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Unaudited IFRS results for Q2 2020

July 23, 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 six months ended 30 June 2020.

Performance highlights*

- On a pro-forma basis, for the three months ended 30 June 2020:
  - Q2 2020 Group aggregate segment revenue grew 25.5% YoY to RUB 25,373m
  - Q2 2020 Group aggregate segment EBITDA increased 3.9% YoY to RUB 7,475m
  - Q2 2020 Group aggregate net profit grew 8.2% Y-o-Y to RUB 3,455m
- On a pro-forma basis, for the six months ended 30 June 2020:
  - H1 2020 Group aggregate segment revenue rose 20% YoY to RUB 47,703m
  - H1 2020 Group aggregate segment EBITDA grew 4.0% YoY to RUB 13,204m
  - H1 2020 Group aggregate net profit declined 6.1% YoY at RUB 5,659m
- Net debt position (excluding lease liabilities) as of 30 June 2020 was RUB 8,219m

** 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 RUB 2,172m loss in Q2 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 COVID-19 pandemic presented the global economy and community with significant challenges, we are proud to present our Q2 results which show how we managed to adjust and adapt to our new realities effectively, despite the related macroeconomic shocks and the major changes to how we operate our business and manage our over 7,000 of employees.

Total revenues in Q2 2020 increased 25.5% YoY to RUB 25,373m
Advertising revenues in Q2 2020 declined -5.2% YoY to RUB 7,983m
MMO revenues in Q2 2020 grew 47.7% YoY to RUB 10,132m
Community IVAS revenues in Q2 2020 grew 16.7% YoY to RUB 4,550m
Other revenues in Q2 2020 rose 161.4% YoY to RUB 2,708m

Online advertising, which has a clear correlation with business performance and outlook, was our largest revenue stream heading into Q2 (38% of revenues in Q1). While it declined by 5.2% YoY in Q2 vs growth of 9.3% YoY in Q1, we believe that we managed to outperform the broader digital market and gain share given our dedication to growing ROIs for our clients. With further growth in the performance of advertising share (~70% of total), diversification and growth of advertiser base including through SMEs, and an expansion of the advertising network, we have managed to offset some of the most negative effects of the current situation. Importantly, VK managed to grow revenues by 8%+ in Q2, albeit with support coming from IVAS.

Our ecosystem means we have diversified revenue streams, including exposure to different verticals such as games, online education or B2B (including Cloud), which were broadly beneficiaries of the effects of COVID-19. Despite some of the support factors being temporary, this did allow us to more than compensate for the advertising revenue weakness in Q2.

At the time of our Q1 results, we said that we expected MMO Games to partially offset some of the revenue declines in advertising. In Q2, it performed better than this, with revenue growth of 47.7% YoY (vs 11.5%

YoY in Q1), with the Games vertical represented by MY.GAMES nearly equal in size to Communication & Social segment (43% vs 46% of total revenues respectively). April was the strongest month for MY.GAMES (>60% growth for MMO Games revenues YoY) given that it coincided with the peak of the lockdowns, combined with temporary RUB weakness, with around 74% of MMO revenues being international. The strong revenues were also combined with above-normal profitability given the effect of elevated engagement, combined with attractive advertising pricing on customer acquisition at the trough of the advertising market.

Games have played a pivotal role at the peak of the pandemic, providing people with entertainment, social connection, and distraction, therefore improving the quality of life for millions of people, with the World Health Organization officially promoting video games as a recommended social activity. We are honored that we could assist our ~700mn registered users globally during this difficult time. As the lockdowns eased, engagements began normalizing and the retention of new users will be among our key focus areas.

Whilst many of our users continue to work from home, the macro environment remains challenging and the gaming market continues to consolidate, nonetheless, we see ourselves as well-positioned given our focus on mobile (67% of revenues) and F2P (99% of games), with fully online distribution, dominance of our IP (~90% of revenues) and diversification across 190+ markets which makes MY.GAMES one of the top-50 largest games companies in the world. Despite the ongoing normalization in behavior, combined with the discretionary nature of games spending, we continue to anticipate similar revenue growth for MMO Games in 2020 versus 2019. Longer-term, we see gaming becoming a universal language connecting people, with rapidly advancing technology blending the border between games and social networks, which can provide broader synergies between MY.GAMES and the rest of the Group.

IVAS revenue was resilient in Q2, having grown by 16.7% YoY (from 10.6% YoY in Q1) as during the lockdowns social games also saw a spike in engagement. In the meantime, people were trying to stay connected and share emotions, which could be done safely online, including through stickers and virtual gifts. Music streaming was less of a driver as the main use case is linked to transit.

Other revenues grew 161.4% in Q2, driven mainly by online education projects (Skillbox, Geekbrains) as well as Cloud & B2B services.

Despite a very challenging backdrop, Youla showed solid growth (+25% YoY) with lower proportionate level of EBITDA burn. Classifieds have subsequently seen traffic recovering to pre-COVID levels in most markets, including Russia and we expect Youla to deliver another year of healthy growth with FY 2020 revenues of between RUB2.7-3bn.

Over the past months, many consumers have entered eCommerce with segments like egrocery seeing significant increases in traffic as a result of the pandemic and the lockdowns. Producers have managed to shift to online work, students finished their school year online and had their graduation parties there, gyms moved to living rooms and consultations with doctors were done away from hospitals. All of us learned about the benefits of online not just in terms of safety but efficiency. Technology spend will therefore likely see a multi-year period of strong growth as business models transform across industries, which should mean a much larger total addressable market for internet focused companies like ourselves. Recognizing this opportunity, although non-essential discretionary spend remains on hold, we will continue to heavily invest into our business through 2020 in order to be able to deliver much stronger growth and reach much bigger scale in the coming years.

In Q2, we launched VK Connect, our unified ID. We started sales of Capsule, our smart speaker, powered by the Marusia virtual voice assistant. We have also scaled the scope of services inside Combo, our loyalty program. We launched new products like Clips in short videos or PayDay and VK Donut for B2B, having significantly enhanced the Group's video and audio call as well as music and ecommerce offering and scaled VK Mini Apps and MY.GAMES Store. We invested in Skillfactory in edtech, consolidated BeIngame in MY.GAMES and Samokat under the O2O JV in e-groceries. This means that the Group's ecosystem strategy remains fully intact and investments into the core businesses and across the key JVs continue as planned or potentially at a faster pace to ensure future leadership across the core verticals.

