



Press Release

August 10, 2023

VK Company Limited (LSE, MOEX: VKCO, hereinafter referred to as "VK" or "the Company") releases unaudited results under IFRS and segment financial information for Q2 and the first half of 2023

VK HIGHLIGHTS FOR Q2 AND H1 2023

VK key financial results for H1 2023

+36%

Revenue growth

+51%

Online advertising growth

3.9 bn

Adjusted EBITDA

- **In the first half of 2023, VK revenue grew by 36% YoY, reaching RUB 57.3 bn.** Revenue growth was mainly driven by online advertising sales that grew by 51% YoY to RUB 35.1 bn. The main growth drivers of advertising were:
 - performance formats, which grew by 39% YoY;
 - the revenue of SME segment with a 52% YoY growth.
- **In the first half of 2023, adjusted EBITDA amounted to RUB 3.9 bn,** with an EBITDA margin of 6.8%. Margins in the EdTech and VK Tech segments rose by 3.5 and 26.3 p.p. YoY, respectively.
- **In the first half of 2023, the total comprehensive loss decreased by RUB 44.7 bn** from RUB 53.5 bn in the first half of 2022 and amounted to RUB 8.8 bn. The decline was due to the restructuring and optimization of the Group's assets, among other reasons.

VK key audience indicators in Q2 2023¹

76 mn

DAU

3.3 bn

Time spent, minutes per day

>95%

Monthly audience reach within the Russian internet segment

- As of the end of June 2023, users of VK services accounted for more than 95% of Russia's monthly online audience.
- The company expanded its Internet audience and enhanced user engagement rates:
 - In Q2 2023, the average daily audience (DAU) of VK services increased by 16% compared to Q2 2022, reaching 76 mn users¹;
 - In Q2 2023, users spent **4% more** time on VK services compared to the same period last year. Daily time spent averaged 3.3 bn minutes¹.
- **VK's revenue and audience performance both increased significantly in the first half of 2023 and Q2 2023.** The company actively invested in product development and content, as well as author collaboration. Furthermore, high demand for educational services and technologies for business remains an essential driver of VK's growth.

¹ Source: Mediascope, Q2 2023, Russia 0+, age 12+, desktop and mobile.

FINANCIAL RESULTS OF OPERATING SEGMENTS FOR H1 2023

Segment performance for H1 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	45.0	7.0	3.0	2.5	(0.3)	57.3
<i>YoY</i>	<i>39.7%</i>	<i>28.3%</i>	<i>63.6%</i>	<i>(3.4%)</i>	-	<i>36.3%</i>
Operating expenses	(35.9)	(6.9)	(2.8)	(5.8)	(2.9)	(54.4)
Share-based payments	-	-	-	-	1.0	1.0
Adjusted EBITDA	9.1	0.1	0.2	(3.3)	(2.1)	3.9
<i>EBITDA margin</i>	<i>20.2%</i>	<i>1.0%</i>	<i>6.4%</i>	-	-	<i>6.8%</i>


- **In the first half of 2023, the revenue of VK's key "Social networks & content services" segment increased by 40% YoY to RUB 45 bn.** The segment's EBITDA margin in the reporting period was 20%. The following were the primary drivers of segment revenue growth:
 - **The growth of the VKontakte social network, VK's biggest asset.** Its average MAU in Russia in Q2 2023 increased by 12% YoY to 84.6 mn users, while DAU grew by 10% YoY to a 54.2 mn users². **Audience and engagement growth led to a 27% YoY increase in VKontakte's revenue in the first half of 2023.**
 - The acquisition of **the Dzen platform** in September 2022. The DAU of Dzen in Q2 2023 reached 32 mn users.
- **In the first half of 2023, the "EdTech" segment revenue grew by 28% YoY to RUB 7 bn.** Revenue growth in the segment was driven by increased demand for educational platform courses and the consolidation of the online platform for schoolchildren Uchi.ru since February 17, 2023. In the first six months of 2023, 73,000 new paying students joined Skillbox Holding Limited's educational platforms. In Q2 2023, Uchi.ru's average MAU reached 2.8 mn people. The segment broke even in terms of EBITDA in the first half of 2023, with the margin improving by 3.5 p.p. YoY.
- **In the first half of 2023, the revenue of the "VK Tech" segment increased by 64% YoY to RUB 3 bn.** The solutions of the VK Cloud platform and VK WorkSpace communication services were the primary drivers of the segment's growth. In the first half of 2023, the segment's EBITDA margin grew by 26 p.p. YoY to 6%.
- **The "New business lines" segment is in an active investment phase.** It includes products and services such as VK Play gaming platform, RuStore application store, and voice technologies, among other products. At the end of June 2023, more than 22 mn accounts had been registered on VK Play, and the project's average MAU exceeded 11.5 mn users in Q2 2023. The average MAU of RuStore in Q2 2023 was more than 10 mn users.³ In the first six months of 2023, VK sold 2.2-fold more smart devices to end consumers than in the same period in 2022.

²Source: the company's data, unless otherwise indicated.

