

## Unaudited IFRS results for Q3 2020

October 26, 2020. Mail.ru Group Limited (MAIL.LI, hereinafter referred to as "the Company" or "the Group"), one of the largest Internet companies in the Russian-speaking Internet market, today releases unaudited IFRS results and segment financial information for the three and nine months ended 30 September 2020.

### Performance highlights\*

- ▶ On a pro-forma basis (including Deus Craft), for the three months ended 30 September 2020:
  - Q3 2020 Group aggregate segment revenue grew 19.9% YoY to RUB 26,372m
  - Q3 2020 Group aggregate segment EBITDA declined by 1.4% YoY to RUB 6,734m
  - Q3 2020 Group aggregate net profit declined by 19.5% Y-o-Y to RUB 2,839m
- ▶ Excluding Deus Craft, Q3 2020 Group aggregate segment revenue grew 16.2% YoY to RUB 25,552m. The exclusion of Deus Craft did not have a material effect on Q3 2020 Group segment EBITDA and net profit.
  
- ▶ On a pro-forma basis (including Deus Craft), for the nine months ended 30 September 2020:
  - 9M 2020 Group aggregate segment revenue rose 20.1% YoY to RUB 74,169m
  - 9M 2020 Group aggregate segment EBITDA grew 1.9% YoY to RUB 19,890m
  - 9M 2020 Group aggregate net profit declined 11.6% YoY at RUB 8,445m
- ▶ Excluding Deus Craft, 9M 2020 Group aggregate segment revenue grew 18.6% YoY to RUB 73,257m. The exclusion of Deus Craft did not have a material effect on 9M 2020 Group segment EBITDA and net profit.
  
- ▶ Net cash position (excluding lease liabilities) as of 30 September 2020 was RUB 2,949m

\* *Performance highlights are based on the Group aggregate segment financial information, which is different from IFRS accounts. See "Presentation of Aggregate Segment Financial Information".*

\*\* *Net profit does not include the Group's share in the net results of associates and joint ventures. The Group's share in the net results of key JVs (AER and O2O), prepared based on principles used for the segment financial information of the Company's consolidated operations, was a RUB 3,130m loss in Q3 2020.*

### Commenting on the results of the Group, Dmitry Grishin, Chairman of the Board, and Boris Dobrodeev, CEO (Russia) of Mail.ru Group, said:

"Although the macroeconomic situation remains challenging and our working conditions have transformed dramatically, we are pleased to present our Q3 results, prepared on a pro-forma basis, which demonstrate that we continue to successfully adapt to the new realities and scale our business.

Total revenues in Q3 2020 increased 19.9% YoY to RUB 26,372m  
Advertising revenues in Q3 2020 grew 5.0% YoY to RUB 9,510m  
Ex-Search advertising revenues in Q3 2020 increased 8.6% YoY to RUB 9,375m  
MMO revenues in Q3 2020 grew 33.8% YoY to RUB 9,615m  
Community IVAS revenues in Q3 2020 grew 8.3% YoY to RUB 4,237m  
Other revenues in Q3 2020 rose 63.7% YoY to RUB 3,010m

Online advertising, which has been under pressure in Q2 (-4.9% YoY), returned to growth (+5.0% or +8.6% on an ex-Search basis). Throughout Q3 we saw an incremental recovery in advertising activity, which led to high single-digit YoY growth in average auction CPM across the network. Importantly, VK, which sits at the centre of our domestic ecosystem, managed to grow revenues by 12.9% in Q3. SME advertising revenues on VK grew by c.40% YoY despite the challenging market conditions. With less than 10% of the more than 2mn active businesses within VK being paying advertising customers, this means significant growth potential

ahead. Revenue from the internal advertising manager within OK more than doubled YoY in Q3, while the number of paying business accounts grew by 91%, which is also encouraging.

By the end of Q3, the myTarget advertising network included 2,000+ websites and 11,000+ mobile apps, with a 25% YoY increase in the number of partners in September. Looking to the rest of the year, advertising spend trends remain volatile and visibility is still limited, with the ultimate outcome dependent on the pace of the economic recovery, which is subject to further COVID-19 developments, among other factors.

Despite the normalisation following the removal of lockdowns in Q2, MMO revenues showed very solid growth in Q3 at +33.8%, with the Games vertical represented by MY.GAMES nearly equal in size to the Communication & Social segment (40% vs 48% of total revenues respectively). Growth has been supported by the latest Deus Craft consolidation, with 24% growth of MMO games excluding Deus Craft. Globalisation of the business continues, with 76% of MY.GAMES revenues being international. **We expect FY 2020 MMO Games revenue growth of around 30%.**

IVAS revenue grew by 8.3% in Q3, having expectedly moderated vs 16.7% YoY growth seen in Q2 given the removal of lockdowns during which social games, as well as exchange of stickers and virtual gifts saw elevated activity. **We continue to expect that IVAS revenues will see single-digit growth and will decline as a percentage of revenues going forward.**

Other revenues continue to expand as a share of total with 63.7% growth in Q3, driven mainly by online education projects (Skillbox, Geekbrains), with each growing more than 35% QoQ despite the post-lockdown normalisation and their aggregate revenues exceeding RUB 1.6bn. **We expect our consolidated EdTech assets to deliver RUB 5bn+ in revenues in 2020.**

Despite the still challenging macroeconomic backdrop, Youla continued to perform strongly with Q3 growth of 34.4% YoY (versus +25% YoY in Q2). **It remains on track to deliver on its revenue target of RUB2.7-3bn in 2020, with a proportionate EBITDA burn level at last year's level or better.**

#### **Outlook / guidance for full-year 2020:**

Despite the expected decline of more than 4% for the local economy in 2020, which is in a sharp contrast to the expected 2%+ growth ahead of the pandemic, we are well positioned to **deliver LFL revenue growth in the high-teens, with the potential to hit RUB103bn**, which would place us within the guidance range provided at the beginning of 2020.

As stated previously, the pandemic expanded and unlocked digital opportunities across various verticals, and we will continue to invest in our business through 2020 to deliver continued strong growth and a materially larger scale in the coming years. Our ongoing investments are focused on existing verticals (e.g. Clips, MY.GAMES including Store, Cloud, video, B2B, music, social commerce, FinTech, EdTech) as well as ecosystem products (e.g. VK Connect, Marusia/Capsule, VK Combo, VK Mini Apps) and joint ventures to ensure leading positions in audience reach, engagement and monetization across the domestic Internet market. Our recent \$600mn fundraising, supported by our largest economic shareholders, serves to assist us in this goal.

Our ongoing solid growth is achievable at the expense of near-term profitability, due to both revenue mix shift and investment, with **EBITDA margin expected to be in the mid-20s for the year**. This will at least partially reverse in 2021 and we recognize that it is important to run a high margin business that can weather through any future downturns.