The local economy is expected to decline by 4-6%+ in 2020. While advertising has bottomed quicker than we expected and at a more shallow level, advertising spend trends remain volatile and visibility is still limited with the ultimate outcome dependent on the pace of the economic recovery. However, we expect to deliver FY 2020 LFL revenue growth in the "teens" and could exceed the RUB 100bn revenue milestone, which compares to the RUB103-105bn guidance we provided ahead of the pandemic.

This will, however, come at the expense of lower profitability as a result of both mix and investment. Along with ongoing investments into ecosystem development and enhancements of our product offer as well as ~RUB1bn in COVID-19 related support initiatives, profitability is impacted by the mix effect, with lower profitability of games vs advertising especially as gaming CAC normalizes and advertising having a high share of fixed costs. This will likely reverse in 2021 as the local economy is expected to rebound by 3-4% and we fully recognize that it is important to run a high margin business that can weather through any future downturns.

We have a robust balance sheet, with net debt position excluding lease liabilities at the end of Q2 at RUB 8 bn. All of our borrowing is in RUB at an average rate of 7.2%, with debt facilities being at historically low rates for corporate borrowers and 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.

Segmental highlights

<u>Communications and Social</u>
Communications and Social segment revenues grew by 0.7% in Q2 to RUB 11,737m.

VK

VK maintains its leadership among domestic social networks, with MAU of 73mn (+4.8% YoY) in Russia (DAU: +7% YoY), including 67mn on mobile (+7.4% YoY) as of June. Time spent at peak is +14% YoY to 40 minutes[1] (mobile: +20.5% YoY[2]) and the sticky factor remains highest among peers at 57%[3].

In light of the pandemic, VK hosted several landmark events in an online format, including an annual graduation for all local schools (16mn viewers, 28mn views, 370,000 comments) organized together with the Ministry of Education. The annual VK Fest was transformed into a 7-day online festival, with 280mn live stream views from 41mn unique users across 203 countries. VK also launched an online fitness platform used by 13mn people within the first month, with live programs provided during the lockdown for free with the Ministry of Sports as a partner.

During the lockdown, VK's communication products were in particular demand, with the daily number of calls in April up by 20%, daily messages sent by 13%, live stream views by 50%, with gaming DAU up by 12% versus March. The engagement has been normalizing since the ease of the lockdowns and is now better aligned with typical seasonality but with the entire key engagement matrix up on a YoY basis, including the daily number of calls up 45%, messages sent up 17% YoY, and videos viewed up 41% YoY in Q2.

VK continued its extensive product updates and ecosystem projects throughout the crisis. VK Connect, the Mail.ru Group single ID based on VK technology, has been rolled out for Marusia, Delivery Club and Youla and will soon be available for Citymobil and other projects.

The number of active services on VK Mini Apps increased by ~3,000 in Q2, reaching 19,700, which stimulates further growth in usage, with DAU up 30% QoQ, and MAU exceeding 36mn. Some of the ecosystem projects, like AliExpress, Delivery Club and VK Taxi, are among the top-10 most frequently used Mini Apps, having ~2mn MAU each. As an example, the number of monthly rides taken through VK Taxi exceeded 700,000 in June, with ~1.5x growth versus April and July is looking to exceed 1mn.

Enhancements continued across all communication services in Q2. In May, VK introduced the ability to make group audio and video calls via both desktop and mobile. 34mn users exchange audio messages through VK monthly, with the number of voice messages sent up 28% YoY in Q2. For further convenience, VK launched voice message speech recognition technology, with users able to convert voice messages into text while text-based search now applies to voice recordings. This feature was used by 13mn people within its first month.

Vertical videos continue to be a key feature for VK, with 9mn content creators publishing 114mn Stories monthly, and Stories gaining 7.6bn views from 42mn users. In June, VK launched Clips, an endless feed of short vertical videos. Within the first month, Clips saw 44mn users, with content gaining over 3bn views, and latest record of 200mn in daily views. Overall, VK videos receive 750mn daily views from 80mn unique users monthly, while VK's monthly live stream audience stands at 45mn. VK is planning to invest RUB 1bn in further scaling of Clips.

The VK Donut content monetization tool for communities was launched using our proprietary Boosty.to tech stack with VK Pay among payment options. Users can now buy paid subscriptions to regularly support the communities that they like.

VK continues to expand its social commerce initiatives, becoming the first social network in Russia to launch deliveries through CDEK and Boxberry, with an additional option to pick up packages from the nearest post office or the seller. VK has also enhanced the API functionality with the automation of a broader set of functions for those looking to sell on VK, with sellers able to connect their own CRM system to the social network. Users and SMBs use VK community features to sell and promote their products. We are actively developing further tools for stores on VK and, through them, plan to bring a significant portion of ecommerce turnover to our platform.

VK remained focused on improving advertising technologies and in Q2 continued to add new products for SMBs. As a result, VK revenue grew by 8% YoY in Q2 against a declining digital market, which makes us well-positioned as we continue to transform VK into the heart of the Group's ecosystem. In H2 we will continue to actively invest in strategic areas, including the Super App, group calls, ecommerce platform and short video.

1 Source: Mediascope, April 2020, Russia (all cities, age 12+), Desktop & Mobile
2 Source: Mediascope, April 2020, Russia (all cities, age 12+), Mobile
3 Source: Mediascope, April 2020, Russia (all cities, age 12+), Desktop & Mobile

OK

Russia MAU was 42mn in Q2, stable, adjusting for seasonal factors. Mobile MAU continues to grow, +6.3% YoY to 35mn in Q2.

OK is a social platform actively used for entertainment, communication as well as the exchange of emotions. The lockdown regime in Russia peaked in Q2, which has positively affected user activity, with OK users having sent >14bn in virtual gifts, which is +44.7% YoY. At the peak in April, the number of messages sent was +23.1% YoY, with calls up by 30.5% YoY. The number of video views was up by 27% with a new record of >1bn in daily videos viewed. Live video exposure continued to grow, with OK Live app MAU +76% YoY and the number of live videos created +29% QoQ.

IVAS was the main driver of OK's revenue. The gaming platform, especially on mobile devices, has also been among the key contributors to the IVAS revenue growth in Q2. COVID-19 triggered an increase in mobile games time spent which was +40% YoY in May. OK paid RUB360mn to mobile game app developers in January-May 2020 +80% YoY. Mobile games MAU was +31% YoY in Russia in May, with mobile game downloads +58.8% YoY. Moreover, developers' advertising revenues were up 87% YoY despite the pandemic.

