Total revenue	97,770	81,982
Personnel expenses	(38,847)	(27,928)
Agent/partner fees	(23,988)	(22,943)
Marketing expenses	(14,018)	(8,903)
Server hosting expenses	(636)	(520)
Professional services	(1,229)	(1,135)
Other operating income	792	570
Other operating expenses	(5,055)	(4,879)
Total operating expenses, net	(82,981)	(65,738)
Depreciation and amortization	(18,113)	(16,131)
Impairment of intangible assets	(1,052)	(1,714)
Share of loss of equity accounted associates and joint ventures	(16,994)	(21,167)
Finance income	6,561	951
Finance expenses	(12,379)	(4,229)
Other non-operating gain/loss	187	(182)
Goodwill impairment	(9,681)	–
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(10,486)	2,755
Net gain on disposal of subsidiaries	13	–
Impairment of equity accounted associates and joint ventures	(13,973)	(559)
Loss on remeasurement of assets held for sale	(283)	–
Gain on remeasurement of previously held interest in joint ventures and equity accounted associate	24,360	305
Loss on remeasurement of financial instruments	(123)	(819)
Expected credit loss allowance on restricted cash	(2,190)	–
Net foreign exchange gain/(loss)	9,867	(1,042)
Loss before income tax expense from continuing operations	(29,497)	(25,588)
Income tax expense	(3,149)	(757)
Loss from continuing operations	(32,646)	(26,345)
Discontinued operations		
Profit from discontinued operations	28,736	10,648
Net loss	(3,910)	(15,697)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

RUB millions	2022	2021
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		
Effect of translation to presentation currency of Group's joint ventures	1,002	132
Exchange difference on translation of foreign operations	(26)	251
Total other comprehensive loss that may be reclassified to profit or loss in subsequent periods	976	383
Total other comprehensive loss net of tax effect of 0	976	383
Total comprehensive loss, net of tax	(2,934)	(15,314)
Net loss, attributable to:		
Equity holders of the parent	(3,144)	(15,493)
Non-controlling interests	(766)	(204)
Total comprehensive loss, net of tax, attributable to:		
Equity holders of the parent	(2,168)	(15,110)
Non-controlling interests	(766)	(204)
Loss per share, in RUB:		
Basic loss per share attributable to ordinary equity holders of the parent	(14)	(69)
Diluted earnings per share attributable to ordinary equity holders of the parent	n/a	n/a
Loss per share from continuing operations, in RUB:		
Basic loss per share attributable to ordinary equity holders of the parent	(116)	(115)
Diluted earnings per share attributable to ordinary equity holders of the parent	n/a	n/a
Profit per share from discontinued operations, in RUB:		
Basic profit per share attributable to ordinary equity holders of the parent	102	47
Diluted earnings per share attributable to ordinary equity holders of the parent	100	45

CONSOLIDATED STATEMENT OF CASH FLOWS

RUB millions	2022	2021
Cash flows from operating activities		
Loss before income tax from continuing operations	(29,497)	(25,588)
Profit before income tax from discontinued operations	27,858	10,962
Loss before income tax	(1,639)	(14,626)
<i>Adjustments to reconcile loss before income tax to cash flows</i>		
Depreciation and amortisation	20,074	18,371
Impairment of intangible assets	1,052	1,714
Share of loss of equity accounted associates and joint ventures	16,994	21,167
Finance income	(6,668)	(969)
Finance expenses	12,388	4,253
Expected credit loss allowance on trade receivables	89	418
Expected credit loss allowance on restricted cash	2,911	–
Goodwill impairment	9,681	–
Net loss/(gain) on financial assets and liabilities at fair value through profit or loss	11,067	(2,700)
Net gain on disposal of subsidiaries	(27,143)	–
Impairment of equity accounted associates and joint ventures	13,973	559
Loss on remeasurement of assets held for sale	283	–
Gain on remeasurement of previously held interest in equity accounted associates	(24,360)	(305)
Loss on remeasurement of financial instruments	420	843
Net foreign exchange (gain)/loss	(9,391)	943
Cash settled and equity settled share-based payments	2,480	2,091
Other non-cash items	(82)	227
<i>Change in operating assets and liabilities</i>		
Increase in accounts receivable	(5,792)	(3,912)
Increase in prepaid expenses and advances to suppliers	(3,462)	(1,512)
Increase in inventories and other assets	(2,863)	(960)
Increase in accounts payable and accrued expense	9,604	5,700
Decrease in other non-current assets	25	205
(Decrease)/increase in deferred revenue and customer advances	(285)	86
Increase in financial assets at fair value through profit or loss	(570)	(5,129)
Operating cash flows before interest and income taxes	18,786	26,464
Interest received	724	393
Interest paid	(4,969)	(2,977)
Income tax paid	(1,992)	(2,968)
Net cash provided by operating activities	12,549	20,912
Cash flows from investing activities		
Cash paid for property and equipment from continuing operations	(14,143)	(8,640)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

RUB millions	2022	2021
Cash paid for intangible assets from continuing operations	(6,189)	(4,017)
Cash paid for property and equipment from discontinued operations	(126)	(127)
Cash paid for intangible assets from discontinued operations	(2,132)	(2,329)
Dividends received from equity accounted associates	76	891
Loans issued	(8,713)	(15,959)
Loans collected	165	348
Cash paid for acquisitions of subsidiaries, net of cash acquired	3,302	(3,503)
Cash outflow from sale of subsidiary	(1,743)	–
Cash paid for investments in equity accounted associates and joint ventures	(2,834)	(11,767)
Net cash used in investing activities	(32,337)	(45,103)
Cash flows from financing activities		
Payment of lease liabilities	(4,628)	(3,783)
Loans received	82,226	21
Loans repaid	(30,198)	(3,718)
Proceeds from bonds issued	–	15,000
Cash received from disposal of non-controlling interests in subsidiaries	–	1,486
Cash paid for non-controlling interests in subsidiaries	–	(20)
Dividends paid by subsidiaries to non-controlling shareholders	(86)	(215)
Net cash provided by financing activities	47,314	8,771
Net decrease in cash and cash equivalents	27,526	(15,420)
Effect of exchange differences on cash balances	(664)	(140)
Change in expected credit loss allowance on restricted cash	(1,679)	–
Change in cash related to asset held for sale	(161)	–
Cash and cash equivalents at the beginning of the period	23,737	39,297
Cash and cash equivalents at the end of the period	48,759	23,737