Mail.ru Group Limited

Interim Condensed
Consolidated Financial Statements

For the three months ended March 31, 2020

Contents

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Совершенствуя бизнес,
улучшаем мир

Ernst & Young LLC
Sadovnicheskaya Nab., 77, bld. 1
Moscow, 115035, Russia
Tel: +7 (495) 705 9700
+7 (495) 755 9700
Fax: +7 (495) 755 9701
www.ey.com/ru

ООО «Эрнст энд Янг»
Россия, 115035, Москва
Садовническая наб., 77, стр. 1
Тел.: +7 (495) 705 9700
+7 (495) 755 9700
Факс: +7 (495) 755 9701
ОКПО: 59002827
ОГРН: 1027739707203
ИНН: 7709383532

Independent auditor's report

To the Shareholders and Board of Directors of
Mail.ru Group Limited

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Mail.ru Group Limited and its subsidiaries (the Group), which comprise the interim condensed consolidated statement of financial position as at March 31, 2020 and the related interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the three-month period then ended, and selected explanatory notes to the interim condensed consolidated financial statements (interim financial information). Management of Mail.ru Group Limited is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

A.A. Chizhikov
Partner
Ernst & Young LLC

April 22, 2020

Details of the audited entity

Name: Mail.ru Group Limited
Registered: May 4, 2005
Address: 28 Oktovriou, 365, VASHIOTIS SEAFRONT, office 402, Neapoli, 3107 Limassol, Cyprus.

Details of the auditor

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on December 5, 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

Interim Condensed Consolidated Statement of Financial Position

As of March 31, 2020
(in millions of Russian Roubles)

	Notes	As at March 31, 2020 (unaudited)	As at December 31, 2019
ASSETS			
Non-current assets			
Investments in equity accounted associates and joint ventures		46,780	49,834
Goodwill	7	134,687	140,665
Right-of-use assets	6	11,923	4,942
Other intangible assets	7	19,509	19,526
Property and equipment	8	8,727	8,330
Financial assets at fair value through profit or loss	14	1,689	1,749
Deferred income tax assets		2,041	1,774
Long-term loans receivable	14	342	286
Advance under office lease contract		225	115
Total non-current assets		225,923	227,221
Current assets			
Trade accounts receivable	14	11,682	12,288
Prepaid income tax		363	147
Prepaid expenses and advances to suppliers		679	978
Financial assets at fair value through profit or loss	14	291	90
Loans receivable	14	448	655
Other current assets		964	1,220
Cash and cash equivalents		11,547	9,782
Assets held for sale	15	2,286	2,334
Total current assets		28,260	27,494
Total assets		254,183	254,715
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital			
Share premium		60,824	60,286
Treasury shares		(1,152)	(1,152)
Retained earnings		116,274	125,351
Foreign currency translation reserve		301	170
Total equity attributable to equity holders of the parent		176,247	184,655
Non-controlling interests		530	809
Total equity		176,777	185,464
Non-current liabilities			
Deferred income tax liabilities		1,960	2,181
Deferred revenue		1,875	1,737
Non-current lease liabilities	6, 14	7,881	1,568
Long-term interest-bearing loans and borrowings	14	17,855	19,474
Total non-current liabilities		29,571	24,960
Current liabilities			
Trade accounts payable	14	9,433	7,863
Income tax payable		229	481
VAT and other taxes payable		1,905	1,939
Deferred revenue and customer advances		11,407	10,920
Short-term portion of long-term interest-bearing loans	14	5,114	4,044
Current lease liabilities	6, 14	3,820	3,153
Other payables, accrued expenses and contingent consideration liabilities	9, 14	15,490	15,348
Liabilities directly associated with assets held for sale	15	437	543
Total current liabilities		47,835	44,291
Total liabilities		77,406	69,251
Total equity and liabilities		254,183	254,715

Interim Condensed Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2020
(in millions of Russian Roubles)

	Notes	Three months ended March 31, 2020 (unaudited)	Three months ended March 31, 2019 (unaudited)
Online advertising		8,581	7,747
MMO games		6,825	4,710
Community IVAS		4,521	3,722
Other revenue		1,695	1,339
Total revenue	4, 10	21,622	17,518
Net (loss)/gain on venture capital investments	14	(41)	9
Personnel expenses		(5,878)	(4,765)
Agent/partner fees		(5,926)	(4,967)
Marketing expenses		(4,090)	(5,156)
Server hosting expenses		(167)	(170)
Professional services		(180)	(142)
Other operating expenses		(804)	(1,012)
Total operating expenses		(17,045)	(16,212)
EBITDA		4,536	1,315
Depreciation and amortisation		(3,383)	(2,985)
Share of loss of equity accounted associates and joint ventures		(2,823)	(293)
Finance income		119	143
Finance expenses		(611)	(203)
Other non-operating loss		(120)	(57)
Goodwill impairment	7	(6,430)	–
Net gain/(loss) on derivative financial assets and liabilities at fair value through profit or loss	14	211	(110)
Impairment of equity accounted associate		(222)	
Gain/(loss) on re-measurement of previously held interest in equity accounted associate	5	46	(115)
Net foreign exchange loss		(342)	(719)
Loss before income tax expense		(9,019)	(3,024)
Income tax expense	11	(113)	(430)
Net loss		(9,132)	(3,454)
Attributable to:			
Equity holders of the parent		(9,077)	(3,470)
Non-controlling interest		(55)	16
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations:			
Differences arising during the period		131	330
Total other comprehensive income net of tax effect of 0		131	330
Total comprehensive loss, net of tax		(9,001)	(3,124)
Attributable to:			
Equity holders of the parent		(8,946)	(3,140)
Non-controlling interest		(55)	16
Loss per share, in RUR:			
Basic and diluted loss per share attributable to ordinary equity holders of the parent		(42)	(16)

Interim Condensed Consolidated Statement of Cash Flows

For the three months ended March 31, 2020
(in millions of Russian Roubles)