The net cash position excluding lease liabilities at the end of Q3 stood at RUB 3 bn (excluding the \$400mn convertible bond issuance completed in October), with the blended cost of debt at 7.2%. Our Group offers solid FCF generation capacity, which provides us with comfort and confidence as we continue to grow our business and seek ways to create value for all our shareholders, who can now also benefit from the Company's significantly higher liquidity and better accessibility of our GDRs following our listing on the Moscow Exchange on July 2.

## Segmental highlights

### Communications and Social

Communications and Social segment revenues grew by 1.5% in Q3 to RUB 12,622m.

#### **VK**

VK maintains its leadership among domestic social networks, with MAU of 72.9mn (+4.2% YoY) in Russia (DAU: +4.6% YoY), including 67.4mn on mobile (+6.3% YoY) as of September. Daily time spent stood at 33 minutes<sup>1</sup> and the sticky factor remains highest among peers at 54%<sup>2</sup>.

Since the end of the lockdown, engagement has fully normalised. However, the entire key engagement matrix was up on a YoY basis in Q3, including video views +50% YoY, monthly unique story authors +13% YoY, and VK Mini Apps MAU +68% YoY.

VK continued its extensive product updates across all communication services, including group audio and video calls, which are now available on both desktop and mobile; now covering groups of up to 128 people and offering all the typical corporate video platform options. These services have no time limit and no charges, whilst offering special features like “incoming call”, 360 degree AR-fonts and a chat to exchange files or make other notes and comments.

VK has rebranded its Messages section into Messenger to more accurately reflect the service’s features beyond sending messages, including making calls, transferring money, and sharing music, photos, videos and documents. New features were also added, including the ability to write to phone contacts after syncing them with VK. VK is planning a series of new features that would allow every user to customise their Messenger.

Vertical videos continue to be a key feature for VK. VK Clips, an endless feed of short vertical videos launched in June, is seeing MAU of 43mn with DAU of 6.7mn. In September, clips gathered 5.5bn views. In August, Clips set a new record for engagement, with daily views exceeding 211mn. VK became the first social network to launch AR backgrounds with 360° technology in a short video service. Overall, VK videos receive 850mn daily views from 80mn unique users monthly, while VK’s monthly live stream audience stands at 45mn.

Tens of thousands of users now regularly support communities that they like through paid subscriptions using the new VK Donut content monetization tool launched in Q2. In September, the number of paying users grew by 50% MoM.

VK continued its extensive ecosystem project rollout and cross-selling with other units. VK Connect has now been extended to Marusia, Delivery Club, Citymobil, VK Combo and Youla and will soon be available for other projects. Every month, the number of new logins using VK Connect increases by 40%.

VK continues to develop its music offering. In September, VK combined its VK Music subscription and the Combo loyalty program into VK Combo. The new all-in-one offer provides even more value for the same price as the regular VK Music subscription. There are >4mn Premium tier users of the Group’s music ecosystem offerings, and we expect to further boost this number following the release of VK Combo.

The number of active services on VK Mini Apps increased by 2,000 in Q3 to 22,600, which stimulates further growth in usage, with DAU up 195% YoY to 3.2mn, and MAU up 68% YoY to 28.4mn. Ecosystem services like VK Food (formed on the basis of Delivery Club), VK Taxi (formed on the basis of Citymobil) and AliExpress are among the most popular Mini Apps. The number of monthly rides taken through VK Taxi grew nearly five times since in June.

VK continues to expand its social commerce initiatives. VK launched "Market", an eCommerce marketplace with ~190,000 in available sellers and goods split into 87 categories. The market is aimed to be highly personalised, with verified stores with online payment and delivery options prioritised in the feed. Purchases are payable using credit cards or VK Pay, with the ability to track orders.

During the rest of this year, we will continue to actively invest in strategic areas, including the Super App, group calls, the eCommerce platform and short video.

*1 Source: Mediascope, July 2020, Russia (all cities, age 12+), Desktop & Mobile*

*2 Source: Mediascope, July 2020, Russia (all cities, age 12+), Desktop & Mobile*

## **OK**

Russia average MAU in Q3 stood at 40mn. Despite the seasonal factors and lockdown regime removal, user activity in terms of content consumption remained strong, with the number of video views +20% YoY in Q3, video uploads +14% YoY and viewing time +10% YoY in September. Live video exposure also continues to grow, with OK Live app MAU +50% YoY in September.

IVAS, including games, remain the main drivers of OK's revenue. Thanks to the new notification system in OK's Android app, games and catalogue updates, OK saw a 200% YoY growth in Q3 in daily games catalogue visits and +30% YoY in daily mobile games installs on Android. OK also held a joint event for its users with the most popular mobile games on the platform and set a new daily turnover record in Q3 in mobile games at RUB 14 mn. Generally, OK mobile games time spent was +30% YoY in Q3 with mobile game downloads +17% YoY. Separately, OK also saw +25% YoY growth stickers sent.

OK enhanced its music recommendation algorithm, with a 5x increase in the music track base used to make recommendations for users and +10% in tracks listened from recommendations. OK has also launched a new music section where it makes personalised recommendations using neural networks.

OK has relaunched own marketplace together with AliExpress Russia, with OK users receiving access to more than 100 mn goods.

## **Games**

Despite the lifting of COVID-19 lockdowns and resulting normalisation of engagement and growth across the global games market in Q3, MY.GAMES revenue rose by 32.8% YoY in Q3 to RUB 10,672mn (versus 47% YoY in Q2 including Deus Craft studio consolidation), with MY.GAMES accounting for 40% of the Group's revenues. In our ongoing growth, we continue to rely heavily on our own IPs, with only <10% of revenues in Q3 coming from licensed games. International revenue share stood at 76% (vs. 74% in Q2).

We remain focused on maintaining an active user base with ongoing product updates and new content. In August we also launched a new casual mobile title Storyngton Hall from BIT.GAMES studio. As a result, the number of our players reached 740 mn (+6% QoQ).

We continue to diversify our portfolio in terms of genres, including through M&A. In October, we consolidated a 51.16% stake in Deus Craft, a developer in the new to MY.GAMES time-management genre. Grand Hotel Mania (>4 mn installs), a Deus Craft game released in July, was ranked 2nd in revenue in the time management category on iOS and Android worldwide in August, with nearly \$5mn in monthly revenue in September.

### *Mobile*

As of Q3, 75% of Games revenues came from mobile (versus 71% in Q3 2019), with the top-5 revenue-generating mobile games remaining unchanged and including War Robots, Hustle Castle, Left to Survive, Love Sick: Interactive Stories, and Zero City, now joined by Grand Hotel Mania.