OK continues to enhance its communication services, now allowing users to extend video calls to non-OK registered users using a link. The duration of calls is not limited, with up to 100 participants and available functions like screen share, recording, live streaming, access to AR-masks, blurred background amongst others. The live streaming functionality aims to extend the use cases for OK video calls into various educational and business areas, with businesses able to promote their goods or services, hold live interviews, host group music performance sessions etc. As a sign of increasing cross-selling and integration, OK's technology and neural networks were used in launching the Group's video calling function within our email service. Such calls are also available from the main page of the Mail.ru portal.

Games

Our global games division has been unified under the MY.GAMES brand for over a year. A lot has been accomplished during this period, including the launch of 10 games, 152mn+ new registered users (to ~700mn), the consolidations of SWAG MASHA, Panzerdog and BeIngame studios, as well as, the international rollout of the MY.GAMES Store. >25% growth in audience was driven by ongoing international expansion, notably in the US (+25% in new registrations YoY in H1, +19% in MAU), which has been our focus market, with the US, Germany and Japan being our top-3 international markets in terms of revenue.

MY.GAMES saw strong COVID-19 effects in Q2, particularly a sharp lockdown driven increase in engagement and monetization, with the Games segment revenue rising by 46% YoY to RUB 11,018mn versus 13.4% YoY growth in Q1 and MY.GAMES accounting for a record 43% of the Group's revenues. International revenue share of games revenue demonstrated further growth to 74%. Importantly, we continue to rely heavily on our own IPs, with <15% of revenues in Q2 coming from licensed games.

April marked the peak in MMO Games revenue growth (>60% YoY) as global lockdowns were at their height (ex China), which also corresponded with a period of RUB weakness. This started to moderate in May, as lockdowns started to be taken down and the RUB started to recover. Assuming that there is no return to lockdowns and that there are no further currency shocks, we anticipate a further return to normality in Q3.

Owing to COVID-19 learnings, including through more active content delivery and the introduction of new engaging mechanics, we are well-equipped to mitigate the anticipated churn of new COVID-acquired users and expected adverse macro effects on discretionary incomes, especially given our focus on mobile and particularly F2P games, which remain among the cheapest entertainment options globally.

Despite all of our staff working from home since mid-March, we have managed to launch three new games (Warface: Breakout, Dino Squad and World Above: Cloud Harbor), smoothly integrated the BeIngame studio and scale BeIngame studio's Zero City mobile title to further benefit from the lockdowns. Our mobile focus and fully online distribution make us well-positioned. We therefore remain committed to our publishing pipeline for 2H20-2021 as well as further enhancing the performance of our current portfolio through consistent and high-quality updates.

PC & Console
On May 26 MY.GAMES launched Warface: Breakout, a premium P2P tactical first-person shooter on Xbox One and PlayStation 4**.** Breakout was developed by Allods team, an internal studio which has already successfully transferred the original Warface to PlayStation 4, Xbox One and Nintendo Switch. Warface: Breakout launched its first season at the end of June, with Season 2 planned for 2H. It is particularly popular in the US (>56% of registrations), which resulted in Warface franchise revenue growing >5x YoY on consoles in the US in Q2. Warface's Switch audience reached 2.5m since its launch on February 18. Being in its ninth year of operation, Warface is now available on five platforms across PC, console and mobile. We expect to continue to expand this franchise, a top-3 revenue generator for MY.GAMES.

The number of registered users in Conqueror's Blade (PC, 1 year old) reached 2.7mn in Q2, with rapid growth in March (+70% MoM) and April (+63% MoM). May saw revenues grow 16% MoM, and >150% versus January.

The MMORPG Lost Ark (licensed from Smilegate RPG) is performing well following its recent PC update, being among our top-10 revenue generators in Q2, with its audience rising to ~2mn registered users across Russia/CIS since its launch last October.

MY.GAMES will act as a global publisher of the WW3 shooter, with a partnership agreement signed with The Farm 51 studio in Q2. MY.GAMES will assist in further updates of the game towards its final version expected in 2021.

Mobile
As of Q2, 67% of Games revenues came from mobile, with the top-5 revenue-generating mobile games in Q2 being War Robots, Hustle Castle, Left to Survive, Love Sick: Interactive Stories, and Zero City.

War Robots from the Pixonic studio reached a new milestone of 169mn in downloads, with its six-year anniversary and new records in monthly revenue (~RUB1bn) and EBITDA (~RUB0.5bn) achieved in May.

Hustle Castle (~3 years old, Nord Studio) saw a 53.5% increase in registrations in April and has 64m in downloads. In light of COVID-19, it reached another monthly revenue record of ~RUB750mn, while remaining among our highest EBITDA generators. We aim to boost our expertise in the RPG strategy genre, while expanding the Nord studio, which is also operating American Dad! Apocalypse Soon (6mn downloads) as well as the recently consolidated Zero City (>10mn downloads).

Left to Survive from the Whalekit studio reached 25mn downloads and hit a monthly revenue record of RUB184mn in June. Another title from the same studio, Warface: Global Operations, a F2P mobile title launched in January, has 9m downloads.

Love Sick: Interactive Stories increased installs by 5.6x QoQ in Q2, with ~18mn downloads since its launch last February, with a daily peak of ~RUB7.8mn in revenues seen in April. The game has more than doubled its revenues in most European countries and in the US QoQ in Q2.

Dino Squad, a PvP shooter released by the Pixonic Studio on April 16, saw 1mn in downloads within one month after launch.

World Above (>1mn installs), one of our most recently launched titles, is now among the key revenue contributors, with daily revenue in May reaching RUB2.4mn. We plan to build on its solid performance in the next 12M.

MGVC
The investment arm of MY.GAMES (MGVC, ex MRGV), has now marked its 3-year anniversary and plans to continue to support us in our efforts to continue expanding our market share in the largest entertainment market globally with an ambition of becoming a top-25 games company globally, including through value accretive M&A.

Over the past three years, the MGVC team received >1,000 applications and partnership offers, fully closing 25 deals. There are more than 30 partner-studios within MGVC presently, located in 14 cities around the world. Success stories of Pixonic (War Robots, Dino Squad) and SWAG MASHA (Love Sick: Interactive Stories) reflects our ability to create value through consolidations.

New initiatives
The New Initiatives segment revenue in Q2 2020 grew 139% YoY to RUB 2,686m. Among the key drivers, were the rising scale of online education, the largest component of the New Initiatives segment, with also solid performance from B2B and continued progress in monetization of Youla despite COVID-19 obstacles.