	Notes	Three months ended March 31, 2020 (unaudited)	Three months ended March 31, 2019 (unaudited)
Cash flows from operating activities			
Loss before income tax		(9,019)	(3,024)
Adjustments to reconcile loss before income tax to cash flows:			
Depreciation and amortisation		3,383	2,985
Impairment losses on financial assets at amortized cost		301	118
Net (gain)/loss on financial assets and liabilities at fair value through profit or loss	14	(211)	110
Goodwill impairment	7	6,430	–
(Gain)/loss on re-measurement of previously held interest in equity accounted associates	5.1	(46)	115
Finance income		(119)	(143)
Finance expenses		611	203
Share of loss of equity accounted associates and joint ventures		2,823	293
Net foreign exchange loss		342	719
Share-based payment expense		429	310
Other non-cash items		44	7
Net loss/(gain) on venture capital investments		41	(9)
Impairment of equity accounted associate		222	–
Change in operating assets and liabilities:			
Decrease in accounts receivable		1,863	1,447
Decrease/(increase) in prepaid expenses and advances to suppliers		482	(249)
Decrease/(increase) in other assets		320	(213)
(Decrease)/increase in accounts payable and accrued expenses		(2,014)	412
(Increase)/decrease in other non-current assets		(110)	45
Increase in deferred revenue and customer advances		433	1,827
Increase in financial assets at fair value through profit or loss	14	(30)	(352)
Operating cash flows before interest, income taxes and contingent consideration settlement		6,175	4,601
Settlement of contingent consideration of business combination			(688)
Interest received		193	117
Interest paid		(561)	(136)
Income tax paid		(1,086)	(1,303)
Net cash provided by operating activities		4,721	2,591
Cash flows from investing activities			
Cash paid for property and equipment		(1,266)	(789)
Cash paid for intangible assets		(813)	(825)
Dividends received from equity accounted associates		29	35
Loans issued		(189)	(134)
Loans collected		253	–
Cash paid for acquisitions of subsidiaries, net of cash acquired	5.3	292	(5,314)
Settlement of initial fair value of the contingent consideration at acquisition date		–	(1,132)
Cash paid for investments in equity accounted associates	5.4	(73)	(482)
Net cash used in investing activities		(1,767)	(8,641)
Cash flows from financing activities			
Payment of lease liabilities		(922)	(859)
Loans received, net of bank commission		–	8,458
Loans repaid		(654)	–
Dividends paid by subsidiaries to non-controlling shareholders		(224)	–
Cash paid for treasury shares		–	(539)
Net cash (used in)/provided by financing activities		(1,800)	7,060
Net increase in cash and cash equivalents		1,154	1,010
Effect of exchange differences on cash balances		705	(278)
Cash and cash equivalents at the beginning of the period		9,782	11,723
Change in cash related to asset held for sale	15	(94)	–
Cash and cash equivalents at the end of the period		11,547	12,455

Interim Condensed Consolidated Statement of Changes in Equity

For the three months ended March 31, 2019
(in millions of Russian Roubles)

	Share capital								
	Number of shares issued and outstanding	Amount	Share premium	Treasury shares	Retained earnings Restated	Accumulated other comprehensive income/(loss) (net of tax effect of 0)	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2019	215,969,922	–	58,482	(286)	106,665	(165)	164,696	259	164,955
Loss for the period	–	–	–	–	(3,470)	–	(3,470)	16	(3,454)
Other comprehensive income									
Foreign currency translation	–	–	–	–	–	330	330	–	330
Total other comprehensive income	–	–	–	–	–	330	330	–	330
Total comprehensive loss	–	–	–	–	(3,470)	330	(3,140)	16	(3,124)
Share-based payment transactions	–	–	286	–	–	–	286	–	286
Exercise of RSUs and options over the shares of the Company	888,381	–	(20)	20	–	–	–	–	–
Acquisitions of treasury shares	(332,998)	–	–	(539)	–	–	(539)	–	(539)
Disposal of subsidiary	–	–	9	–	–	–	9	–	9
Balance at March 31, 2019 (unaudited)	216,525,305	–	58,757	(805)	103,195	165	161,312	275	161,587

Interim Condensed Consolidated Statement of Changes in Equity

For the three months ended March 31, 2020
(in millions of Russian Roubles)

	Share capital								
	Number of shares issued and outstanding	Amount	Share premium	Treasury shares	Retained earnings	Foreign currency translation reserve	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2020	217,184,316	–	60,286	(1,152)	125,351	170	184,655	809	185,464
Loss for the period	–	–	–	–	(9,077)	–	(9,077)	(55)	(9,132)
Other comprehensive income:									
Foreign currency translation	–	–	–	–	–	131	131	–	131
Total other comprehensive income	–	–	–	–	–	131	131	–	131
Total comprehensive loss	–	–	–	–	(9,077)	131	(8,946)	(55)	(9,001)
Share-based payment transactions	–	–	538	–	–	–	538	–	538
Exercise of RSUs and options over the shares of the Company	159,750	–	–	–	–	–	–	–	–
Dividends by subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	(224)	(224)
Balance at March 31, 2020	217,344,066	–	60,824	(1,152)	116,274	301	176,247	530	176,777

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2020
(in millions of Russian Roubles)

1 Corporate information and description of business

These interim condensed consolidated financial statements of Mail.ru Group Limited (hereinafter "the Company") and its subsidiaries (collectively – "the Group") for the three months ended March 31, 2020 were authorised for issue by the directors of the Company on April 22, 2020.

The Company was registered on May 4, 2005 in the Territory of the British Virgin Islands ("BVI"), pursuant to the International Business Companies Act (the "Act"), Cap. 291. The principal office of the Company is at 28 Oktovriou, 365, VASHIOTIS SEAFRONT, office 402, Neapoli, 3107 Limassol, Cyprus.