War Robots (6+ years old, Pixonic studio) reached a new milestone of 177mn in downloads and with monthly revenue of >RUB800mn, not much below the ~RUB1bn lockdown peak and significant positive EBITDA contribution. As of September, the game is one of the top-5 grossing mobile shooters in the US. War Robots Remastered, a major update of this game featured during Apple's annual presentation, has been launched in October and is expected to further support revenues from this top franchise of MY.GAMES.

Hustle Castle (3+ years old, Nord Studio) reached 66.7m in downloads, with ~RUB500mn in monthly revenues. The same studio successfully operates American Dad! Apocalypse Soon (~7mn downloads) and Zero City (>15mn downloads), with Zero City reaching monthly revenue record in August (~RUB200mn). Left to Survive (2+ years old, Whalekit studio) reached 27mn downloads and is seeing ~RUB175mn in monthly revenues. Another title from this studio, Warface: Global Operations, launched a PvE campaign in September and reached 12m downloads since its launch in January.

Love Sick: Interactive Stories (1+ year old, SWAG MASHA studio), launched in February 2019, has surpassed ~21mn in downloads. It is seeing >RUB200mn in monthly revenues having grown revenues by 58% since its consolidation by MY.GAMES Venture Capital (MGVC), the investment division of MY.GAMES, in Q3 2019.

#### *PC & Console*

We remain focused on the development of our own IP with the view to expanding our global audience and reach. The Warface franchise remains a top-3 revenue generator for MY.GAMES. Warface: Breakout, a premium B2P tactical first-person shooter launched on Xbox One and PlayStation 4 in May, has been localised for the Middle Eastern market. It launched Season 2 in September. Warface's Switch audience reached 3.3m since its launch in February.

The number of registered users in Conqueror's Blade (PC, 1+ year old) reached 2.7mn in Q3, with ~\$1mn in monthly revenues, which makes it one of our top-10 revenue generators. The game was successfully launched in Turkey in August.

MMORPG Lost Ark (licensed from Smilegate RPG and launched in October 2019) is performing well, with its audience rising to ~2.2mn registered users across Russia/CIS.

Free-to-play MMO Skyforge (12mn registered users), a title developed by our studio Allods Team, is also coming to the Nintendo Switch in Q4 to become MY.GAMES' second Switch title after Warface.

#### New initiatives

The New Initiatives segment revenue in Q3 2020 grew 99.1% YoY to RUB 3,173m. The rising scale of online education, as well as continued progress in the monetisation of Youla remain the key drivers.

#### **Online education**

Online education businesses is the largest contributor to the New Initiatives segment, with related revenues exceeding RUB 1.6bn in Q3, growing 2.9x YoY.

Our consolidated Skillbox and Geebrains services launched 90 new courses and programs (professions and faculties) during the quarter, with a cumulative number of registered students rising at triple digit rates YoY and exceeding 560,000.

#### **Youla**

Youla delivered 34.4% YoY growth in Q3 with revenue of RUB 759m. Generals and Services (representing >50% of revenues) grew by 36%.

Worki launched "VK Jobs" service in collaboration with VK, where job postings are integrated into the social network. This resulted in Worki DAU rising by 1.7 times with the number of new CVs increasing by 1.6 times.

**Youla remains on track towards its RUB 2.7-3.0bn revenue target and a proportionate EBITDA loss at or below the 2019 level.**

#### **Pulse**

The Pulse recommendation platform launched ~2 years ago, showed MAU of 40.6mn in September, with DAU of 4.3mn (+86% YoY). It operates its own site, while also being integrated into Mail.ru Group's main portal page as well as across the Group's media projects and is available across 250 partner sites. Pulse has enhanced its services in Q3 to include blogger photo and video content.

### ***B2B Tech, including Cloud***

B2B Tech continues to scale. We launched a new business division for the promotion of digital solutions for local businesses, now managed by our Vice President, Elina Isagulova. The division will offer complex solutions around digital advertising, marketing, analytics, cloud, big data, machine learning, computer vision, logistics, social commerce, corporate communication tools, business automation, HR and much more to corporate clients.

### **Key Partnerships**

#### ***O2O JV (45.005% stake held by Mail.ru Group)***

#### **Food-tech, including Delivery Club**

Despite the removal of lockdowns and seasonality, Delivery Club revenues grew by 2.1x YoY (to RUB 2.6 bn) with the number of orders rising by 2.0x YoY (to 15.3mn) in Q3. The presence expanded to 265 localities covering >50% of the Russian population and the 1P share at 59% of orders.

Delivery Club's restaurant network now exceeds 30,800 versus 16,300 at the end of Q1. More than 4,000 restaurants are now using Delivery Club's takeaway option, while customers continue to benefit from expanded delivery zones using Citymobil.

Delivery Club continues to enhance its customer offer, with users now able to book tables across connected restaurants, with functionality launched using Foodplex (also part of the O2O JV) and their Smart Reserve system. Delivery Club continues ecosystems integration and became part of two subscriptions VK Combo and SberPrime, as well as a technological solution for the updated VK Eda app.

Delivery Club continued to expand its delivery partnerships, now offering grocery deliveries from Samokat, Bystronom, Vkusvill, Magnit, Dixy, Sbermarket, Verniy, non-medical goods delivery from Vse Apteki, animal goods from Lyubimchik or electronics from Svyaznoy.

Delivery Club continues to demonstrate improvement in unit economics in Q3, driven by higher sales density, and combined with further technological enhancements around matching, mapping and batching. The service is also exploring the high-margin advertising revenue opportunity.

Overall, **Delivery Club continues to expect to at least double its revenues in 2020.**

Samokat grew revenues by 20x YoY (to RUB 2bn), with 4.5mn in orders (+12x YoY) in Q3. Service has expanded into Nizhny Novgorod with a total of 290 dark stores and up to 60,000 in daily orders. The private label SKU base expanded to 200+ out of 2,600 in total and contributes >13% of GMV.

The O2O JV has also consolidated an 84.7% stake in Local Kitchen, dark kitchens operator, which serviced 1.5 mn in orders (+3.0x YoY) and generated 0.7 RUB bn in revenues (+3.1x YoY) in Q3 from its 34 kitchens across Moscow.

#### **Mobility, including Citymobil**

Citymobil grew rides by 4x YoY in Q3 to 50mn, which marked acceleration versus 3x YoY growth seen as of Q2. GMV growth has also improved to 3x YoY vs 2x as of Q2. Citymobil's monthly active user base continues to increase, up by 3.1x YoY to ~5mn as of September.

In Q3, Citymobil continued its regional expansion launching operations in Sochi along with a number of smaller locations in Leningrad and Moscow Regions. Citymobil is now present in 24 geographies which account for ~40% of domestic population, with further rollout planned for Q4. Citymobil is a top-2 ride-hailing operator in most cities of presence with a 20-30% market share in most geographies, including Moscow and Moscow region.