Youla
Youla delivered +25% YoY growth in Q2 with revenue of RUB 569m. Following the adverse impact on engagement during the peak of the lockdowns in March and early April, MAU has since recovered and returned to growth, at ~27m (+6% YoY), with new listings and contacts growing 23% and 15% respectively in June. Although the Russian economy is expected to shrink in 2020, Youla's largest exposure sits in Generals and Services (>50% of revenues), which we expect to be more resilient, since they deal mainly with the C2C segment, used goods resale, as well as the satisfaction of users' basic needs. Within the remaining portion, Real estate and Jobs contribute the most. In Jobs, Youla is focused on the blue-collar vertical, which grew during the last downturn in 2015. Exposure to Auto is significantly lower with low single-digit share in the total revenue split. Hence, Youla is well positioned in terms of revenue split, while integration with the Group allows for higher relative efficiency.

Given the current macroeconomic backdrop, the focus for Youla for the rest of 2020 will remain on further development of general, jobs and services verticals, with an estimated RUB 2.7-3.0bn in revenues and a proportionate EBITDA loss at or below the 2019 level.

Online education

Online education businesses remain the largest contributor to the New Initiatives segment, with related revenues exceeding RUB1bn in Q2 and growing 264% YoY. Skillbox users watched >1mn lessons, with teachers having checked >200,000 pieces of homework during the lockdown. The number of new paying students grew by 46% in Q2 vs. Q1, with a 34% share of active students, up from 31% in Q1. The number of new paying students at Geekbrains grew by 68% in Q2 vs. Q1, with the most popular disciplines being product management, web development, python development and internet marketing. Product management courses grew by 325%, design - by 198%, analytics and machine learning - by 185% YoY. Following the end of the lockdown, the platforms saw moderation in activity in June with the share of active students back to March levels, although the total number of active and paying users is still up significantly on a YoY basis. We remain committed to further growth of this vertical in 2020 and beyond and believe that it is among the biggest long-term beneficiaries of the recent COVID-related lockdowns.

Advertising market & technologies

In May and June, we noticed the incremental recovery of advertisers' activity that led to around 10% growth of average auction CPM in June YoY within the myTarget advertising platform.

Multiple enhancements have been made across the myTarget advertising platform:

- Advertisers are now able to purchase video ads in rewarded and interstitial video formats when promoting mobile games (the segment grew by 75% in revenue within myTarget Q2 YoY) and apps within myTarget campaigns, with payments using oCPM, CPM or CPC models.
- myTarget launched an additional financial metrics advertisers can check across campaigns, including ROMI (Return on Marketing Investment) or share of ad spend calculated for each ad campaign target or overall.
- Contextual targeting tools have been enhanced through offer of relevant synonyms as part of campaign setting, as well as enriched look-alike targeting with in-app actions. The share of both products in ad spending on myTarget platform has grown by 84% and 14% Q2 YoY respectively.

The quality of the myTarget advertising network traffic is among our key priorities. By the end of Q2 the myTarget ad network amounted to >1,000 websites and >10,000+ mobile apps, which generated 2bn new app installs during Q2 (according to App Annie data).

We continue to actively enhance advertising tools around VK, the largest contributor to our advertising revenues:

- VK launched new ad targeting, segmenting users based on their musical preferences, which allows businesses to seek unique marketing approaches by offering items to fans or sourcing audiences for upcoming concerts.
- VK allows businesses to show ads to potentially interested audience determined by AI algorithms within VK. New tools also allow Communities to seek new members based on various sub-segments around user interests etc.
- VK launched dynamic product ads to promote ecommerce items, where VK algorithms automatically choose the best items to use for targeting as well as target audience, with advertisers having to only propose a promotional text for its own VK store.
- VK has automated the process of ad purchasing with an option of automatic price control, with the buyer not having to choose the ad purchase approach and rather focusing on what they want from the ad, based on a set budget, while VK algorithms do all the rest.

VK added RUB 150m to ad budgets of >60,000 SMEs on its platform as part of its COVID-19 support initiatives announced in early April and initially in effect until June 30, having been extended until the end of July. As a result of SME focused launches and COVID-19 support initiatives, SME advertising revenues on VK grew by 16% YoY despite the tough market conditions.

OK also continues to develop a business platform for SMEs: revenue from the ads manager tripled YoY in Q2 with >1mn users running businesses through their OK pages.

Key Partnerships

O2O JV (equal ownership with Sberbank)

Food-tech, including Delivery Club

Delivery Club revenues were up 2.9x YoY to RUB 2.5bn in Q2, with the record number of orders reached in May (5.8 mn), as the platform continued to expand, further solidifying its leadership position despite the pandemic. Order volume remained strong in June with lockdowns removed, with a total of 16.1mn in orders in Q2, up 3x YoY.

Delivery Club has more than doubled the number of connected restaurants YoY, to >24,000 in June. Presence expanded to >200 localities covering ~50% of Russian population. 1P rose to 56% of orders vs 40% in Q1 19.

Despite the various COVID-19 support measures, Delivery Club showed improvement in unit economics in Q2 through further improvement of logistics tech, application of algorithmic zones and further roll-out of AI based scheduling systems.

To continue to draw elevated customer demand as lockdowns come to an end, Delivery Club launched its take-away offer in Q2, with >2,500 restaurants. Additionally, Delivery Club broadened its customer offer through delivery partnerships with Verniy (~6,500 SKUs), Vkusvill (~2,000 SKUs) and other food retail chains along with its delivery partnership with Citymobil, which has facilitated the extension of restaurant delivery zones, Svyaznoy for electronics deliveries, and “Vse apteki” for delivery non medicinal products from pharmacies.

The total cost of implementing the local restaurant support program (0% commission), the courier support program (doubling tips), and the COVID-19 prevention program in Q2 exceeded RUB150m.

The O2O JV completed the acquisition of a 75.6% stake in Samokat, an express delivery platform present in Moscow and St Petersburg, in May 2020. Stimulated by COVID-19, Samokat is servicing >44,000 orders/day with >3.6mn orders in Q2, up 2.6x QoQ and 42.2x YoY. Samokat revenue was up 3.5x QoQ and 70.9x YoY in Q2 to >RUB 2bn and the number of dark stores now exceeds 230. As a part of an integration process Samokat extended its delivery zones to Moscow region and Leningrad region through partnership with YouDrive and is planning to cooperate with AliExpress.

Guvenc Donmez, CEO of Delivery Club, has become the CEO of Foodtech Division in O2O JV, to ensure deeper integration within the vertical, along with further expansion of overall value proposition with a target to maintain the leading market position in foodtech and maximize long-term profitability. COVID-19 has had a net positive effect on the business, with Delivery Club expected to at least double its revenues in 2020.