³Source: Mediascope Cross Web, Q2 2023, Russia, age 12+, The data is based on the Cross Web study, based on Android-only approach.

SOCIAL NETWORKS & CONTENT SERVICES SEGMENT

Audience performance of the key segment assets in Q2 2023, Russia

 **85 mn**
VKontakte, MAU

 **36 mn**
Odnoklassniki, MAU

 **49 mn**
Mail, MAU⁴

 **32 mn**
Dzen, DAU⁵

Social networks & content services segment performance – Q2 2023 and H1 2023

RUB bn, unless otherwise stated	Q2 2022	Q2 2023	YoY	6M 2022	6M 2023	YoY
Revenue	17.6	23.5	33.8%	32.2	45.0	39.7%
Operating expenses	11.6	20.1	72.9%	21.9	35.9	64.3%
Adjusted EBITDA	5.9	3.4	(2.5)	10.4	9.1	(1.3)
<i>EBITDA margin</i>	<i>33.8%</i>	<i>14.5%</i>	<i>(19.3 pp)</i>	<i>32.2%</i>	<i>20.2%</i>	<i>(12.0 pp)</i>

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

The revenue of the "Social networks & content services" segment in the first half of 2023 increased by 40% YoY, reaching RUB 45 bn. The growth in online advertising revenue was the primary driver of the revenue growth. VKontakte revenue growth, in particular, reached 27% YoY. The segment's revenue incorporates the revenue of the Dzen and News projects since their consolidation in September 2022. The segment's active product development, aiming at boosting audience growth and involvement, resulted in an increase in staff and marketing expenditures, and the consequent decline in EBITDA.

VKontakte

The average VKontakte MAU in Russia in Q2 2023 grew by 12% YoY to 84.6 mn users, while the average DAU in Russia grew by 10% compared to Q2 2022 to reach 54.2 mn users. On average, VKontakte reached 85% of the Russian internet audience monthly in Q2 2023, and the daily reach was 53% of the daily Russian internet audience.⁴

Revenues of creators using VK Donut increased by 116% YoY in Q2 2023 to more than RUB 197 mn.

Total news feed and recommendations feed views climbed by 10% YoY in Q2 2023, owing to the evolution of recommendations and increased audience engagement. Also, as a result of algorithm development, the number of confirmed recommended friend requests increased by 16% according to A/B testing data.

The number of mobile games in the VKontakte catalog rose by 82% YoY in June 2023, while revenue from in-game purchases on mobile devices increased by 46% YoY in Q2 2023.

Ad monetization within mini-apps on the VK Mini Apps platform increased by 63% YoY in Q2 2023. Growth in the first half of 2023 was 93% YoY.

The average MAU of VK Dating in Q2 2023 reached 2.4 mn users (+30% YoY), while revenue for the same period increased by 169%.

Odnoklassniki (OK)

The average MAU for OK in Russia was stable at 36.4 mn in Q2 2023. In Q2 2023, users sent 11.2 bn virtual gifts, 632 mn postcards, and 499 mn stickers.

OK continues to develop content and strengthen its collaboration with creators. The average MAU of Hobbies service reached around 22 mn users in Q2 and the first half of 2023. In Q2 2023, the reach of content creator and media

⁴ Source: Mediascope Cross Web, Q2 2023, Russia, age 12+, desktop and mobile.

⁵ Audience of dzen.ru and mobile applications. Source: Mediascope Cross Web, Q2 2023, Russia, age 12+, desktop and mobile.

communities increased by 25% YoY. In the first half of 2023, the growth reached 39% YoY. At the end of Q2 2023, OK launched an initiative for bloggers that allows them to release their own shows on the platform.

OK continues to expand its own lineup of shows about popular Russian hobbies. In Q2 2023, OK launched a series of projects that will be released over the summer season. More than 50 episodes for seven shows about traveling, pets, cooking, and outdoor recreation were filmed in total.

In Q2 2023, OK ended airing its first hobby show "OKnutye Lyudi" ("OK People") as part of the new positioning of the social network, which received over 90 mn views on the social network. Its success on the platform led to a collaboration with CTC TV channel, one of the country's leading television networks. OK signed an agreement with CTC to air the show, allowing the social network to expand its project's reach and attract new audience. CTC also acquired the broadcast rights to the original OK series "5+".

Dzen

Dzen platform daily audience in Q2 2023 amounted to 32 mn users.⁶ The platform launched eight originals in the spring of 2023 to coincide with the debut of a new advertising campaign for Dzen. Famous bloggers became the creators and hosts of these shows on their channels. The exclusive shows received over 40 mn views in Q2 2023.

Dzen launched additional product opportunities for its mobile app users in Q2 2023, including background listening mode – now users can listen to any horizontal video on the platform even when the smartphone screen is switched off. Furthermore, the Dzen video player now supports AirPlay and Chromecast, allowing users to effortlessly connect mobile devices to their TVs and enjoy films from Dzen authors on a larger screen.