In Q3, VK Taxi growth continued with high double-digit MoM growth, almost tripling rides since July, which provides Citymobil with a proper dual-brand structure. An uplift in rides was driven by further integration into



the VK main app interface, the introduction of unique social features, and a federal ad campaign along with the launch of branded VK Taxi supply.

Citymobil continues investing in B2B and delivery services, which demonstrated double-digit MoM growth during Q3. Delivery partners now include Delivery Club, SberMarket, Ozon, Svyaznoy, Azbuka Vkusa, Vkusvill, Cinnabon, and others.

In August, Citymobil became the first Russian ride-hailing company to integrate e-scooters into the app as part of its longer-term vision to become a one-stop-shop for urban mobility, with micromobility, car sharing, and public transport as its integral parts.

Since its launch in April, the City fleet leasing program has demonstrated exponential growth. It has already provided a few thousand vehicles for Citymobil fleet partners which contributed cumulatively >1mn rides. According to management estimates in the last few months, City fleet became the largest leasing program among its analogs.

***AliExpress Russia (AER) JV (15% stake held by Mail.ru Group)***

GMV of AER rose by 60% in Aug vs April. Audience growth continues, at ~9mn DAU, with >130mn in registered users.

The number of local sellers increased by 120% since March and now exceeds 22,000, with >3.5mn in local SKUs and >20% GMV contribution.

AER continues to enhance its customer offer with purchases from different suppliers aggregated within a single checkout. Localisation continues, with >250 local engineers added YTD.

AER launched an express delivery marketplace service with a focus on FMCG products and target delivery time of 15-30 minutes. Service is already available in Moscow, Moscow region, St Petersburg, Leningrad region and Nizhny Novgorod. Express goods have their own checkout within the main AliExpress app and the new offer aims to build an association of AliExpress with a local platform with express delivery access.

AliExpress Plus, which assumes maximum 15-day delivery from China and 2-day local delivery, now offers 3mn SKUs and contributes 25% to total GMV, with 10% of the AER audience purchasing using AliExpress Plus.

The merchant offering continues to improve as well, with the self-employed now able to register and operate as sellers on the platform. AER has also launched "AliWay", a new marketplace where local merchants can outsource storage, packaging, promotion and delivery of goods in exchange for a 25% commission for such a shop-in-shop service.

Logistics continues to improve, with access to >16,500 local pick-up points. Cainiao (the logistics arm of Alibaba) aims to reduce delivery time from China to major cities in Russia (with a population of 500k+) for AER to 10 days by FY21 by increasing the number of direct flights to the largest Russian cities. Delivery times currently stand within the 15-30 day range versus 60 days two years ago.

**Conference call and webcast:**

The management team will host an analyst and investor conference call and webcast at 15.00 Moscow time (12.00 London, 8.00 New York) today, including a Question and Answer session.

**To participate in this conference call, please use the following access details:**

**Participant Toll Free Telephone Numbers:**

From the UK/International	+44 20 3936 2999
From Russia	+7 495 2839 705
From the US	+1 855 9796 654



From the web: [www.incommuk.com/customers/online](http://www.incommuk.com/customers/online)  
Confirmation Code: 339367

**To register/join the webcast and follow related slides from your laptop, tablet or mobile device, please click on the following link:**

<https://webcast.openbriefing.com/mailru-q320/>

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**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 Mail.ru Group**

Mail.ru Group is an evolving ecosystem of services, helping millions of people with their day-to-day needs online. More than 90% of the Russian internet audience use the company's products.

The Mail.ru Group ecosystem enables people to keep in touch (using social networks OK and VK, messaging apps and email service), play video games (via MY.GAMES), get and offer items and services, browse jobs and hire talent (via Youla and Worki), master new skills (GeekBrains, Skillbox and other educational services), stay informed (Mail.ru portal), and offers many other activities. The ecosystem also includes Mail.ru Group's own smart speaker Capsule with the Marusya voice assistant. Mail.ru Group services allow quick authorization via VK Connect.

Another important component of the ecosystem is the Mail.ru Group-Sberbank joint platform, which includes Citymobil, Delivery Club, Samokat, Local Kitchen and other services for ordering food or grocery delivery, ride hailing or booking a car. The company also owns a share in AliExpress Russia, a platform allowing to order almost any item online.

The company offers enterprises to employ its dynamic ecosystem to digitize their business processes, providing a range of solutions from online promotion to cloud services.

## Filing of the Interim Condensed Consolidated Financial Statements for 9m 2020

The Group's interim condensed consolidated financial statements for the nine months ended 30 September 2020 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 <http://corp.mail.ru/media/files/mail.rugroupifrsq32020.pdf>.

### Group Aggregate Segment Financial Information\*

RUB millions	Q3 2019	Q3 2020	YoY	9m 2019	9m 2020	YoY
<b>Group aggregate segment revenue (1)</b>						
Online advertising	9,056	9,510	5.0%	25,300	26,069	3.0%
MMO games	7,184	9,615	33.8%	20,474	26,988	31.8%
Community IVAS	3,912	4,237	8.3%	12,011	13,433	11.8%
Other revenue**	1,839	3,010	63.7%	3,959	7,679	94.0%
<b>Total Group aggregate segment revenue</b>	<b>21,991</b>	<b>26,372</b>	<b>19.9%</b>	<b>61,744</b>	<b>74,169</b>	<b>20.1%</b>
<b>Group aggregate operating expenses</b>						
Personnel expenses	4,571	5,951	30.2%	13,312	16,895	26.9%
Agent/partner fees	5,511	7,100	28.8%	14,904	19,671	32.0%
Marketing expenses	3,903	5,248	34.5%	10,393	13,855	33.3%
Server hosting expenses	190	201	5.8%	558	566	1.4%
Professional services	185	236	27.6%	514	624	21.4%
Other operating (income)/expenses, excl. D&A	802	902	12.4%	2,536	2,668	5.2%
<b>Total Group aggregate operating expenses</b>	<b>15,162</b>	<b>19,638</b>	<b>29.5%</b>	<b>42,217</b>	<b>54,279</b>	<b>28.6%</b>
<b>Group aggregate segment EBITDA (2)</b>	<b>6,829</b>	<b>6,734</b>	<b>-1.4%</b>	<b>19,527</b>	<b>19,890</b>	<b>1.9%</b>
<i>margin, %</i>	<i>31.1%</i>	<i>25.5%</i>		<i>31.6%</i>	<i>26.8%</i>	
Depreciation, amortisation and impairment*** (3)	2,497	2,824	13.1%	7,542	8,087	7.2%
Other non-operating income (expense), net	-167	-534	219.8%	-402	-1,571	290.8%
<b>Profit before tax (4)</b>	<b>4,165</b>	<b>3,376</b>	<b>-18.9%</b>	<b>11,583</b>	<b>10,232</b>	<b>-11.7%</b>
Income tax expense (5)	640	537	-16.1%	2,033	1,787	-12.1%
<b>Group aggregate net profit (6)</b>	<b>3,525</b>	<b>2,839</b>	<b>-19.5%</b>	<b>9,550</b>	<b>8,445</b>	<b>-11.6%</b>
<i>margin, %</i>	<i>16.0%</i>	<i>10.8%</i>		<i>15.5%</i>	<i>11.4%</i>	

Note 1: Group aggregate segment financial information for the Q3 and 9m 2019 has been retrospectively adjusted to account for pro-forma inclusion of Skillbox, Belngame and Deus Craft studios.