The Company consolidates or participates in businesses that operate in the Internet segment, including portals, social networking and communications, online marketplaces, online-to-offline services, massively multiplayer online games ("MMO games"), social and mobile games. The Group has leading positions in Russia and other CIS states where its properties are present.

2 Basis of preparation

The interim condensed consolidated financial statements for the three months ended March 31, 2020 have been prepared in accordance with IAS 34.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2019 prepared in accordance with IFRS.

2.1 Application of new and amended IFRS and IFRIC

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of new standards effective as at January 1, 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

In September 2019, the IASB issued amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR). These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

The Conceptual Framework for Financial Reporting

The IASB issued the Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework is effective for annual periods beginning on or after January 1, 2020. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. These amendments had no impact on the consolidated financial statements of the Group.

3 Seasonality of operations

Due to the seasonal nature of advertising and online games, higher revenues and operating profits are usually expected in the second half of the year than in the first half. Historicaly higher sales during the second half of the year are mainly attributed to the fact that a large portion of advertising budgets is spent in the last quarter of the year and to the increased demand for online games due to the end of the vacation period.

4 Operating segments

In reviewing the operational performance of the Group and allocating resources, the Chief Executive Officer of the Group, who is the Group's Chief Operating Decision Maker (CODM), reviews selected items of each segment's income statement, assuming 100% ownership in all of the Group's key operating subsidiaries, based on management reporting.

Management reporting is different from IFRS, because it does not include certain IFRS adjustments which are not analysed by the CODM 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 payments, disposal or impairment of investments , business combinations, fair value adjustments, amortisation and impairment thereof, net foreign exchange gains and losses, share in financial results of associates and joint ventures, 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 management reporting.

The financial information of the key subsidiaries acquired during the reporting period or after the reporting period but prior to the date of these consolidated financial statements is included into the segment disclosure starting from the beginning of the earliest comparative period included in the financial statements.

The financial information of subsidiaries disposed of and assets classified as held for sale prior to the date of these consolidated financial statements is excluded from the segment presentation starting from the beginning of the earliest period presented.

Accordingly, segment reporting for the three months ended March 31, 2020 and the respective comparative segment financial information has been retrospectively adjusted, as applicable, to include the financial information of new acquisitions which took place during the reporting period (Note 5) and 2019 financial year and to exclude the information related to disposed assets and assets held for sale reclassified during the reporting period and 2019 financial year (Note 16).

The Group has composed its operating segments in order to reflect its strategy, the way the business is managed and units' interconnection within its eco-system. 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 includes online gaming services, including MMO, social and mobile games operated by the Group. It earns substantially all revenues from (i) sale of virtual in-game items to users, (ii) royalties for games licensed to third-party online game operators and (iii) in-game advertising.

The New initiatives reportable segment represents separate operating segments aggregated in one reportable segment for its similar nature of newly acquired and dynamically developing businesses. This segment primarily consists of Youla classifieds earning substantially all revenues from advertising and listing fees, Maps.me, Geek Brains, 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.

The Group measures the performance of its operating segments through a measure of earnings before interest, tax, depreciation and amortisation (EBITDA). Segment EBITDA is calculated as the respective segment's revenue less operating expenses (excluding depreciation and amortisation and impairment of intangible assets), including Group corporate expenses allocated to the respective segment.

EBITDA is not a measure of financial performance under IFRS. The calculation of EBITDA by the Group may be different from the calculations of similarly labeled measures used by other companies and it should therefore not be used to compare one company against another or as a substitute for analysis of the Group's operating results as reported under IFRS. EBITDA is not a direct measure of the Group's liquidity, nor is it an alternative to cash flows from operating activities as a measure of liquidity, and it needs to be considered in the context of the Group's financial commitments. EBITDA may not be indicative of the Group's historical operating results, nor is it meant to be predictive of the Group's potential future results. The Group believes that EBITDA provides useful information to the users of the consolidated financial statements because it is an indicator of the strength and performance of the Group's ongoing business operations, including the Group's ability to fund discretionary spending such as capital expenditure, acquisitions and other investments and the Group's ability to incur and service debt.

The information about the breakdown of revenue from external customers by the customers' country of domicile and non-current assets by country is not available to the management of the Group, and it considers that the cost to develop such information would be excessive.

4 Operating segments (continued)

The income statement items for each segment for the three months ended March 31, 2020, as presented to the CODM, are presented below:

	Communications and Social	Games	New initiatives	Eliminations	Group
Revenue					
External revenue	12,482	7,879	1,971	–	22,332
Intersegment revenue	41	17	16	(74)	–
Total revenue	12,523	7,896	1,987	(74)	22,332
Total operating expenses	5,833	7,376	3,468	(74)	16,603
EBITDA	6,690	520	(1,481)	–	5,729
Net profit					2,203

The income statement items for each segment for the three months ended March 31, 2019, as presented to the CODM, are presented below:

	Communications and Social	Games	New initiatives	Eliminations	Group
Revenue					
External revenue	11,502	6,940	1,102	–	19,544
Intersegment revenue	3	20	–	(23)	–
Total revenue	11,505	6,960	1,102	(23)	19,544
Total operating expenses	5,073	7,171	1,820	(23)	14,041
EBITDA	6,432	(211)	(718)	–	5,503
Net profit					2,833

A reconciliation of group aggregate segment revenue, as presented to the CODM, to IFRS consolidated revenue of the Group for the three months ended March 31, 2020 and 2019 is presented below:

	2020	2019
Group aggregate segment revenue, as presented to the CODM	22,332	19,544
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	(106)	243
Differences in timing of revenue recognition	(605)	(2,275)
Barter revenue	1	6
Consolidated revenue under IFRS	21,622	17,518

A reconciliation of group aggregate segment EBITDA, as presented to the CODM, to IFRS consolidated loss before income tax expense of the Group for the three months ended March 31, 2020 and 2019 is presented below:

	2020	2019
Group aggregate segment EBITDA, as presented to the CODM	5,729	5,503
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	(103)	(2,188)
Differences in timing of revenue recognition	(605)	(1,716)
Net (loss)/gain on venture capital investments	(41)	9
Share-based payment transactions	(429)	(310)
Other	(15)	17
EBITDA	4,536	1,315
Depreciation and amortisation	(3,383)	(2,985)
Share of loss of equity accounted associates and joint ventures	(2,823)	(293)
Finance income	119	143
Finance expenses	(611)	(203)
Other non-operating loss	(120)	(57)
Net gain/(loss) on derivative financial assets and liabilities at fair value through profit or loss	211	(110)
Goodwill impairment	(6,430)	–
Gain/(loss) on remeasurement of previously held interest in equity accounted associate	46	(115)
Impairment of equity accounted associate	(222)	–
Net foreign exchange loss	(342)	(719)
Consolidated loss before income tax expense under IFRS	(9,019)	(3,024)

4 Operating segments (continued)

A reconciliation of group aggregate net profit, as presented to the CODM, to IFRS consolidated net loss of the Group for the three months ended March 31, 2020 and 2019 is presented below:

	2020	2019
Group aggregate segment net profit, as presented to the CODM	2,203	2,833
Adjustments to reconcile net profit as presented to the CODM to consolidated net loss under IFRS:		
Share-based payment transactions	(429)	(310)
Differences in timing of revenue recognition	(605)	(1,715)
Effect of difference in dates of acquisition, loss of control in subsidiaries and assets held for sale	(105)	(1,937)
Amortisation of fair value adjustments to intangible assets	(791)	(779)
Net gain/(loss) on financial instruments at fair value through profit or loss	170	(101)
Goodwill impairment	(6,430)	–
Gain/(loss) on remeasurement of previously held interest in equity accounted associate	46	(115)
Net foreign exchange loss	(342)	(719)
Share of loss of equity accounted associates and joint ventures	(2,823)	(293)
Impairment of equity accounted associate	(222)	–
Other non-operating loss	(120)	(57)
Other	(5)	(13)
Tax effect of the adjustments	321	(248)
Consolidated net loss under IFRS	(9,132)	(3,454)

5 Business combinations

5.1 UMA

In February 2019, the Group completed the acquisition of 100% of Salerton Investments Limited (“UMA”), an Internet and mobile music service provider in Russia, for a total cash consideration of RUR 6,391. As a result the Group derecognized equity accounted investment in UMA. The main purpose of the acquisition is to expand the Group’s presence in the market of music services.

In February 2020 the Group finalised purchase price allocation for UMA acquisition, which resulted in no change from provisional values. The fair values of the identifiable assets and liabilities of UMA at the date of acquisition were as follows:

	Fair value
Intangible assets	693
Property and equipment	3
Deferred income tax assets	111
Trade accounts receivable	356
Prepaid expenses and advances to suppliers	169
Other current assets	26
Cash and cash equivalents	1,079
Total assets	2,437
Trade accounts payable	858
Deferred income tax liabilities	31
Income tax payable	13
Other taxes payable	100
Other payables, provisions and accrued expenses	47
Total liabilities	1,049
Total net assets	1,388
Goodwill on the transaction was calculated as the excess of:	
(a) The consideration transferred by the Group measured at fair values:	
[1] Cash paid	6,391
[2] The acquisition date fair value of the Group’s previously held equity interest	1,601
Consideration transferred by the Group	7,992
(b) The amount of non-controlling interest in UMA measured at the proportionate share of the identifiable net assets	14
Over	
(c) The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured at final fair values	1,388
Goodwill	6,618

5 Business combinations (continued)

5.1 UMA (continued)

Goodwill is mainly attributable to development of music services, cost saving and potential synergy with the Group's business. Goodwill is allocated to Vkontante and Social Networks CGUs. Goodwill is not expected to be deductible for income tax purposes.Intangible assets mainly include software and customer base, and are amortised over the period of 2 to 5 years.

The cash flows on acquisition were as follows:

Cash paid (included in cash flows from investing activities)	6,391
Cash acquired (included in cash flows from investing activities)	(1,079)
Net cash flow on acquisition	5,312

5.2 Native Roll, Worki and Relap

In April 2019 the Group acquired 50.83% in Native Media LLC ("Native Roll") – a video ad platform. The primary purpose of the acquisition of Native Roll was to enhance the Group's position on advertising solutions market. As of December 31, 2019 the Group acquired the remaining share of 49.17%.

In May 2019 the Group acquired 51% in LLC "Iconjob" ("Worki"), a job search platform. The primary purpose of the acquisition of Worki was to leverage the Group's expertise and resources by achieving substantial synergies with Youla, the Group's general online classifieds product. As of December 31, 2019 the Group acquired the remaining share of 49%.

Also, in May 2019 the Group acquired 100% in Surfingbird LLC ("Relap"), a recommendatory platform. The primary purpose of the acquisition of Relap was to leverage the Group's expertise and resources by achieving substantial synergies with Pulse, the Group's recommendation technologies and solutions.

Total cash consideration for the transactions above was RUR 2.1 bln.

In April 2020 the Group finalised purchase price allocation for Native Roll acquisition, which resulted in no change from provisional values.

In accounting for the business combinations of Worki and Relap, the Group has provisionally determined the amounts of the acquired companies' identifiable assets and liabilities at their fair value. The acquisition accounting will be finalised upon completion of the tax planning and valuation of Worki and Relap's assets and liabilities.