Mobility, including Citymobil

Despite the adverse impact from COVID-19, with orders down >40% vs early March level at peak, Citymobil saw full recovery in June, with orders 6% above pre-COVID levels at the beginning of July.

In Q2, Citymobil grew rides by 3x YoY to 35.7mn, including positive growth on LFL basis in June. Citymobil’s monthly active user base increased by 3.2x YoY as of 6M20 YoY to ~3.4mn at peak. GMV rose by 1.8x YoY to RUB 7.6bn in Q2.

Delivery services launched in April made a sizable contribution to its recovery. Citymobil is now servicing B2C and B2B clients and is showing good growth. Delivery Club, Farsh and SberMarket are among the key partners, with planned integrations with Svyaznoy, Sberlogistics, Youla, Samokat, AliExpress Russia and others.

In early June, Citymobil resumed its regional expansion, launching in Tyumen (population of 500,000+), along with a number of smaller launches in Leningrad and Moscow Regions. Citymobil is now present in 23 geographies which account for ~40% of Russian population, with further rollout planned for Q3.

Despite >RUB100mn in COVID-19 related costs, unit economics were positive in Moscow and Moscow Region in Q2, with contribution per trip 50% higher in May vs March, and a few more regions approaching positive unit economics. Citymobil expects >50% of GMV to be contribution positive by the end of the year.

Citymobil is a top-3 ride-hailing operator in all cities of presence and top-2 in 17 out of 23 locations. In most cities with a population of 1mn+, CM holds 20%+ market share. The goal is to be a strong #2 local ride-hailing player overall by the end of 2020. Despite the unprecedented shocks brought on by COVID-19, Citymobil expects to more than triple its rides in 2020 (to 230mn+), including contribution from new bets, such as package delivery, collaboration with Delivery Club, VK Taxi, Sber Promo and others.

YouDrive resumed operations in all cities (Moscow, St. Petersburg, Sochi and Yekaterinburg) after lockdown in April-May and added a daily rental option. Despite the adverse impact of COVID-19 by early July YouDrive orders have already outpaced pre-COVID levels by 7%. Package delivery services were launched in cooperation with Samokat as a major partner. The fleet has increased by 14% (incl. fleet of partners) compared with pre-COVID level. With access to Sberleasing products YouDrive is planning to further grow its fleet in current regions of presence.

Long-term vision assumes that Citymobil and YouDrive services shall work as a unified urban mobility platform with fleet-as-a-service features. Deeper integration between the two services is targeted over time, including cross-usage of fleet between the two.

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

AER JV continues to see rising engagement and volume growth on cross border and especially domestic marketplace side. The platform's DAU stood at 8.8mn in June (+17% YoY), with >130mn in registered users, including 12mn in new accounts registered YTD with June GMV up 30% MoM and up 60% versus April. During the 6.18 sale alone, >3mn Russians made RUB7.3bn in purchases with GMV up 60% YoY, including a 3x YoY increase for the domestic marketplace.

The crossborder business of AliExpress resumed solid growth following temporary logistical obstacles experienced during Q1 in China in light of COVID-19, with related GMV growing 26% MoM in May. In the meantime, the domestic marketplace continues its exponential growth, with now >14,000 local sellers offering 2mn SKUs and the GMV share approaching 20% in June (618 first day of sale) and goal to approach ~50% in 2022-23. In the past six months, there has been a shift in demand on AER from accessories towards higher average check items, including the rise in categories like fashion, with an average check of the platform expanding by 38% YoY in June.

AliExpress, Cainiao and Russian Post launched three additional direct flights from China to Moscow, which aims to reduce average delivery time by another five days and an ultimate goal to offer 10-day average delivery from China. Currently, users of AliExpress Plus can already receive orders from China within 10-15 days versus typical 50-60 day delivery less than two years ago. The number of pick-up points rose >3x in the past year.

AliExpress plans to hire 200-300 programmers before year-end and another 100-150 in 2021, with the key focus areas being user experiences related to the website, search, description of goods in order to fully localize customer support functions for clients in Russia and continue to enhance overall customer experience.

Along with AliExpress Plus, AliExpress LIVE is among the new AER offers, with RUB125mn in purchases through livestreams during the first month since launch, with >110mn views since March. Additional differentiated features, including through social integrations with Mail.ru Group's social networks, should be expected.

Overall, AER JV will continue to make steps towards its ambitious goal of reaching ~$10bn GMV in 2022-23, with 50mn in annual customers.

Conference call and webcast:
The management team will host an analyst and investor conference call at 13.00 UK time (15.00 Moscow time, 8.00 NY), on the same day, 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	1 646 664 1960

To join the audio webcast from your laptop, tablet or mobile device, please click on the following link: Event Link

Confirmation Code: 539378

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Cautionary Statement regarding Forward Looking Statements and Disclaimers

About Mail.ru Group

Mail.ru Group is the largest internet business in Russia in terms of total daily audience (Mediascope WEB-Index Desktop&Mobile, Russia 0+, population aged 12+, April 2020). Mail.ru Group is listed on the London Stock Exchange and Moscow Exchange, trading with ticker code MAIL.

Mail.ru Group is developing the leading domestic internet communications and entertainment platform. The company owns Russia's two largest Russian language social networks, VK and OK, leading email service, one of Russia's largest internet portals (Mail.ru), and four instant messaging services. The company also holds the international gaming brand MY.GAMES, with a portfolio of hundreds of popular games for a range of platforms and over 605 million users worldwide. Mail.ru Group promotes online education in Russia, operates a classifieds service, and develops enterprise digital solutions.

Mail.ru Group is a shareholder of AliExpress Russia JV along with Alibaba Group, MegaFon and Russian Direct Investment Fund. The company partners with Sberbank to jointly develop O2O service platform targeting food delivery and taxi markets.

Filing of the Interim Condensed Consolidated Financial Statements for Q2 and H1 2020

The Group's interim condensed consolidated financial statements for the three and six months ended 30 June 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 http://www.morningstar.co.uk/uk/NSM or on the Group's website at http://corp.mail.ru/media/files/mail.rugroupifrsq22020.pdf.