(\*) The numbers in this table and further in the document may not exactly foot or cross-foot due to rounding.

(\*\*) Including Other IVAS revenues.

(\*\*\*) Including the impairment of Skyforge in the amount of RUB 630m in Q2 2019.

- (1) Group aggregate segment revenue is calculated by aggregating the segment revenue of the Group's operating segments and eliminating intra-segment and inter-segment revenues. This measure differs in significant respects from IFRS consolidated net revenue. See "Presentation of Aggregate Segment Financial Information" below.
- (2) Group aggregate segment EBITDA is calculated by subtracting Group aggregate segment operating expenses from Group aggregate segment revenue. Group aggregate segment operating expenses are calculated by aggregating the segment operating expenses (excluding the depreciation and amortization) of the Group's operating segments including allocated Group's corporate expenses, and eliminating intra-segment and inter-segment expenses. See "Presentation of Aggregate Segment Financial Information".

- (3) Group aggregate depreciation, amortization and impairment expense is calculated by aggregating the depreciation, amortization and impairment expense of the subsidiaries consolidated as of the date hereof, excluding amortization and impairment of fair value adjustments to intangible assets acquired in business combinations.
- (4) Profit before tax is calculated by deducting from Group aggregate segment EBITDA Group aggregate depreciation, amortization and impairment expense and adding/deducting Group aggregate other non-operating incomes/expenses primarily consisting of interest income on cash deposits, interest expenses, dividends from financial and available-for-sale investments and other non-operating items.
- (5) Group aggregate income tax expense is calculated by aggregating the income tax expense of the subsidiaries consolidated as of the date hereof. Group aggregate income tax expense is different from income tax as would be recorded under IFRS, as (i) it excludes deferred tax on unremitted earnings of the Group's subsidiaries and (ii) it is adjusted for the tax effect of differences in profit before tax between Group aggregate segment financial information and IFRS.

Group aggregate net profit is the (i) Group aggregate segment EBITDA; less (ii) Group aggregate depreciation, amortization and impairment expense; less (iii) Group aggregate other non-operating expense; plus (iv) Group aggregate other non-operating income; less (v) Group aggregate income tax expense. Group aggregate net profit differs in significant respects from IFRS consolidated net profit. See "Presentation of Aggregate Segment Financial Information".

### **Operating Segments**

We have changed the composition of the reporting segments in order to better reflect Group's strategy, the way the business is managed and units' interconnection within its eco-system. From the first quarter of 2019 the Group has identified the following reportable segments on this basis:

- Communications and Social;
- Games; and
- New initiatives.

The Communications and Social segment includes email, instant messaging and portal (main page and media projects). It earns substantially all revenues from display and context advertising. This segment also aggregates the Group's social network V Kontakte (VK) and two other social networks (OK and My World) and earns revenues from (i) commission from application developers based on the respective applications' revenue, (ii) user payments for virtual gifts, stickers and music subscriptions and (iii) online advertising, including display and context advertising. It also includes Search and music services (UMA). These businesses have similar nature and economic characteristics as they are represented by social networks and online communications, common type of customers for their products and services and are regulated under a similar regulatory environment.

The Games segment contains online gaming services, including MMO, social and mobile games, games streaming and platform solutions operated by the Group under the MY.GAMES brand and within the MY.GAMES ecosystem. It earns substantially all revenues from (i) sale of virtual in-game items to users (f2p) or sale of digital copies of the games (b2p), (ii) royalties for games and gaming solutions licensed to third-party online game operators (iii) in-game advertising and (iv) revenues from streaming services and gaming platform services.

The New initiatives reportable segment represents separate operating segments aggregated in one reportable segment for its similar nature of newly acquired or newly launched and dynamically developing businesses. This segment primarily consists of the Youla classifieds earning substantially all revenues from advertising and listing fees. Maps.me, EdTech, B2B new projects including cloud as well as MRG Tech Lab initiatives, along with other services, which are considered insignificant by the CODM for the purposes of performance review and resource allocation.

Each segment's EBITDA is calculated as the respective segment's revenue less operating expenses (excluding depreciation and amortization and impairment of intangible assets), including our corporate expenses allocated to the respective segment.

### Operating Segments Performance – Q3 2020

RUB millions	Communications and Social	Games	New initiatives	Eliminations	Group
Revenue					
External revenue	12,563	10,642	3,167	-	26,372
Intersegment revenue	59	30	6	(95)	-
<b>Total revenue</b>	<b>12,622</b>	<b>10,672</b>	<b>3,173</b>	<b>(95)</b>	<b>26,372</b>
Total operating expenses	6,776	8,661	4,296	(95)	19,638
<b>EBITDA</b>	<b>5,846</b>	<b>2,011</b>	<b>(1,123)</b>	-	<b>6,734</b>
<i>EBITDA margin, %</i>	46.3%	18.8%	-35.4%		25.5%
<b>Net profit</b>					<b>2,839</b>
<i>Net profit margin, %</i>					10.8%

### Operating Segments Performance – Q3 2019

RUB millions	Communications and Social	Games	New initiatives	Eliminations	Group
Revenue					
External revenue	12,384	8,019	1,588	-	21,991
Intersegment revenue	57	20	6	(83)	-
<b>Total revenue</b>	<b>12,441</b>	<b>8,039</b>	<b>1,594</b>	<b>(83)</b>	<b>21,991</b>
Total operating expenses	5,760	7,158	2,327	(83)	15,162
<b>EBITDA</b>	<b>6,681</b>	<b>881</b>	<b>(733)</b>	-	<b>6,829</b>
<i>EBITDA margin, %</i>	53.7%	11.0%	-46.0%		31.1%
<b>Net profit</b>					<b>3,525</b>
<i>Net profit margin, %</i>					16.0%