The fair values of the identifiable assets and liabilities of Native Roll at the date of acquisition and provisional fair values of the identifiable assets and liabilities of Worki and Relap as at the date of acquisition were as follows:

Intangible assets	335
Property and equipment	4
Trade accounts receivable	200
Other current assets	22
Cash and cash equivalents	86
Total assets	647
Trade accounts payable	139
Loans payable	67
Deferred income tax liabilities	55
VAT and other taxes payable	13
Other payables	28
Total liabilities	302
Total net assets	345
Goodwill on the transaction was calculated as the excess of:	
(a) The consideration transferred by the Group measured at fair values:	
[1] Cash paid	2,064
[2] Contingent consideration liability	71
Consideration transferred by the Group	2,135
(b) Financial liability at fair value through profit or loss – derivative over the equity of investee (Note 14)	461
Over	
(c) The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured at fair provisional values	345
Goodwill	2,251

5 Business combinations (continued)

5.2 Native Roll, Worki and Relap (continued)

Goodwill is not expected to be deductible for income tax purposes. Goodwill is mainly attributable to enhancement the Group's position on advertising and online recruitment markets and potential synergies with the Group's businesses.

Intangible assets mainly include software, trademark and customer base and are amortised over the period of 2 to 10 years.

The cash flows on acquisition were as follows:

Cash paid (included in cash flows from investing activities)	2,064
Cash acquired (included in cash flows from investing activities)	(86)
Net cash flow on acquisition	1,978

5.3 InGame

In March 2020 the Group acquired control over mobile games developer BeIngame Limited ("InGame") by increasing its share to 100% (75% in addition to 25% stake as of December 31, 2019) for a total cash consideration of RUR 309 (at the exchange rate as of the acquisition date) and settlement of pre-existing relationship in the amount of RUR 718 that represents fair value of Group's trade receivables due from InGame (that approximates its carrying value). As of March 31, 2020, as a result of the control acquisition the Group derecognized the equity accounted investment in InGame with a gain from remeasurement of previously held interest in equity accounted associates of RUR 46. The primary purpose of the acquisition of InGame was to enhance the Group's position on the mobile games market.

Provisional fair values of the identifiable assets and liabilities as at the date of acquisition were as follows:

	Provisional fair value
Intangible assets	373
Trade accounts receivable	74
Other current assets	87
Cash and cash equivalents	292
Total assets	826
Deferred revenue	120
Deferred tax liabilities	32
Total liabilities	152
Total net assets	674

Goodwill on the transaction was calculated as the excess of:	
(a) The consideration transferred by the Group measured at fair values:	
[1] Cash paid	309
[2] The acquisition date fair value of the Group's previously held equity interest	99
[3] Effective settlement of trade payables to the Group	718
Consideration transferred by the Group	1,126
Over	
(b) The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured at fair provisional values	674
Goodwill	452

Goodwill is mainly attributable to development of new games and potential synergy with the Group's business. Goodwill is not expected to be deductible for income tax purposes and is allocated to Games CGU.

Intangible assets mainly include mobile games and are amortised over the period of 2 to 5 years.

The cash flows on acquisition were as follows:

Cash paid (included in cash flows from investing activities)	309
Cash acquired (included in cash flows from investing activities)	(292)
Net cash flow on acquisition	17

Notes to the Interim Condensed Consolidated Financial Statements (continued)

5 Business combinations (continued)

5.4 Citymobil

In April 2018 as a result of a number of transactions the Group acquired a 25.38% stake in taxi aggregator City-Mobil LLC ("Citymobil") for a total cash consideration of RUR 530 mln, including RUR 120 conversion of loan. In 2019 the Group participated in a new funding round for share in Citymobil and contributed additionally RUR 469. As a result of series of transactions Group's share in Citymobil diluted to 22.54%. In Q1 2019 the Group's share in Citymobil financial results was RUR 279 loss.

6 Lease contracts

In the first quarter of 2020 the lease contract for Moscow headquarter premises was modified including lease payments and lease terms that were extended from 2021 to 2026. This modification resulted in the increase in right-of-use assets and lease liabilities by RUR 6,933.

7 Goodwill and other intangible assets

During the three months ended March 31, 2020, the Group capitalised software development costs and otherwise acquired intangible assets with a cost of RUR 814 (2019: RUR 901).

Given the current challenging market environment caused by the global recession and effect of COVID-19, with ongoing lockdowns and pressures around advertising market as well as related uncertainty in particular, the Group concluded that these circumstances might significantly and adversely affect the advertising market in Russia and accordingly, the Group revised its advertising cash inflows forecasts downward. Additionally, a pre-tax discount rate of 14.5% for Email, Portal and IM CGU and 15.1% for Search CGU (31 December 2019: 16.8% and 16.1% respectively) was applied. All other significant assumptions remained consistent with those disclosed in the annual financial statements for the year ended 31 December 2019. As a result of this analysis management recognized an impairment charge of RUR 2,496 against goodwill related to the Search CGU and RUR 3,934 against goodwill related to the Email, Portal and IM CGU.

8 Property and equipment

During the three months ended March 31, 2020, the Group acquired property and equipment with a cost of RUR 1,197 (2019: RUR 875).

9 Other payables and accrued expenses

Other payables and accrued expenses consist of the following:

	March 31, 2020	December 31, 2019
Payables to personnel	722	2,482
Accrued vacations	1,609	1,314
Accrued professional consulting expenses	106	71
Contingent consideration liabilities	5,472	5,472
Deferred consideration on formation of joint ventures	6,374	5,076
Other current payables	1,207	933
Total other payables and accrued expenses	15,490	15,348

Contingent consideration liabilities include RUB 4.6 bln payable measured at fair value to the O2O joint venture. This amount depends on the achievement of a number of KPIs by contributed businesses in 2020.This amount reflects management best estimates of the performance of those contributed businesses in light of current ecomomic conditions and specifically, considering the impact of coronavirus pandemic outbreak. Changes in the key assumptions included in the KPI's calculation may decrease the fair value of the contingent consideration by RUB 1.7 bln.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

10 Revenue

Contract balances comprise trade receivables presented as a separate line item in the statement of financial position and contract liabilities. Contract liabilities comprise deferred revenue and customer advances presented as separate line items in the statement of financial position.