Group Aggregate Segment Financial Information*

RUB millions	Q2 2019	Q2 2020	YoY	H1 2019	H1 2020	YoY
Group aggregate segment revenue (1)						
Online advertising	8,417	7,983	-5.2%	16,244	16,536	1.8%
MMO games	6,859	10,132	47.7%	13,290	17,305	30.2%
Community IVAS	3,898	4,550	16.7%	8,099	9,196	13.5%
Other revenue**	1,036	2,708	161.4%	2,122	4,666	119.9%
Total Group aggregate segment revenue	**20,210**	**25,373**	**25.5%**	**39,755**	**47,703**	**20.0%**
Group aggregate operating expenses						
Personnel expenses	4,433	5,595	26.2%	8,741	10,904	24.7%
Agent/partner fees	4,725	6,402	35.5%	9,202	12,178	32.3%
Marketing expenses	2,678	4,286	60.0%	6,490	8,532	31.5%
Server hosting expenses	185	198	7.0%	368	364	-1.1%
Professional services	174	215	23.6%	330	386	17.0%
Other operating (income)/expenses, excl. D&A	821	1,202	46.4%	1,926	2,135	10.9%
Total Group aggregate operating expenses	**13,016**	**17,898**	**37.5%**	**27,057**	**34,499**	**27.5%**
Group aggregate segment EBITDA (2)	**7,194**	**7,475**	**3.9%**	**12,698**	**13,204**	**4.0%**
margin, %	*35.6%*	*29.5%*		*31.9%*	*27.7%*	
Depreciation, amortisation and impairment*** (3)	2,887	2,700	-6.5%	5,044	5,259	4.3%
Other non-operating income (expense), net	-191	-537	181.2%	-235	-1,037	341.3%
Profit before tax (4)	**4,116**	**4,238**	**3.0%**	**7,419**	**6,908**	**-6.9%**
Income tax expense (5)	923	783	-15.2%	1,393	1,249	-10.3%
Group aggregate net profit (6)	**3,193**	**3,455**	**8.2%**	**6,026**	**5,659**	**-6.1%**
margin, %	*15.8%*	*13.6%*		*15.2%*	*11.9%*	

Note 1: Group aggregate segment financial information for the Q2 and H1 2019 has been retrospectively adjusted to account for pro-forma inclusion of Skillbox, BeIngame studio.

(*) 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 Vkontakte (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 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 – Q2 2020

RUB millions	Communications and Social	Games	New initiatives	Eliminations	Group
Revenue					
External revenue	11,706	10,992	2,675	-	25,373
Intersegment revenue	31	26	11	(68)	-
Total revenue	**11,737**	**11,018**	**2,686**	**(68)**	**25,373**
Total operating expenses	6,016	8,656	3,294	(68)	17,898
EBITDA	**5,721**	**2,362**	**(608)**	**-**	**7,475**
EBITDA margin, %	*48.7%*	*21.4%*	*-22.6%*		*29.5%*
Net profit					**3,455**
Net profit margin, %					*13.6%*

Operating Segments Performance – Q2 2019

RUB millions	Communications and Social	Games	New initiatives	Eliminations	Group
Revenue					
External revenue	11,597	7,488	1,125	-	20,210
Intersegment revenue	55	57	1	(113)	-
Total revenue	**11,652**	**7,545**	**1,126**	**(113)**	**20,210**
Total operating expenses	5,324	6,126	1,679	(113)	13,016
EBITDA	**6,328**	**1,419**	**(553)**	**-**	**7,194**
EBITDA margin, %	*54.3%*	*18.8%*	*-49.1%*		*35.6%*
Net profit					**3,193**
Net profit margin, %					*15.8%*

Operating Segments Performance – H1 2020

RUB millions	Communications and Social	Games	New initiatives	Eliminations	Group
Revenue					
External revenue	24,191	18,871	4,641	-	47,703
Intersegment revenue	72	43	26	(141)	-
Total revenue	**24,263**	**18,914**	**4,667**	**(141)**	**47,703**
Total operating expenses	11,846	16,032	6,762	(141)	34,499
EBITDA	**12,417**	**2,882**	**(2,095)**	**-**	**13,204**
EBITDA margin, %	*51.2%*	*15.2%*	*-44.9%*		*27.7%*
Net profit					**5,659**
Net profit margin, %					*11.9%*

Operating Segments Performance – H1 2019

RUB millions	Communications and Social	Games	New initiatives	Eliminations	Group
Revenue					
External revenue	23,100	14,428	2,227	-	39,755
Intersegment revenue	65	77	1	(143)	-
Total revenue	**23,165**	**14,505**	**2,228**	**(143)**	**39,755**
Total operating expenses	10,407	13,294	3,499	(143)	27,057
EBITDA	**12,758**	**1,211**	**(1,271)**	**-**	**12,698**
EBITDA margin, %	*55.1%*	*8.3%*	*-57.0%*		*31.9%*
Net profit					**6,026**
Net profit margin, %					*15.2%*

Note 1: Group aggregate segment financial information for the Q2 and H1 2019 has been retrospectively adjusted to account for pro-forma inclusion of Skillbox, BeIngame studio.

Liquidity

As of 30 June 2020, the Group had RUB 14,004 million of cash and cash equivalents and short-term time deposits and RUB 22,223 million of debt outstanding (excluding lease liabilities). The Group's net debt position was RUB 8,219 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 June 2020 and 2019 is presented below:

RUB millions	Q2 2020	Q2 2019
Group aggregate segment revenue, as presented to the CODM	**25,373**	**20,210**
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	190	626
Differences in timing of revenue recognition	(2,478)	(1,242)
Barter revenue	2	65
Dividend revenue from venture capital investments	-	8
Consolidated revenue under IFRS	**23,087**	**19,667**

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 June 2020 and 2019 is presented below:

RUB millions	Q2 2020	Q2 2019
Group aggregate segment EBITDA, as presented to the CODM	**7,475**	**7,194**
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	(32)	(1,462)
Differences in timing of revenue recognition	(2,478)	(1,033)
Net (loss)/gain on venture capital investments	(43)	314
Share-based payment transactions	(504)	(493)
Other	(5)	(12)
EBITDA	**4,413**	**4,508**
Depreciation and amortization	(3,565)	(3,153)
Impairment of intangible assets	-	(630)
Share of loss of equity accounted associates and joint ventures	(2,518)	(258)
Finance income	85	169
Finance expenses	(630)	(324)
Other non-operating (loss)	(19)	(60)
Net loss on derivative financial assets and liabilities at fair value through profit or loss	(541)	(206)
Gain on re-measurement of previously held interest in equity accounted associate	-	276
(Impairment)/reversal of impairment of equity accounted associates	(38)	111
Net gain on disposal of intangible assets	-	400
Net foreign exchange gain/(loss)	436	(215)
Consolidated (loss)/profit before income tax expense under IFRS	**(2,377)**	**618**