### Operating Segments Performance – 9m 2020

RUB millions	Communications and Social	Games	New initiatives	Eliminations	Group
Revenue					
External revenue	36,755	29,605	7,809	-	74,169
Intersegment revenue	131	72	33	(236)	-
<b>Total revenue</b>	<b>36,886</b>	<b>29,677</b>	<b>7,842</b>	<b>(236)</b>	<b>74,169</b>
Total operating expenses	18,622	24,835	11,058	(236)	54,279
<b>EBITDA</b>	<b>18,264</b>	<b>4,842</b>	<b>(3,216)</b>	-	<b>19,890</b>
<i>EBITDA margin, %</i>	49.5%	16.3%	-41.0%		26.8%
<b>Net profit</b>					<b>8,445</b>
<i>Net profit margin, %</i>					11.4%

## Operating Segments Performance – 9m 2019

RUB millions	Communications and Social	Games	New initiatives	Eliminations	Group
Revenue					
External revenue	35,484	22,446	3,814	-	61,744
Intersegment revenue	122	97	8	(227)	-
<b>Total revenue</b>	<b>35,606</b>	<b>22,543</b>	<b>3,822</b>	<b>(227)</b>	<b>61,744</b>
Total operating expenses	16,164	20,454	5,826	(227)	42,217
<b>EBITDA</b>	<b>19,442</b>	<b>2,089</b>	<b>(2,004)</b>	-	<b>19,527</b>
<i>EBITDA margin, %</i>	54.6%	9.3%	-52.4%		31.6%
<b>Net profit</b>					<b>9,550</b>
<i>Net profit margin, %</i>					15.5%

Note 1: Group aggregate segment financial information for the Q3 and 9m 2019 has been retrospectively adjusted to account for pro-forma inclusion of Skillbox, Belngame and Deus Craft studios.

### Liquidity

As of 30 September 2020, the Group had RUB 24,500 million of cash and cash equivalents and RUB 21,551 million of debt outstanding (excluding lease liabilities). The Group's net cash position was RUB 2,949 million.

### Presentation of Aggregate Segment Financial Information

The Group aggregate segment financial information is derived from the financial information used by management to manage the Group's business by aggregating the segment financial data of the Group's operating segments and eliminating intra-segment and inter-segment revenues and expenses. Group aggregate segment financial information differs significantly from the financial information presented on the face of the Group's consolidated financial statements in accordance with IFRS. In particular:

- The Group's segment financial information excludes certain IFRS adjustments which are not analyzed by management in assessing the core operating performance of the business. Such adjustments affect such major areas as revenue recognition, deferred tax on unremitted earnings of subsidiaries, share-based payment transactions, disposal of and impairment of investments, business combinations, fair value adjustments, amortization and impairment thereof, net foreign exchange gains and losses, share in financial results of associates, as well as irregular non-recurring items that occur from time to time and are evaluated for adjustment as and when they occur. The tax effect of these adjustments is also excluded from segment reporting.
- The segment financial information is presented for each period on the basis of an ownership interest as of the date hereof and consolidation of each of the Group's subsidiaries, including for periods prior to the acquisition of control of the entities in question. The financial information of subsidiaries disposed of prior to the date hereof is excluded from the segment presentation starting from the beginning of the earliest period presented.
- Segment revenues do not reflect certain other adjustments required when presenting consolidated revenues under IFRS. For example, segment revenue excludes barter revenues and adjustments to defer online gaming and social network revenues under IFRS.

A reconciliation of Group aggregate segment revenue to IFRS consolidated revenue of the Group for the three months ended 30 September 2020 and 2019 is presented below:

<b>RUB millions</b>	<b>Q3 2020</b>	<b>Q3 2019</b>
<b>Group aggregate segment revenue, as presented to the CODM</b>	<b>26,372</b>	<b>21,991</b>
Adjustments to reconcile revenue as presented to the CODM to consolidated revenue under IFRS:		
Effect of difference in dates of acquisition, loss of control in subsidiaries and assets held for sale	(637)	375
Differences in timing of revenue recognition	(1,220)	11,116
Barter revenue	2	102
Dividend revenue from venture capital investments	-	-
<b>Consolidated revenue under IFRS</b>	<b>24,517</b>	<b>33,584</b>

A reconciliation of Group aggregate segment EBITDA to IFRS consolidated (loss)/profit before income tax expense of the Group for the three months ended 30 September 2020 and 2019 is presented below:

<b>RUB millions</b>	<b>Q3 2020</b>	<b>Q3 2019</b>
<b>Group aggregate segment EBITDA, as presented to the CODM</b>	<b>6,734</b>	<b>6,829</b>
Adjustments to reconcile EBITDA as presented to the CODM to consolidated (loss)/profit before income tax expenses under IFRS:		
Effect of difference in dates of acquisition, loss of control in subsidiaries and assets held for sale	(149)	(2,268)
Differences in timing of revenue recognition	(1,222)	11,722
Net (loss)/gain on venture capital investments	(12)	71
Share-based payment transactions	(447)	(374)
Other	(4)	74
<b>EBITDA</b>	<b>4,900</b>	<b>16,054</b>
Depreciation and amortisation	(3,578)	(3,367)
Share of loss of equity accounted associates and joint ventures	(4,986)	(29)
Finance income	76	154
Finance expenses	(627)	(337)
Other non-operating loss	(68)	(15)
Net gain/(loss) on derivative financial assets and liabilities at fair value through profit or loss	3,951	(244)
Gain on re-measurement of previously held interest in equity accounted associate	-	163
Impairment of equity accounted associates	-	(51)
Net foreign exchange gain/(loss)	331	(214)
<b>Consolidated (loss)/profit before income tax expense under IFRS</b>	<b>(1)</b>	<b>12,114</b>

A reconciliation of Group aggregate net profit to IFRS consolidated net (loss)/profit of the Group for the three months ended 30 September 2020 and 2019 is presented below:

<b>RUB millions</b>	<b>Q3 2020</b>	<b>Q3 2019</b>
<b>Group aggregate segment net profit, as presented to the CODM</b>	<b>2,839</b>	<b>3,525</b>
Adjustments to reconcile net profit as presented to the CODM to consolidated net (loss)/profit under IFRS:		
Share-based payment transactions	(447)	(374)
Differences in timing of revenue recognition	(1,222)	11,722
Effect of difference in dates of acquisition, loss of control in subsidiaries and assets held for sale	(115)	(1,807)
Amortisation of fair value adjustments to intangible assets	(800)	(838)
Net gain/(loss) on financial instruments at fair value through profit or loss	3,939	(173)
Gain on re-measurement of previously held interest in equity accounted associate	-	163
Net foreign exchange gain/(loss)	331	(214)
Share of loss of equity accounted associates and joint ventures	(4,986)	(29)
Impairment of equity accounted associates	-	(51)
Other	(50)	(6)
Tax effect of the adjustments	249	(1,433)
<b>Consolidated net (loss)/profit under IFRS</b>	<b>(262)</b>	<b>10,486</b>

A reconciliation of Group aggregate segment revenue to IFRS consolidated revenue of the Group for the nine months ended 30 September 2020 and 2019 is presented below:

<b>RUB millions</b>	<b>9m 2020</b>	<b>9m 2019</b>
<b>Group aggregate segment revenue, as presented to the CODM</b>	<b>74,169</b>	<b>61,744</b>
Adjustments to reconcile revenue as presented to the CODM to consolidated revenue under IFRS:		
Effect of difference in dates of acquisition, loss of control in subsidiaries and assets held for sale	(643)	1,245
Differences in timing of revenue recognition	(4,305)	7,599
Barter revenue	5	173
Dividend revenue from venture capital investments	-	8
<b>Consolidated revenue under IFRS</b>	<b>69,226</b>	<b>70,769</b>

A reconciliation of Group aggregate segment EBITDA to IFRS consolidated loss before income tax expense of the Group for the nine months ended 30 September 2020 and 2019 is presented below:

RUB millions	9m 2020	9m 2019
<b>Group aggregate segment EBITDA, as presented to the CODM</b>	<b>19,890</b>	<b>19,527</b>
Adjustments to reconcile EBITDA as presented to the CODM to consolidated (loss)/profit before income tax expenses under IFRS:		
Effect of difference in dates of acquisition, loss of control in subsidiaries and assets held for sale	(238)	(5,928)
Differences in timing of revenue recognition	(4,305)	8,975
Net (loss)/gain on venture capital investments	(96)	394
Share-based payment transactions	(1,380)	(1,177)
Other	(22)	86
<b>EBITDA</b>	<b>13,849</b>	<b>21,877</b>
Depreciation and amortisation	(10,526)	(9,505)
Impairment of intangible assets	-	(630)
Share of loss of equity accounted associates and joint ventures	(10,327)	(580)
Finance income	280	466
Finance expenses	(1,868)	(864)
Other non-operating loss	(207)	(132)
Net gain/(loss) on derivative financial assets and liabilities at fair value through profit or loss	3,621	(560)
Goodwill impairment	(6,430)	-
Gain on remeasurement of previously held interest in equity accounted associate	46	324
(Impairment)/reversal of impairment of equity accounted associates	(260)	60
Net gain on disposal of intangible assets	-	400
Net foreign exchange gain/(loss)	425	(1,148)
<b>Consolidated (loss)/profit before income tax expense under IFRS</b>	<b>(11,397)</b>	<b>9,708</b>



A reconciliation of Group aggregate net profit to IFRS consolidated net loss/profit of the Group for the nine months ended 30 September 2020 and 2019 is presented below:

RUB millions	9m 2020	9m 2019
<b>Group aggregate segment net profit, as presented to the CODM</b>	<b>8,445</b>	<b>9,550</b>
Adjustments to reconcile net profit as presented to the CODM to consolidated net (loss)/profit under IFRS:		
Share-based payment transactions	(1,380)	(1,177)
Differences in timing of revenue recognition	(4,305)	8,975
Effect of difference in dates of acquisition, loss of control in subsidiaries and assets held for sale	(204)	(5,139)
Amortisation of fair value adjustments to intangible assets	(2,399)	(2,404)
Net gain/(loss) on financial instruments at fair value through profit or loss	3,525	(166)
Goodwill impairment	(6,430)	-
Gain on remeasurement of previously held interest in equity accounted associate	46	324
Net gain on disposal of intangible assets	-	400
Net foreign exchange gain/(loss)	425	(1,148)
Share of loss of equity accounted associates and joint ventures	(10,327)	(580)
(Impairment)/reversal of impairment of equity accounted associates	(260)	60
Other non-operating loss	(235)	(59)
Other	(6)	(5)
Tax effect of the adjustments	954	(1,300)
<b>Consolidated net (loss)/profit under IFRS</b>	<b>(12,151)</b>	<b>7,330</b>

### Selected Operating Statistics

- ▶ Mail.ru Group is holding the lead in Russian internet (Mediascope, Russia, cities 100k+, age 12-64, daily active users, August 2020).

## Consolidated IFRS Statement of Financial Position

RUB millions	September 30, 2020 (unaudited)	December 31, 2019 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments in equity accounted associates and joint ventures	45,766	49,834
Goodwill	134,827	140,665
Right-of-use assets	11,497	4,942
Other intangible assets	17,758	19,526
Property and equipment	10,127	8,330
Financial assets at fair value through profit or loss	1,631	1,749
Deferred income tax assets	2,773	1,774
Long-term loans receivable	431	286
Advance under office lease contract	206	115
<b>Total non-current assets</b>	<b>225,016</b>	<b>227,221</b>
<b>Current assets</b>		
Trade accounts receivable	13,385	12,288
Prepaid income tax	961	147
Prepaid expenses and advances to suppliers	1,130	978
Financial assets at fair value through profit or loss	647	90
Loans receivable	214	655
Other current assets	937	1,220
Cash and cash equivalents	24,500	9,782
Assets held for sale	2,503	2,334
<b>Total current assets</b>	<b>44,277</b>	<b>27,494</b>
<b>Total assets</b>	<b>269,293</b>	<b>254,715</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Issued capital	-	-
Share premium	76,686	60,286
Treasury shares	(1,084)	(1,152)
Retained earnings	113,465	125,351
Foreign currency translation reserve	298	170
<b>Total equity attributable to equity holders of the parent</b>	<b>189,365</b>	<b>184,655</b>
Non-controlling interests	309	809
<b>Total equity</b>	<b>189,674</b>	<b>185,464</b>
<b>Non-current liabilities</b>		
Deferred income tax liabilities	1,626	2,181
Deferred revenue	2,466	1,737
Non-current lease liability	7,825	1,568
Long-term interest-bearing loans and borrowings	14,158	19,474
<b>Total non-current liabilities</b>	<b>26,075</b>	<b>24,960</b>
<b>Current liabilities</b>		
Trade accounts payable	10,432	7,863
Income tax payable	1,501	481
VAT and other taxes payable	1,807	1,939
Deferred revenue and customer advances	14,622	10,920
Short-term portion of long-term interest-bearing loans	7,393	4,044
Current lease liabilities	3,353	3,153
Other payables, accrued expenses and contingent consideration liabilities	13,967	15,348
Liabilities directly associated with assets held for sale	469	543
<b>Total current liabilities</b>	<b>53,544</b>	<b>44,291</b>
<b>Total liabilities</b>	<b>79,619</b>	<b>69,251</b>
<b>Total equity and liabilities</b>	<b>269,293</b>	<b>254,715</b>