As required by IFRS 15 disaggregation of revenue from contracts with customers for the three months ended March 31, 2020, based on the Group's segment reporting (Note 4) is presented below:

	Communications and Social	Games	New initiatives	Eliminations	Group
Revenue					
External revenue	12,482	7,879	1,971	–	22,332
Intersegment revenue	41	17	16	(74)	–
Total revenue	12,523	7,896	1,987	(74)	22,332
Services transferred at a point in time	9,680	1,344	1,249	(74)	12,199
Services transferred over time	2,843	6,552	738	–	10,133

Disaggregation of revenue from contracts with customers for the three months ended March 31, 2019, based on the Group's segment reporting (Note 4) is presented below:

	Communications and Social	Games	New initiatives	Eliminations	Group
Revenue					
External revenue	11,502	6,940	1,102	–	19,544
Intersegment revenue	3	20	–	(23)	–
Total revenue	11,505	6,960	1,102	(23)	19,544
Services transferred at a point in time	9,052	787	836	(23)	10,652
Services transferred over time	2,453	6,173	266	–	8,892

11 Income tax

The major components of income tax expense in the consolidated statement of comprehensive income are as follows:

	Three months ended March 31,	
	2020	2019
Current income tax expense	618	624
Deferred income tax benefit	(505)	(194)
Total income tax expense	113	430

The reconciliation between tax expense and the product of accounting profit multiplied by domestic rates applicable to individual Group entities for the three months ended March 31, 2020 and 2019 is as follows:

	Three months ended March 31,	
	2020	2019
Loss before income tax expense	(9,019)	(3,024)
Tax at domestic rates applicable to individual group entities	1,901	283
Non-deductible expenses	(361)	(177)
Non-taxable foreign exchange and other gains	389	57
Effect of changes in tax rates	–	(393)
Adjustments in respect of current income tax of previous year	(36)	(59)
Tax accruals and penalties	–	(49)
Unrecognised deferred tax assets	(149)	(83)
Share of results of equity associates and joint ventures	(565)	–
Goodwill impairment	(1,286)	–
Other	(6)	(9)
Total income tax expense	(113)	(430)

12 Commitments, contingencies and operating risks

12.1 Operating environment of the Group

Most of the Group's operations are in Russia. Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy.

Starting from 2014 the Russian economy has been negatively impacted by sanctions imposed on Russia by a number of countries. The Rouble interest rates remained high. The combination of the above resulted in reduced access to capital, a higher cost of capital and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

First identified in December 2019, the COVID-19 or coronavirus pandemic outbreak has impacted the global macroeconomic environment and caused coupled with certain other factors the volatility in the oil market and devaluation of the Russian Rouble. Other than the goodwill impairment of RUR 6.4 bln (Note 7) the impact has been limited on the financial position of the Group by the date of this report. However the future impact is still under assessment and monitored by the Group.

Given the unpredictable nature of the future events which will define the extent of the COVID-19 impact, the business of the Group may be materially affected if the Group is not able to respond to the situation promptly. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances of the global pandemic, however, its consequences are currently hard to predict.

12.2 Taxation

Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. As such, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Management estimates that possible exposure in relation to the aforementioned risks, as well as other profits tax and non-profits tax risks (e.g. imposition of additional VAT liabilities), that are more than remote, but for which no liability is required to be recognized under IFRS, could be few times as high as income tax payable and VAT and other taxes payable reflected in the statement of financial position at that date. This estimation is provided for the IFRS requirement for disclosure of possible taxes and should not be considered as an estimate of the Group's future tax liability.

12.3 Legal proceedings

The Group has been and continues to be the subject of legal proceedings and adjudications from time to time, none of which has had, individually or in the aggregate, a material adverse impact on the Group. Management believes that the resolution of all current and potential legal matters will not have a material adverse impact on the Group's financial position or operating results.

12.4 Private information

To become registered on a website operated by the Group, users have to input their personal data, which is then protected by the Group from access by third parties. Should such data become available to third parties as a result of hackers' attacks, the Group may become a party to litigation from its users. Management believes it takes all necessary steps to reduce the related risk to an acceptable level.

12.5 Intellectual property rights

The Group may be subject to infringement claims from third parties in the future resulting from the technology and intellectual property used in the provision and marketing of its services. If the Group is found liable for infringement, it may be required to pay significant damages, and if it is unable to license or develop non-infringing technology on a timely basis, it may be unable to continue offering the affected services without risk of liability. Similarly, third parties may obtain and use the Group's intellectual property without authorisation. The validity, application, enforceability and scope of protection of intellectual property rights for many Internet-related activities are uncertain and still evolving, which may make it more difficult for the Group to protect its intellectual property and could have a material effect on its business, results of operations and financial condition. The Group has been subject to such proceedings. Although none of them was individually significant, similar potential claims may subject the Group to significant losses in the future, which currently cannot be reliably estimated.

12.6 Development

A failure to innovate, to provide popular products and services or to react quickly to changes in the market could affect the popularity of the Group's sites and, in turn, could affect the Group's revenue. An inability to develop competitive products and services which are compatible with new mobile devices could result in a failure to capture a significant share of an increasingly important market.

12 Commitments, contingencies and operating risks (continued)

12.7 Regulation

The Internet and its associated technologies are subject to government regulation. Substantial part of Group's business is subject to Russian laws.

On January 1, 2019 the Russian law on aggregators of goods and services came into force. Such law introduced obligations of aggregators to disclose certain information on the goods and services and on the seller of goods and the provider of services. The law determined liability of aggregators for causing damages to a buyer of goods or services by providing false information to the buyer.

On March 18, 2019 new law came into force banning publishing "fake news" and information showing "disrespect" to government bodies in mass media and internet. In March 2019 a law aimed at increasing Russian "sovereignty" over Russian internet has been adopted with effective date November 1, 2019 and certain provisions to come into force on January 1, 2021. The law seeks to create national system of routing web traffic and proposes building a national domain name system to allow the internet to continue functioning even if Russia is cut off from foreign infrastructure.