Mail.ru email

Mail.ru average MAU reached 48.9 mn people in Q2 2023, while average DAU amounted to 16.4 mn.⁷ Mail.ru revenue in Q2 2023 rose by 65% YoY to RUB 932 mn thanks to updates in the advertising formats, adding new ad sources, and optimizing settings to improve their effectiveness for advertisers.

Mail.ru email service launched a beta version of the new Notes service on May 2023. Users will be able to use it to edit text, make lists, and focus on their tasks. Smart algorithms have made it possible to repeatedly remind users via push notifications about essential emails if they have not read them. Furthermore, Mail.ru smart calendar underwent a number of updates, including a new simple widget for users, automatic new events from emails, crucial reminders, subscription payment alerts, and the option to attach files to events. The Mail.ru home page and Calendar added the dark theme option in Q2 2023.

Mail.ru Cloud

Mail.ru Cloud average MAU in Q2 2023 amounted to 22 mn people, and the average DAU – to 2.4 mn.⁸ In total, 8 bn files were uploaded to the Cloud in Q2 2023.

In Q2 2023, Mail.ru services launched a single Mail Space subscription that integrates Cloud and Mail. Also, in that period, smart algorithms in charge of selecting stories from user images in the Cloud received a technical update. Cloud application now has new scenarios used to form thematic photo galleries.

⁶ Audience of dzen.ru and mobile applications. Source: Mediascope Cross Web, Q2 2023, Russia, age 12+, desktop and mobile.

⁷ Source: Mediascope Cross Web, Q2 2023, Russia, age 12+, desktop and mobile.

⁸ Source: Mediascope Cross Web, Q2 2023, Russia, age 12+, desktop and mobile.

The number of views and subscribers of content services in Q2 2023

 1.9 bn

VK Video, views

+14% YoY

 935 mn

VK Clips, views

+36% YoY

 44 mn

VK Music, global MAU

VK Video

VK Video average daily views (not including VK Clips) reached 1.91 bn in Q2 2023, up by +14% YoY, thanks in part to improved recommendation algorithms – views for the main video page increased by 38% YoY in Q2 2023.

In Q2 2023, the platform continued to add professional content, including exclusive one. In May, VK Video debuted mini-series from the French company Studio+, as well as premieres of popular K-dramas.

In June 2023, the platform received access to exclusive releases from Medium Quality, the largest producer of entertainment shows. In Q2 2023, new season of the show “What happened next?” was released on VK Video, with its first episode scoring 88 mn views and around 870 thousand reactions (likes and comments) as of the end of the quarter.

At the end of May 2023, VK Video introduced a range of exclusive VK Video Originals content. The following shows debuted on the platform: By the Way, Session, Office Games, as well as an exclusive relaunch of popular projects LAB with Anton Belyaev and Party at Margulis.

In Q2 2023, VK Video also released a beta version of the Android OS app. VK Video's mobile web edition now has an improved recommendation page, enhanced search, and an upgraded player.

VK Clips

Daily views of VK Clips in Q2 2023 increased by 36% YoY to 935 mn. Time spent for VK Clips in Q2 2023 increased by 86% YoY in part due to the new recommendation system. The number of published clips increased by 65% YoY, while the number of content creators increased by 58%.

VK Clips launched a new video editor in Q2 2023, adding flexible color correction controls, the ability to add stills to movies, sound effects, editorial playlists, and the ability to extract audio from videos. In addition, VK Clips introduced an “experience constructor”: a new suggestions concept based on machine learning algorithms that assists in the selection of short videos based on the viewer's mood. Furthermore, VK Clips launched a neural network with an inappropriate content filter to protect users from comment spam and harmful links. In Q2 2023, a section featuring VK Clips became available to all OK app users.

VK Music

Average global MAU for VK Music stood at 44 mn in Q2 2023, while in Russia average MAU amounted to 40 mn users. Subscriber base growth in June 2023 was 68% YoY.

In Q2 2023, VK Music introduced radio stations streaming on the VKontakte social network on mobile devices, as well as a mobile VK Music Studio. The company also continued to develop the service in CIS countries, with users in Armenia, Kazakhstan, Uzbekistan, Azerbaijan, and Belarus now having access to local music charts on VK Music. In April 2023, a campaign was launched in Russia and CIS countries to motivate new users to subscribe to the service by offering three months of free music access.

VK Messenger

The average MAU of VK Messenger in Q2 2023 grew by 2% YoY to 67 mn users. The number of installations of VK Messenger standalone app reached around 12.5 mn by the end of June.

VK Messenger introduced dynamic reactions in chats and video message transcription into text in Q2 2023. Group conversations now have an avatar generator and the ability to check who has read sent messages. In addition, users now have access to the web version of the service (web.vk.me), and calls to an infinite number of participants are now available via the VK Messenger desktop app.

VK Calls

VK Calls, a free video conferencing platform, has added a session room option: during a conference, participants can be divided into groups to work in a smaller circle. The service allows to create up to 50 rooms in a single call, with no limit on the number of participants in each room. The web version of VK Calls now supports animated vmoji: users can login to meetings with personal avatars without turning on the camera's video. Several shows premiered on the platform using the co-watching function. VK Calls, for example, aired the first episode of the series "Mystery of the Missing Village" in collaboration with streaming service Ivi. The first episode garnered more than 1.6 mn views in one day.