## Consolidated IFRS Statement of Comprehensive Income

RUB millions	Q3 2020 (unaudited)	Q3 2019 (unaudited)	9m 2020 (unaudited)	9m 2019 (unaudited)
Online advertising	9,543	8,925	26,230	25,267
MMO games	8,514	18,714	23,527	29,098
Community IVAS	4,109	3,949	13,086	11,567
Other revenue	2,351	1,996	6,383	4,837
<b>Total revenue</b>	<b>24,517</b>	<b>33,584</b>	<b>69,226</b>	<b>70,769</b>
Net (loss)/gain on venture capital investments	(12)	71	(96)	394
Personnel expenses	(6,515)	(5,204)	(18,653)	(15,074)
Office rent and maintenance	(155)	(53)	(276)	(177)
Agent/partner fees	(7,002)	(6,457)	(19,549)	(17,185)
Marketing expenses	(4,709)	(4,658)	(13,093)	(13,205)
Server hosting expenses	(202)	(189)	(567)	(532)
Professional services	(238)	(186)	(637)	(558)
Other operating expenses	(784)	(854)	(2,506)	(2,555)
<b>Total operating expenses</b>	<b>(19,605)</b>	<b>(17,601)</b>	<b>(55,281)</b>	<b>(49,286)</b>
<b>EBITDA</b>	<b>4,900</b>	<b>16,054</b>	<b>13,849</b>	<b>21,877</b>
Depreciation and amortisation	(3,578)	(3,367)	(10,526)	(9,505)
Impairment of intangible assets	-	-	-	(630)
Share of loss of equity accounted associates and joint ventures	(4,986)	(29)	(10,327)	(580)
Finance income	76	154	280	466
Finance expenses	(627)	(337)	(1,868)	(864)
Other non-operating loss	(68)	(15)	(207)	(132)
Goodwill impairment	-	-	(6,430)	-
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	3,951	(244)	3,621	(560)
(Impairment)/reversal of impairment of equity accounted associates	-	(51)	(260)	60
Net gain on disposal of intangible assets	-	-	-	400
Gain on re-measurement of previously held interest in equity accounted associates	-	163	46	324
Net foreign exchange gain/(loss)	331	(214)	425	(1,148)
<b>(Loss)/profit before income tax expense</b>	<b>(1)</b>	<b>12,114</b>	<b>(11,397)</b>	<b>9,708</b>
Income tax expense	(261)	(1,628)	(754)	(2,378)
<b>Net (loss)/profit</b>	<b>(262)</b>	<b>10,486</b>	<b>(12,151)</b>	<b>7,330</b>
Attributable to:				
Equity holders of the parent	(141)	10,279	(11,886)	7,128
Non-controlling interest	(121)	207	(265)	202
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>				
Exchange differences on translation of foreign operations:				
Differences arising during the period	244	192	128	496
<b>Total other comprehensive income net of tax effect of 0</b>	<b>244</b>	<b>192</b>	<b>128</b>	<b>496</b>
<b>Total comprehensive (loss)/income, net of tax</b>	<b>(18)</b>	<b>10,678</b>	<b>(12,023)</b>	<b>7,826</b>
Attributable to:				
Equity holders of the parent	103	10,471	(11,758)	7,624
Non-controlling interest	(121)	207	(265)	202
<b>(Loss)/earnings per share, in RUR:</b>				
Basic (loss)/earnings per share attributable to ordinary equity holders of the parent	(0.65)	47.37	(54.59)	32.91
Diluted earnings per share attributable to ordinary equity holders of the parent	n/a	46.27	n/a	31.78

## Consolidated IFRS Statement of Cash Flows

RUB millions	9m 2020 (unaudited)	9m 2019 (unaudited)
<b>Cash flows from operating activities</b>		
(Loss)/profit before income tax	(11,397)	9,708
Adjustments to reconcile (loss)/profit before income tax to cash flows:		
Depreciation and amortisation	10,526	9,505
Impairment losses on financial assets at amortized cost	540	165
Net loss/(gain) on venture capital investments	96	(394)
Net (gain)/loss on financial assets and liabilities at fair value through profit or loss	(3,621)	560
Goodwill impairment	6,430	-
Gain on remeasurement of previously held interest in equity accounted associate	(46)	(324)
Finance income	(280)	(466)
Finance expenses	1,868	864
Share of loss of equity accounted associates and joint ventures	10,327	580
Net foreign exchange (gain)/loss	(425)	1,148
Cash settled and equity settled share-based payments	1,380	1,177
Other non-cash items	29	(14)
Net loss/(gain) on disposal of intangible assets	11	(400)
Dividend revenue from venture capital investments	-	(8)
Impairment/(reversal of impairment) of equity accounted associates	260	(60)
Impairment of intangible assets	56	630
Change in operating assets and liabilities:		
Decrease/(increase) in accounts receivable	556	(1,402)
Decrease/(increase) in prepaid expenses and advances to suppliers	37	(333)
Decrease in inventories and other assets	384	164
Increase in accounts payable and accrued expenses	102	1,731
(Increase)/decrease in other non-current assets	(103)	67
Increase/(decrease) in deferred revenue and customer advances	4,213	(8,872)
Increase in financial assets at fair value through profit or loss	(375)	(2,906)
<b>Operating cash flows before interest, income taxes and contingent consideration settlement</b>	<b>20,568</b>	<b>11,120</b>
Dividends received from venture capital investments	-	7
Settlement of contingent consideration of business combinations	-	(688)
Interest received	355	415
Interest paid	(1,868)	(864)
Income tax paid	(2,535)	(2,972)
<b>Net cash provided by operating activities</b>	<b>16,520</b>	<b>7,018</b>
<b>Cash flows from investing activities:</b>		
Cash paid for property and equipment	(4,432)	(3,360)
Cash paid for intangible assets	(2,399)	(2,181)
Dividends received from equity accounted associates	29	71
Loans issued	(408)	(246)
Loans collected	507	482
Cash paid for acquisitions of subsidiaries, net of cash acquired	(19)	(7,900)
Settlement of initial fair value of the contingent consideration at acquisition date	-	(1,132)
Cash paid for investments in equity accounted associates and joint ventures	(6,577)	(1,242)
<b>Net cash used in investing activities</b>	<b>(13,299)</b>	<b>(15,508)</b>
<b>Cash flows from financing activities:</b>		
Payment of lease liabilities	(2,956)	(2,657)
Loans received, net of bank commission	-	8,474
Loans repaid	(1,969)	-
Proceeds from issuance of GDR, net of transaction costs paid	15,209	-
Dividends paid by subsidiaries to non-controlling shareholders	(235)	-
Cash paid for treasury shares	-	(896)
<b>Net cash provided by financing activities</b>	<b>10,049</b>	<b>4,921</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>13,270</b>	<b>(3,569)</b>
Effect of exchange differences on cash balances	1,578	(328)
Cash and cash equivalents at the beginning of the period	9,782	11,723
Change in cash related to asset held for sale	(130)	(1,006)
<b>Cash and cash equivalents at the end of the period</b>	<b>24,500</b>	<b>6,820</b>