The Group is also subject to other various specific Russian laws, such as so called Anti-Piracy Law, Anti-extremism Law, Black List Law etc. Non-compliance with the applicable regulations could lead to penalties or blocking of non-compliant services. The Group complies with the existing and new laws in all material respect.

12.8 Personnel

As competition in Russia's internet industry increases, the Group's business and operations could be adversely affected by difficulties in hiring, motivating and retaining highly-skilled people. Competition for senior managers is high. One or more could join a competitor, or set-up a competing company, with the result that operations and profitability could be affected by a loss of strategic direction, users, know-how and additional staff.

12.9 Infrastructure and capacity

If the infrastructure in Russia were not able to support increased demand, the Group's services could be interrupted or the Group's systems damaged. A limited availability of third-party providers of network and server capacity could limit the Group's ability to offer certain services or to expand. Network or power failures could result in the loss of data and in a reduction in the number of users, which could have a material effect on the Group's business, results of operations and financial condition.

13 Balances and transactions with related parties

The following table provides the total amount of transactions, which have been entered into with related parties during the three months ended March 31, 2020 and March 31, 2019 as well as balances with related parties as of March 31, 2020 and December 31, 2019, excluding Directors and key management of the Group. All related party transactions were made in accordance with contractual terms and conditions agreed between the parties.

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
2020				
Equity accounted associates	98	3	42	5
Joint ventures	654	–	1,635	11,783
Entities with significant influence over the Group	103	61	38	15,090
2019				
Equity accounted associates	462	265	795	202
Joint ventures	–	–	1,040	10,651
Entities with significant influence over the Group and other entities	220	19	629	15,050

13.1 The ultimate controlling party

Starting October 18, 2018 the Group does not have an ultimate controlling party.

13.2 Directors of the Company

Total cash remuneration of the members of the Board of Directors (each a "Director" and collectively, "Directors") of the Company amounted to RUR 23 for the three months ended March 31, 2020 (2019: RUR 27). No options over the shares of the Company were granted to Directors for the three months ended March 31, 2020 (2019: nil). During the three months ended March 31, 2020, Directors did not forfeit any RSUs or options (2019: nil), and no RSUs exercised over shares of the Company (2019: 2,500). The corresponding share-based payment expense was a negative RUR 54 for the three months ended March 31, 2020 (2019: negative RUR 2).

Notes to the Interim Condensed Consolidated Financial Statements (continued)

13 Balances and transactions with related parties (continued)

13.3 Key management of the Group

Total cash remuneration of the key management of the Group (excluding Directors) amounted to RUR 239 for the three months ended March 31, 2020 (2019: RUR 141). In the three months ended March 31, 2020, no RSUs or options were granted to key executive employees of the Group (excluding Directors) (2019: nil RSUs). During the three months ended March 31, 2020, key management of the Group (excluding Directors) did not forfeit any RSUs or options (2019: nil) and exercised 60,000 RSUs and options (2019: 602,500). The corresponding share-based payment expense amounted to RUR 193 for three months ended March 31, 2020 (2019: RUR 1).

14 Financial instruments

The carrying amounts of the Group's financial instruments approximated their fair values as of March 31, 2020 and December 31, 2019 and are presented by category of financial instruments in the table below:

	Category*	March 31, 2020	December 31, 2019
Financial assets at fair value through profit and loss			
Non-current			
Financial investments in venture capital investees	FAFVPL	374	673
Derivative financial assets over the equity of investee	FAFVPL	110	110
Convertible loans	FAFVPL	634	452
Financial derivative under lease contract	FAFVPL	571	514
Current			
Derivative financial assets over the equity of investee	FAFVPL	3	3
Convertible loans	FAFVPL	288	87
Financial assets at amortised cost			
Trade accounts receivable	FAAC	11,682	12,288
Loans and interest receivable	FAAC	790	941
Cash and cash equivalents	FAAC	11,547	9,782
Total financial assets		25,999	24,850
Financial liabilities at fair value through profit and loss			
Current			
Contingent consideration liabilities	FLFVPL	5,472	5,472
Financial liabilities at amortised cost			
Current			
Trade accounts payable	FLAC	9,433	7,863
Other payables and accrued expenses	FLAC	10,018	9,876
Short-term portion of long-term interest-bearing loans	FLAC	5,114	4,044
Short-term lease liabilities	FLAC	3,820	3,153
Non-current			
Long-term interest-bearing loans	FLAC	17,855	19,474
Non-current lease liabilities	FLAC	7,881	1,568
Total financial liabilities		59,593	51,450

* Financial instruments used by the Group are included in one of the following categories:

- FAFVPL – financial assets at fair value through profit or loss;
- FLFVPL – financial liabilities at fair value through profit or loss;
- FAAC – financial assets at amortised cost; or
- FLAC – financial liabilities at amortised cost.

None of the Group's financial investees are public companies and none of the Group's financial instruments are traded in active markets. Accordingly, fair values of the Group's financial assets and liabilities at fair value through profit or loss are determined using valuation techniques, including discounted cash flow models, comparison to similar instruments for which observable market prices exist, option pricing models and other relevant valuation models. Such valuation techniques require management to make certain assumptions about model inputs, including credit risk and volatility.

Fair value of cash and cash equivalents, short-term time deposits, short-term accounts receivable, other current assets, trade accounts payable approximate their carrying amounts largely due to the short-term maturities of these instruments.

14 Financial instruments (continued)

14.1 Financial assets at amortised cost

The Group classifies the following financial assets at amortised cost:

- The asset is held within a business model with the objective of collecting the contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding;
- Trade receivables;
- Cash and cash equivalents.