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

RUB millions	Q2 2020	Q2 2019
Group aggregate segment net profit, as presented to the CODM	**3,455**	**3,193**
Adjustments to reconcile net profit as presented to the CODM to consolidated net (loss)/profit under IFRS:		
Share-based payment transactions	(504)	(493)
Differences in timing of revenue recognition and classification	(2,478)	(1,032)
Effect of difference in dates of acquisition, loss of control in subsidiaries and assets held for sale	(30)	(1,374)
Amortization of fair value adjustments to intangible assets	(808)	(787)
Net (loss)/gain on financial instruments at fair value through profit or loss	(584)	108
Gain on re-measurement of previously held interest in equity accounted associate	-	276
Net gain on disposal of intangible assets	-	400
Net foreign exchange gain/(loss)	436	(215)
Share of loss of equity accounted associates and joint ventures	(2,518)	(258)
(Impairment)/reversal of impairment of equity accounted associates	(38)	111
Other non-operating loss	(61)	(13)
Other	(11)	-
Tax effect of the adjustments	384	381
Consolidated net (loss)/profit under IFRS	**(2,757)**	**297**

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

RUB millions	H1 2020	H1 2019
Group aggregate segment revenue, as presented to the CODM	**47,703**	**39,755**
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	86	868
Differences in timing of revenue recognition	(3,083)	(3,517)
Barter revenue	3	71
Dividend revenue from venture capital investments	-	8
Consolidated revenue under IFRS	**44,709**	**37,185**

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

RUB millions	H1 2020	H1 2019
Group aggregate segment EBITDA, as presented to the CODM	**13,204**	**12,698**
Adjustments to reconcile EBITDA as presented to the CODM to consolidated loss before income tax expenses under IFRS:		
Effect of difference in dates of acquisition, loss of control in subsidiaries and assets held for sale	(135)	(3,657)
Differences in timing of revenue recognition	(3,083)	(2,749)
Net (loss)/gain on venture capital investments	(84)	323
Share-based payment transactions	(933)	(803)
Other	(20)	11
EBITDA	**8,949**	**5,823**
Depreciation and amortization	(6,948)	(6,138)
Impairment of intangible assets	-	(630)
Share of loss of equity accounted associates and joint ventures	(5,341)	(551)
Finance income	204	312
Finance expenses	(1,241)	(527)
Other non-operating (loss)	(139)	(117)
Net loss on derivative financial assets and liabilities at fair value through profit or loss	(330)	(316)
Goodwill impairment	(6,430)	-
Gainon remeasurement of previously held interest in equity accounted associate	46	161
(Impairment)/reversal of impairment of equity accounted associates	(260)	111
Net gain on disposal of intangible assets	-	400
Net foreign exchange gain/(loss)	94	(934)
Consolidated loss before income tax expense under IFRS	**(11,396)**	**(2,406)**

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

RUB millions	H1 2020	H1 2019
Group aggregate segment net profit, as presented to the CODM	**5,659**	**6,026**
Adjustments to reconcile net profit as presented to the CODM to consolidated net loss under IFRS:		
Share-based payment transactions	(933)	(803)
Differences in timing of revenue recognition	(3,083)	(2,748)
Effect of difference in dates of acquisition, loss of control in subsidiaries and assets held for sale	(135)	(3,310)
Amortization of fair value adjustments to intangible assets	(1,599)	(1,566)
Net (loss)/gain on financial instruments at fair value through profit or loss	(414)	7
Goodwill impairment	(6,430)	-
Gain on remeasurement of previously held interest in equity accounted associate	46	161
Net gain on disposal of intangible assets	-	400
Net foreign exchange gain/(loss)	94	(934)
Share of loss of equity accounted associates and joint ventures	(5,341)	(551)
(Impairment)/reversal of impairment of equity accounted associates	(260)	111
Other non-operating loss	(181)	(70)
Other	(17)	(12)
Tax effect of the adjustments	705	133
Consolidated net loss under IFRS	**(11,889)**	**(3,156)**

Selected Operating Statistics

- Mail.ru Group is holding the lead in Russian internet (Mediascope, Russia, cities 100k+, age 12-64, daily active users, May 2020).
- MMO average monthly payers amounted to 1,139 thousand users in H1 2020 (the numbers combine paying users of individual MMO and mobile games and may include overlap).

Consolidated IFRS Statement of Financial Position

RUB millions	June 30, 2020 (unaudited)	December 31, 2019 (audited)
ASSETS		
Non-current assets		
Investments in equity accounted associates and joint ventures	44,424	49,834
Goodwill	134,827	140,665
Right-of-use assets	11,466	4,942
Other intangible assets	17,950	19,526
Property and equipment	9,457	8,330
Financial assets at fair value through profit or loss	1,417	1,749
Deferred income tax assets	2,179	1,774
Long-term loans receivable	359	286
Advance under office lease contract	226	115
Total non-current assets	**222,305**	**227,221**
Current assets		
Trade accounts receivable	11,460	12,288
Prepaid income tax	298	147
Prepaid expenses and advances to suppliers	423	978
Financial assets at fair value through profit or loss	219	90
Loans receivable	133	655
Other current assets	864	1,220
Short-term time deposits	655	-
Cash and cash equivalents	13,349	9,782
Assets held for sale	**2,408**	**2,334**
Total current assets	**29,809**	**27,494**
Total assets	**252,114**	**254,715**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Issued capital	-	-
Share premium	61,208	60,286
Treasury shares	(1,152)	(1,152)
Retained earnings	113,606	125,351
Accumulated other comprehensive income	54	170
Total equity attributable to equity holders of the parent	**173,716**	**184,655**
Non-controlling interests	430	809
Total equity	**174,146**	**185,464**
Non-current liabilities		
Deferred income tax liabilities	1,737	2,181
Deferred revenue	2,400	1,737
Non-current lease liability	7,702	1,568
Long-term interest-bearing loans and borrowings	16,008	19,474
Total non-current liabilities	**27,847**	**24,960**
Current liabilities		
Trade accounts payable	8,748	7,863
Income tax payable	422	481
VAT and other taxes payable	1,672	1,939
Deferred revenue and customer advances	13,388	10,920
Short-term portion of long-term interest-bearing loans	6,215	4,044
Current lease liabilities	3,605	3,153
Other payables, accrued expenses and contingent consideration liabilities	15,667	15,348
Liabilities directly associated with assets held for sale	404	543
Total current liabilities	50,121	44,291
Total liabilities	**77,968**	**69,251**
Total equity and liabilities	**252,114**	**254,715**