EDTECH SEGMENT

EdTech segment performance – Q2 2023 and H1 2023

RUB bn, unless otherwise stated	Q2 2022	Q2 2023	YoY	6M 2022	6M 2023	YoY
Revenue	2.6	3.6	36.7%	5.5	7.0	28.3%
Operating expenses	2.5	3.5	38.3%	5.6	6.9	23.9%
Adjusted EBITDA	0.1	0.1	-	(0.1)	0.1	0.2
<i>EBITDA margin</i>	<i>3.1%</i>	<i>2.0%</i>	<i>(1.1 pp)</i>	<i>(2.5%)</i>	<i>1.0%</i>	<i>3.5 pp</i>

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

The "EdTech" segment's revenue in the first six months of 2023 increased by 28% YoY reaching RUB 7 bn due to high demand for courses and as a result of the consolidation of the online platform for schoolchildren Uchi.ru. In the first half of 2023, the segment broke even in terms of EBITDA.

Skillbox Holding Limited

At the end of Q2 2023, the number of students registered on the educational platforms of Skillbox Holding Limited increased by 19% YoY to 13.5 mn.⁹ The number of paying students rose by 41% YoY to 592,000. In Q2 2023, the number of new paying students joining the platforms was 37,000, and in the first six months of 2023 the platforms saw 73,000 new paying students. The average check in Q2 2023 grew by 14% YoY and reached RUB 63,800. The average check in the first half of 2023 grew by 17% YoY and reached RUB 67,200.

The Skillbox educational platform opened its first offline school in Novosibirsk in Q2 2023.

As part of the product strategy update Skillfactory changed its approach to learning and launched Factory, a platform where businesses may delegate work to students. Skillfactory announced two new online master's programs in collaboration with universities in May – "Information Security" with Moscow Engineering Physics Institute (MEPI) and "Natural Language Processing (NLP) in Linguistics and IT" with Tomsk State University.

Uchi.ru

The average MAU of Uchi.ru in Q2 2023 was 2.8 mn people. In July 2022 – June 2023, 13.3 mn students, 2.1 mn parents, and 718,000 teachers were active on the platform's services. In that time, the number of paying students amounted to 953,000 and increased by 12% YoY.

In Q2 2023, the number of new active students reached 438,000, while 41,000 new paying students joined the platform. In the first half of 2023, the number of new active students reached 1.6 mn, and 250,000 new paying students joined the platform.

Sferum

At the end of Q2 2023, the overall number of users of the Sferum educational profile on VK Messenger rose 2.8-fold, reaching 9.9 mn users, including around 8.3 mn students and over 1.6 mn teachers, while 3 mn additional students joined the service in the first half of 2023.

The service continues to evolve, and its functionality is updated on a regular basis to reflect user preferences and feedback. In Q2 2023, the Sferum educational profile in VK Messenger received a separate desktop app, the option

⁹ The student base was adjusted in Q2 2023 to more accurately reflect the number of registered students.

to transfer contacts from chats to WhatsApp on Android smartphones was added, and other upgrades were made. Sferum is also working actively to integrate electronic teacher and student journals in the Russian regions.

VK TECH SEGMENT

VK Tech segment performance – Q2 2023 and H1 2023

RUB bn, unless otherwise stated	Q2 2022	Q2 2023	YoY	6M 2022	6M 2023	YoY
Revenue	1.1	1.9	68.9%	1.8	3.0	63.6%
Operating expenses	1.2	1.5	23.9%	2.2	2.8	27.7%
Adjusted EBITDA	(0.1)	0.3	0.4	(0.4)	0.2	0.6
<i>EBITDA margin</i>	<i>(12.3%)</i>	<i>17.6%</i>	<i>29.9 pp</i>	<i>(19.9%)</i>	<i>6.4%</i>	<i>26.3 pp</i>

Main projects: VK Cloud, VK WorkSpace communication services

VK Tech's revenue increased by 64% YoY in the first half of 2023, reaching RUB 3 bn. The key growth drivers were VK WorkSpace communications solutions, which revenue grew by 218% YoY in Q2 and by 153% YoY in the first half of the year, and services of the VK Cloud platform, which revenue grew by 54% YoY in Q2 2023 and by 72% YoY in the first half of the year. Revenue from HR services sales rose almost fourfold YoY in Q2 2023 and 1.7-fold YoY in the first half of 2023.

VK Tech generated a positive EBITDA in both Q2 2023 and the first half of 2023, compared to a loss the previous year. Furthermore, segment profitability increased by 30 p.p. YoY in Q2 2023 and by 26 p.p. in the first half of 2023.

The VK Tech team released Tarantool 2.11 in Q2 2023, which improved data processing performance and stability while also increasing product information security.

In May 2023, the localized VK Cloud platform was launched in Kazakhstan. The solution is hosted at the QazCloud data center in Kazakhstan and is tailored to local businesses.

NEW BUSINESS LINES SEGMENT

New business lines segment performance – Q2 2023 and H1 2023

RUB bn, unless otherwise stated	Q2 2022	Q2 2023	YoY	6M 2022	6M 2023	YoY
Revenue	1.2	1.1	(8.0%)	2.6	2.5	(3.4%)
Operating expenses	2.5	2.5	-	4.6	5.8	25.9%
Adjusted EBITDA	(1.3)	(1.4)	(0.1)	(2.1)	(3.3)	(1.2)

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

The "New Business Lines" segment's revenue totaled RUB 2.5 bn in the first half of 2023, while adjusted EBITDA loss reached RUB 3.3 bn in the same period.

VK Play

By the end of Q2 2023, more than 22 mn accounts were registered on VK Play. In Q2 2023, the project's average MAU was more than 11.5 mn users. The major reasons for the increase in registrations and audience growth are marketing efforts such as prize giveaways and free distribution of game titles, as well as the launch of nine tournaments with a cash prize fund of RUB 3 mn. Major game releases such as Atomic Heart and Battle Teams 2 were big revenue drivers for VK Play in the first half of 2023.

RuStore

RuStore average MAU reached more than 10 mn users in Q2 2023.¹⁰ The store's library continues to grow – at the end of June 2023, the store had over 8,000 apps, including 500 foreign apps.

More than 6,000 developers are registered on the platform, with 59% of them being private individuals. Monetization tools became available to self-employed developers in Q2 2023. This allows any publisher to profit from the publication of commercial applications, in-app sales, and subscriptions. The store continues to expand its audience enter new platforms. A version of RuStore for TV and media players, as well as adapted UI for tablets, were announced in June 2023.

Voice technologies (Marusia and VK Capsule)

VK debuted the VK Capsule Mini smart speaker in pink in April 2023. Daily audience of the Marusia voice assistant increased by 30% in Q2 2023. In Q2 2023, twice as many smart devices were sold as in the same period in 2022. The number of smart speakers sold to end users in the first half of 2023 rose 2.2-fold YoY.

VK KEY CORPORATE EVENTS IN Q2 2023

- On April 14, 2023, VK fulfilled obligations to holders of VK's Senior Unsecured Convertible Bonds ISIN XS2239639433, whose rights are recorded by Russian securities depositories, on paying coupon payments due October 1, 2022 and April 1, 2023.
- On May 5, 2023, VK completed the private placement of uncertificated interest-bearing non-convertible bonds subject to centralized title registration, series 01, with a total par value of RUB 60 bn, ISIN RU000A1064H1.
- On June 23, 2023, VK announced that a written resolution approving changes to the Memorandum of Association and the Articles of Association in connection with a change of the registration agent and registered address for the Company has been passed by the shareholders of the Company.
- On June 28, 2023, VK announced it had acquired 100% of the shares of Zinger CJSC, which owns long-term lease rights to the Singer House in St. Petersburg, which has been the headquarters for VKontakte social network since 2010.

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EBITDA

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

Disclaimer

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

¹⁰ Source: Mediascope Cross Web, Q2 2023, Russia, age 12+, The data is based on the Cross Web study, based on Android-only approach.



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

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 95% of the Russian internet audience use VK services, which enable people to keep in touch, play video games, master new skills, listen to music, watch and create video content, 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 – Q2 AND 6M 2023

The Group's consolidated financial statements for Q2 and six months ended 30 June 2023 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://corp.vkcdn.ru/media/files/vkifrsq22023eng.pdf>.

RUB mn, unless otherwise stated	Q2 2022	Q2 2023	6M 2022	6M 2023
Revenue				
Online advertising	13,353	18,712	23,142	35,059
Community IVAS	4,019	4,511	8,728	9,151
Education technology services	2,578	3,568	5,400	7,000
Other revenue	2,501	3,187	4,733	6,040
Total revenue	22,451	29,978	42,003	57,250
Operating expenses				
Personnel expenses	8,891	13,462	20,617	25,333
Agent/partner fees	5,592	8,264	11,383	15,389
Marketing expenses	2,962	6,110	4,876	9,896
Server hosting expenses	145	278	273	501
Professional services	283	305	488	592
Other operating income	(204)	(72)	(430)	(145)
Other operating expenses	1,057	1,283	2,451	2,816
Total operating expenses, net	18,726	29,630	39,658	54,382
<i>Adjustments</i>				
Share-based payment transactions	251	768	4,410	1,024
Adjusted EBITDA	3,976	1,116	6,755	3,892
<i>EBITDA Margin</i>	<i>17.7%</i>	<i>3.7%</i>	<i>16.1%</i>	<i>6.8%</i>
Total comprehensive loss, net of tax	(2,175)	(5,381)	(53,478)	(8,786)

OPERATING SEGMENTS

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

The "Social networks & content services" segment includes the social network VKontakte, Odnoklassniki, My World and generates revenue from (1) commissions from application developers based on the respective applications' revenue, (2) user payments for virtual gifts, stickers and music subscriptions, and (3) the placement of online advertising. This segment also includes News and Zen platform (hereinafter – "Zen.Platform", News and "Zen.Platform" consolidated from September 2022), email service Mail.ru, as well as VK Music, VK Calls and VK Videos projects. The main share of revenue of content services is generated from the placement of online advertising.