Consolidated IFRS Statement of Comprehensive Income

RUB millions	Q2 2020 (unaudited)	Q2 2019 (unaudited)	H1 2020 (unaudited)	H1 2019 (unaudited)
Online advertising	8,106	8,595	16,687	16,342
MMO games	8,188	5,674	15,013	10,384
Community IVAS	4,456	3,896	8,977	7,618
Other revenue	2,337	1,502	4,032	2,841
Total revenue	**23,087**	**19,667**	**44,709**	**37,185**
Net (loss)/gain on venture capital investments	(43)	314	(84)	323
Personnel expenses	(6,260)	(5,105)	(12,138)	(9,870)
Office rent and maintenance	(53)	(58)	(121)	(124)
Agent/partner fees	(6,621)	(5,761)	(12,547)	(10,728)
Marketing expenses	(4,294)	(3,391)	(8,384)	(8,547)
Server hosting expenses	(198)	(173)	(365)	(343)
Professional services	(219)	(230)	(399)	(372)
Other operating expenses	(986)	(755)	(1,722)	(1,701)
Total operating expenses	**(18,631)**	**(15,473)**	**(35,676)**	**(31,685)**
EBITDA	**4,413**	**4,508**	**8,949**	**5,823**
Depreciation and amortization	(3,565)	(3,153)	(6,948)	(6,138)
Impairment of intangible assets	-	(630)	-	(630)
Share of loss of equity accounted associates and joint ventures	(2,518)	(258)	(5,341)	(551)
Finance income	85	169	204	312
Finance expenses	(630)	(324)	(1,241)	(527)
Other non-operating loss	(19)	(60)	(139)	(117)
Goodwill impairment	-	-	(6,430)	-
Net loss on derivative financial assets and liabilities at fair value through profit or loss	(541)	(206)	(330)	(316)
(Impairment)/reversal of impairment of equity accounted associates	(38)	111	(260)	111
Net gain on disposal of intangible assets	-	400	-	400
Gain on re-measurement of previously held interest in equity accounted associate	-	276	46	161
Net foreign exchange gain/(loss)	436	(215)	94	(934)
(Loss)/profit before income tax expense	**(2,377)**	**618**	**(11,396)**	**(2,406)**
Income tax expense	(380)	(321)	(493)	(750)
Net (loss)/profit	(2,757)	297	(11,889)	(3,156)
Attributable to:				
Equity holders of the parent	(2,668)	318	(11,745)	(3,151)
Non-controlling interest	(89)	(21)	(144)	(5)
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign operations:				
Differences arising during the period	(247)	(26)	(116)	304
Total other comprehensive (loss)/income net of tax effect of 0	**(247)**	**(26)**	**(116)**	**304**
Total comprehensive (loss)/income, net of tax	**(3,004)**	**271**	**(12,005)**	**(2,852)**
Attributable to:				
Equity holders of the parent	(2,915)	292	(11,861)	(2,847)
Non-controlling interest	(89)	(21)	(144)	(5)
(Loss)/earnings per share, in RUR:				
Basic and diluted (loss)/earnings per share attributable to ordinary equity holders of the parent	(12)	1	(54)	(15)

Consolidated IFRS Statement of Cash Flows

RUB millions	H1 2020 (unaudited)	H1 2019 (unaudited)
Cash flows from operating activities		
Loss before income tax	(11,396)	(2,406)
Adjustments to reconcile loss before income tax to cash flows:		
Depreciation and amortization	6,948	6,138
Impairment losses on financial assets at amortized cost	507	164
Net loss on financial assets and liabilities at fair value through profit or loss	330	316
Goodwill impairment	6,430	-
Gain on remeasurement of previously held interest in equity accounted associate	(46)	(161)
Finance income	(204)	(312)
Finance expenses	1,241	527
Share of loss of equity accounted associates and joint ventures	5,341	551
Net foreign exchange (gain)/loss	(94)	934
Cash settled and equity settled share based payments	933	803
Other non-cash items	(15)	21
Net loss/(gain) on venture capital investments	84	(323)
Net gain on disposal of intangible assets	-	(400)
Dividend revenue from venture capital investments	-	(8)
Impairment/(reversal of impairment)of equity accounted associates	260	(111)
Impairment of intangible assets	-	630
Change in operating assets and liabilities:		
Decrease in accounts receivable	1,406	240
Decrease/(increase) in prepaid expenses and advances to suppliers	648	(149)
Decrease in inventories and other assets	417	415
(Decrease) in accounts payable and accrued expenses	(1,385)	(1,133)
(Increase)/decrease(in other non-current assets	(111)	15
Increase in deferred revenue and customer advances	2,969	2,726
Increase in financial assets at fair value through profit or loss	(218)	(1,730)
Operating cash flows before interest, income taxes and contingent consideration settlement	**14,045**	**6,747**
Dividends received from venture capital investments		7
Settlement of contingent consideration of business combinations	-	(688)
Interest received	260	251
Interest paid	(1,241)	(270)
Income tax paid	(1,598)	(2,017)
Net cash provided by operating activities	11,466	4,030
Cash flows from investing activities:		
Cash paid for property and equipment	(2,762)	(2,048)
Cash paid for intangible assets	(1,459)	(1,186)
Dividends received from equity accounted associates	29	71
Loans issued	(209)	(204)
Loans collected	482	354
Cash paid for acquisitions of subsidiaries, net of cash acquired	(17)	(7,543)
Settlement of initial fair value of the contingent consideration at acquisition date	-	(1,132)
Short-term deposits	(630)	-
Cash paid for investments in equity accounted associates and joint ventures	(257)	(989)
Net cash provided by investing activities	**(4,823)**	**(12,677)**
Cash flows from financing activities:		
Payment of lease liabilities	(1,852)	(1,822)
Loans received, net of bank commission	-	8,482
Loans repaid	(1,312)	-
Dividends paid by subsidiaries to non-controlling shareholders	(235)	-
Cash paid for treasury shares	-	(656)
Net cash used in financing activities	**(3,399)**	**6,004**
Net decrease in cash and cash equivalents	**3,244**	**(2,643)**
Effect of exchange differences on cash balances	460	(404)
Cash and cash equivalents at the beginning of the period	9,782	11,723
Change in cash related to asset held for sale	(137)	(622)
Cash and cash equivalents at the end of the period	**13,349**	**8,054**