The "EdTech" segment includes the Group's online education platforms with educational courses and programs (such as GeekBrains, Skillbox, Skillfactory, Uchi.ru (consolidated from February 2023), 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 platforms and 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 consists of fees for placing and promoting user advertising, as well as displaying advertising, the VK Play gaming platform, the Marusia voice assistant and VK Capsule smart speakers, and the RuStore app store for mobile devices.

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 revenue of the respective segment net of operating expenses (excluding depreciation, amortization, impairment of intangible assets and share-based payments), but adjusted for the Group's corporate expenses allocated to the respective segment.

OPERATING SEGMENTS PERFORMANCE – 6M 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	45.0	7.0	3.0	2.5	(0.3)	57.3
<i>Year on year</i>	<i>39.7%</i>	<i>28.3%</i>	<i>63.6%</i>	<i>(3.4%)</i>	-	<i>36.3%</i>
Operating expenses	(35.9)	(6.9)	(2.8)	(5.8)	(2.9)	(54.4)
Share-based payments	-	-	-	-	1.0	1.0
Adjusted EBITDA	9.1	0.1	0.2	(3.3)	(2.1)	3.9
<i>EBITDA Margin</i>	<i>20.2%</i>	<i>1.0%</i>	<i>6.4%</i>	-	-	<i>6.8%</i>

OPERATING SEGMENTS PERFORMANCE – Q2 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	23.5	3.6	1.9	1.1	(0.1)	30.0
<i>Year on year</i>	<i>33.8%</i>	<i>36.7%</i>	<i>68.9%</i>	<i>(8.0%)</i>	-	<i>33.5%</i>
Operating expenses	(20.1)	(3.5)	(1.5)	(2.5)	(1.9)	(29.6)
Share-based payments	-	-	-	-	0.8	0.8
Adjusted EBITDA	3.4	0.1	0.3	(1.4)	(1.3)	1.1
<i>EBITDA Margin</i>	<i>14.5%</i>	<i>2.0%</i>	<i>17.6%</i>	-	-	<i>3.7%</i>

RECONCILIATION OF GROUP ADJUSTED EBITDA TO TOTAL COMPREHENSIVE LOSS UNDER IFRS, NET OF TAX

A reconciliation of group adjusted EBITDA to total comprehensive loss under IFRS, net of tax for the three months ended June 30, 2023 is presented below:

RUB mn, unless otherwise stated	Q2 2023	Q2 2022
Group adjusted EBITDA	1,116	3,976
Share-based payment transactions	(768)	(251)
Depreciation and amortisation	(6,034)	(4,731)
Share of loss of equity accounted associates and joint ventures	(8)	(3,906)
Finance income	1,893	303
Finance expenses	(3,999)	(1,549)
Other non-operating loss	50	128
Net loss on financial assets and liabilities at fair value through profit or loss	(281)	(3,339)
(Loss)/gain on remeasurement of financial instruments	(34)	20
Expected credit loss allowance on restricted cash	(12)	(274)
Net foreign exchange gain	1,176	15,026
Income tax (expense)/benefit	95	(3,981)
Net profit from discontinued operations	-	2,194
Exchange difference on translation of foreign operations	1,425	(5,791)
Total comprehensive loss under IFRS, net of tax	(5,381)	(2,175)

A reconciliation of group adjusted EBITDA to total comprehensive loss under IFRS, net of tax for the six months ended June 30, 2023 is presented below:

RUB mn, unless otherwise stated	6M 2023	6M 2022
Group adjusted EBITDA	3,892	6,755
Share-based payment transactions	(1,024)	(4,410)
Depreciation and amortisation	(11,437)	(8,889)
Impairment of intangible assets	-	(1,009)
Share of loss of equity accounted associates and joint ventures	11	(14,474)
Finance income	3,135	520
Finance expenses	(7,098)	(8,301)
Other non-operating (loss)/profit	(60)	45
Goodwill impairment	-	(9,256)
Net loss on financial assets and liabilities at fair value through profit or loss	(1,116)	(7,477)
Net gain on disposal of subsidiaries	8	-
Impairment of equity accounted associates and joint ventures	-	(12,825)
Loss on remeasurement of financial instruments	(38)	(25)
Expected credit loss allowance on restricted cash	(34)	(2,065)
Net foreign exchange gain	2,349	13,088
Income tax (expense)/benefit	38	(2,099)
Net loss from discontinued operations	-	(869)
Effect of translation to presentation currency of Group's joint ventures	-	1,002
Exchange difference on translation of foreign operations	2,588	(3,189)
Total comprehensive loss under IFRS, net of tax	(8,786)	(53,478)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

RUB mn,
unless otherwise stated

As of June 30, 2023
(unaudited)

As of December 31,
2022 (restated)

ASSETS

Non-current assets

Investments in equity accounted associates and joint ventures	1,629	4,585
Goodwill	161,227	156,451
Right-of-use assets	11,594	9,519
Other intangible assets	27,849	22,249
Property and equipment	45,459	39,250
Financial assets at fair value through profit or loss	230	350
Deferred income tax assets	2,040	2,293
Long-term loans issued	3,380	2,158
Advance under office lease contracts	411	437
Total non-current assets	253,819	237,292

Current assets

Trade and other accounts receivable	68,333	64,272
Prepaid income tax	240	262
Prepaid expenses and advances to suppliers	2,503	1,965
Loans issued	3,148	2,982
Inventories	725	226
Other current assets	5,564	4,865
Cash and cash equivalents	81,236	48,759
Assets held for sale	41	292
Total current assets	161,790	123,623
Total assets	415,609	360,915

EQUITY AND LIABILITIES

Equity attributable to equity holders of the parent

Issued capital	-	-
Share premium	81,409	81,872
Treasury shares	(1,039)	(1,039)
Retained earnings	75,549	86,841
Foreign currency translation reserve	5,164	2,585
Total equity attributable to equity holders of the parent	161,083	170,259
Non-controlling interests	(2,228)	(2,147)
Total equity	158,855	168,112

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

RUB mn, unless otherwise stated	As of June 30, 2023 (unaudited)	As of December 31, 2022 (restated)
Non-current liabilities		
Deferred income tax liabilities	2,197	2,107
Deferred revenue	716	793
Non-current lease liabilities	7,470	7,292
Non-current financial liabilities at fair value through profit or loss	4,929	3,982
Long-term interest-bearing loans and bonds	128,600	35,775
Deffered income on loan commitments	14,003	-
Other non-current liabilities	677	572
Total non-current liabilities	158,592	50,521
Current liabilities		
Trade accounts payable	16,651	17,121
Income tax payable	2,863	2,689
VAT and other taxes payable	7,156	5,183
Deferred revenue and customer advances	9,037	8,428
Short-term portion of long-term interest-bearing loans and bonds	44,182	88,742
Current lease liabilities	3,610	3,216
Current financial liabilities at fair value through profit or loss	1,125	4,806
Other payables and accrued expenses	13,538	11,810
Liabilities directly associated with assets held for sale	-	287
Total current liabilities	98,162	142,282
Total liabilities	256,754	192,803
Total equity and liabilities	415,609	360,915

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

RUB mn, unless otherwise stated	Three months ended June 30		Six months ended June 30	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Continuing operations				
Online advertising	18,712	13,353	35,059	23,142
Community IVAS	4,511	4,019	9,151	8,728
Education technology services	3,568	2,578	7,000	5,400
Other revenue	3,187	2,501	6,040	4,733
Total revenue	29,978	22,451	57,250	42,003
Personnel expenses	(13,462)	(8,891)	(25,333)	(20,617)
Agent/partner fees	(8,264)	(5,592)	(15,389)	(11,383)
Marketing expenses	(6,110)	(2,962)	(9,896)	(4,876)
Server hosting expenses	(278)	(145)	(501)	(273)
Professional services	(305)	(283)	(592)	(488)
Other operating income	72	204	145	430
Other operating expenses	(1,283)	(1,057)	(2,816)	(2,451)
Total operating expenses, net	(29,630)	(18,726)	(54,382)	(39,658)
Depreciation and amortisation	(6,034)	(4,731)	(11,437)	(8,889)
Impairment of intangible assets	-	-	-	(1,009)
Share of loss of equity accounted associates and joint ventures	(8)	(3,906)	11	(14,474)
Finance income	1,893	303	3,135	520
Finance expenses	(3,999)	(1,549)	(7,098)	(8,301)
Other non-operating gain/(loss)	50	128	(60)	45
Goodwill impairment	-	-	-	(9,256)
Net loss on financial assets and liabilities at fair value through profit or loss	(281)	(3,339)	(1,116)	(7,477)
Net gain on disposal of subsidiaries	-	-	8	-
Impairment of equity accounted associates and joint ventures	-	-	-	(12,825)
(Loss)/gain on remeasurement of financial instruments	(34)	20	(38)	(25)
Expected credit loss allowance on restricted cash	(12)	(274)	(34)	(2,065)
Net foreign exchange gain	1,176	15,026	2,349	13,088
(Loss)/profit before income tax expense from continuing operations	(6,901)	5,403	(11,412)	(48,323)
Income tax benefit/(expense)	95	(3,981)	38	(2,099)
Net profit/(loss) from continuing operations	(6,806)	1,422	(11,374)	(50,422)
Discontinued operations				
Net profit/(loss) from discontinued operations	-	2,194	-	(869)
Net (loss)/profit	(6,806)	3,616	(11,374)	(51,291)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

RUB mn, unless otherwise stated	Three months ended June 30		Six months ended June 30	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Other comprehensive income				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods				
Effect of translation to presentation currency of Group's joint ventures	-	-	-	1,002
Exchange difference on translation of foreign operations	1,425	(5,791)	2,588	(3,189)
Total other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	1,425	(5,791)	2,588	(2,187)
Total other comprehensive income/(loss) net of tax effect of 0	1,425	(5,791)	2,588	(2,187)
Total comprehensive loss, net of tax	(5,381)	(2,175)	(8,786)	(53,478)
Net (loss)/profit, attributable to:				
Equity holders of the parent	(6,842)	3,772	(11,292)	(50,934)
Non-controlling interests	36	(156)	(82)	(357)
Total comprehensive loss, net of tax, attributable to:				
Equity holders of the parent	(5,417)	(2,019)	(8,704)	(53,121)
Non-controlling interests	36	(156)	(82)	(357)
(Loss)/profit per share, in RUB:				
Basic (loss)/profit per share attributable to ordinary equity holders of the parent	(30)	17	(50)	(225)
Diluted earnings per share attributable to ordinary equity holders of the parent	n/a	17	n/a	n/a
(Loss)/profit per share from continuing operations, in RUB:				
Basic (loss)/profit per share attributable to ordinary equity holders of the parent	(30)	8	(50)	(221)
Diluted earnings per share attributable to ordinary equity holders of the parent	n/a	8	n/a	n/a
(Loss)/profit per share from discontinued operations, in RUB:				
Basic (loss)/profit per share attributable to ordinary equity holders of the parent	-	9	-	(4)
Diluted earnings per share attributable to ordinary equity holders of the parent	n/a	9	n/a	n/a

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended June 30	
RUB mn, unless otherwise stated	2023 (unaudited)	2022 (unaudited)
Cash flows from operating activities		
Loss before income tax from continuing operations	(11,412)	(48,323)
Loss before income tax from discontinued operations	-	(1,884)
Loss before income tax	(11,412)	(50,207)
<i>Adjustments to reconcile loss before income tax to cash flows</i>		
Depreciation and amortisation	11,437	10,087
Impairment of intangible assets	-	1,009
Share of loss of equity accounted associates and joint ventures	(11)	14,474
Finance income	(3,135)	(597)
Finance expenses	7,098	8,309
Expected credit loss allowance on trade receivables	91	261
Expected credit loss allowance on restricted cash	(30)	3,378
Goodwill impairment	-	9,256
Net loss on financial assets and liabilities at fair value through profit or loss	1,116	8,116
Net gain on disposal of subsidiaries	(8)	-
Impairment of equity accounted associates and joint ventures	-	12,825
Loss on remeasurement of financial instruments	38	151
Net foreign exchange gain	(2,349)	(12,712)
Cash settled and equity settled share-based payments	(463)	1,475
Other non-cash items	(16)	(80)
<i>Change in operating assets and liabilities</i>		
Decrease/(increase) in accounts receivable	5,575	(1,134)
Increase in prepaid expenses and advances to suppliers	(491)	(1,047)
Increase in inventories and other assets	(1,119)	(1,496)
(Decrease)/increase in accounts payable and accrued expense	(3,151)	6,357
Decrease/(increase) in other non-current assets	26	(13)
Decrease in deferred revenue and customer advances	(857)	(1,253)
Increase in financial assets at fair value through profit or loss	(188)	(532)
Operating cash flows before interest and income taxes	2,151	6,627
Interest received	774	527
Interest paid	(2,656)	(2,357)
Income tax paid	(154)	(884)
Net cash provided by operating activities	115	3,913

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

RUB mn, unless otherwise stated	Six months ended June 30	
	2023 (unaudited)	2022 (unaudited)
Cash flows from investing activities		
Cash paid for property and equipment from continuing operations	(10,933)	(6,194)
Cash paid for intangible assets from continuing operations	(4,811)	(2,099)
Cash paid for property and equipment from discontinued operations	-	(148)
Cash paid for intangible assets from discontinued operations	-	(925)
Dividends received from equity accounted associates	56	-
Loans issued	(337)	(5,336)
Loans collected	56	78
Cash paid for acquisitions of subsidiaries, net of cash acquired	(7,175)	-
Cash paid for the acquisition of long-term leasehold rights, net of cash acquired	(2,423)	-
Cash outflow from sale of subsidiary	(49)	-
Cash paid for investments in equity accounted associates and joint ventures	-	(2,600)
Net cash used in investing activities	(25,616)	(17,224)
Cash flows from financing activities		
Payment of lease liabilities	(1,833)	(2,315)
Loans received	63,630	10,014
Loans repaid	(4,074)	(3,532)
Dividends paid by subsidiaries to non-controlling shareholders	-	(85)
Net cash provided by financing activities	57,723	4,082
Net increase/(decrease) in cash and cash equivalents	32,222	(9,229)
Effect of exchange differences on cash balances	105	(398)
Change in expected credit loss allowance on restricted cash	30	(1,725)
Change in cash related to asset held for sale	120	-
Cash and cash equivalents at the beginning of the period	48,759	23,737
Cash and cash equivalents at the end of the period	81,236	12,385