14.2 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31, 2020 and December 31, 2019 the Group held the following financial instruments measured at fair value through profit or loss:

	March 31, 2020	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss				
Financial investments in venture capital investees	374	–	–	374
Convertible loans	922	–	–	922
Financial derivative under lease contract	571	–	–	571
Derivative financial assets over the equity of investee	113	–	–	113
Total financial assets measured at fair value through profit or loss	1,980	–	–	1,980
Financial liabilities measured at fair value through profit or loss				
Contingent consideration liabilities	5,472	–	–	5,472
Total financial liabilities measured at fair value through profit or loss	5,472	–	–	5,472

	December 31, 2019	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss				
Financial investments in venture capital investees	673	–	–	673
Convertible loans	539	–	–	539
Financial derivative under lease contract	514	–	–	514
Derivative financial assets over the equity of investee	113	–	–	113
Total financial assets measured at fair value through profit or loss	1,839	–	–	1,839
Financial liabilities measured at fair value through profit or loss				
Contingent consideration liabilities	5,472	–	–	5,472
Total financial liabilities measured at fair value through profit or loss	5,472	–	–	5,472

14 Financial instruments (continued)

14.2 Fair value hierarchy (continued)

The balance of Level 3 measurements as of January 1, 2020 is reconciled to the balance of those measurements as of March 31, 2020 as follows:

	Balance as of January 1, 2020	Gains/(losses) recognized in profit and loss	Purchases/ settlement	Other	Balance as of March 31, 2020
Financial assets measured at fair value through profit or loss					
Financial investments in venture capital investees	673	(41)	(258)	–	374
Derivative financial assets over the equity of investee	113	–	–	–	113
Convertible loans	539	95	288	–	922
Financial assets and derivatives under lease contracts	514	116	–	(59)	571
Total financial assets at fair value through profit or loss	1,839	170	30	(59)	1,980
Financial liability measured at fair value through profit or loss					
Contingent consideration liabilities	(5,472)	–	–	–	(5,472)
Total financial liabilities measured at fair value through profit or loss	(5,472)	–	–	–	(5,472)

The balance of Level 3 measurements as of January 1, 2019 is reconciled to the balance of those measurements as of March 31, 2019 as follows:

	Balance as of January 1, 2019	Gains/(losses) recognized in profit and loss	Foreign exchange gains/(losses)	Purchases	Acqusition of control in investees	Balance as of March 31, 2019
Financial assets measured at fair value through profit or loss						
Financial investments in venture capital investees	256	9	–	148	(50)	363
Derivative financial assets over the equity of investee	94	10	–	–	–	104
Convertible loans	2,237	(58)	–	204	(25)	2,358
Financial derivatives under lease and hosting contracts	500	(98)	–	–	–	402
Total financial assets at fair value through profit or loss	3,087	(137)	–	352	(75)	3,227
Financial liability measured at fair value through profit or loss						
Contingent consideration liabilities	(1,997)	36	132	1,820	–	(9)
Total financial liabilities measured at fair value through profit or loss	(1,997)	36	132	1,820	–	(9)

14.3 Interest-bearing loans

In 2019 the Group raised several loans in the total amount of RUR 23,500 (net of loan origination fees of RUR 117) for funding M&A activities. All loans are unsecured. The loan agreements contain restrictive financial and non-financial covenants that the Group as the borrower is obliged to fulfil. Restrictive covenants include maintaining certain financial ratios. As of March 31, 2020 all restrictive covenants are met.

The table below represents the major loans as of March 31, 2020:

	Original currency	Interest rate	Maturity date	Outstanding carrying amount as of March 31, 2020	Outstanding carrying amount as of December 31, 2019
Sberbank RUR 6.5 bln loan	RUR	7.5%	October 6, 2023	6,543	6,500
Sberbank RUR 8.5 bln loan	RUR	7.0%	December 7, 2023	8,552	8,500
Raiffeisen bank loan	RUR	7.2%	June 6, 2023	7,874	8,500

15 Assets and liabilities held for sale

In June 2019 the Group decided to create a partnership around ESforce eSports business. As of June 30, 2019 the Group reclassified assets related to ESforce in amount RUR 6,920 as assets held for sale and liabilities directly associated with assets held for sale in the amount RUR 0.6 billion.

In December 2019, the Group remeasured the fair value of ESforce, classified as assets held for sale, from RUR 6.3 billion to RUR 1.8 billion and, therefore, recognized a, remeasurement loss in the amount of RUR 4.5 billion for 2019 primarily related to goodwill.

15 Assets and liabilities held for sale (continued)

As at March 31, 2020, the Group classified assests related to ESforce (eSports business) in the amount RUR 2,286 as assets held for sale and liabilities directly associated with assets held for sale in the amount RUR 437 as the Group plans to recover its carrying value through a sale transaction or contribution to a joint venture.

The major classes of assets and liabilities of Esforce classified as held for sale as at March 31, 2020 and December 31, 2019 are as follows:

	As at March 31, 2020	As at December 31, 2019
Intangible assets	1,105	1,065
Property, plant and equipment	382	382
Deferred tax assets	332	304
Trade accounts receivable	180	370
Cash	137	43
Other assets	150	170
Assets held for sale	2,286	2,334
Trade accounts payable	67	167
VAT and other taxes payable	141	147
Deferred tax liabilities	105	105
Other payables	124	124
Liabilities directly associated with assets held for sale	437	543
Net assets directly associated with disposal group	1,849	1,791

16 Events after the reporting period

The Group has assessed the impact of the coronavirus pandemic outbreak and preliminarily concluded that other than the goodwill impairment the impact has been limited on the financial position of the Group up to the date of this report. The full impact of the coronavirus pandemic outbreak continues to evolve subsequent to the quarter ended March 31, 2020 and as of the date these unaudited consolidated financial statements are issued. As such, the full magnitude that the pandemic will ultimately have on the financial condition, liquidity and future results of operations of the Group is uncertain. The Group will continue to monitor the situation on the coronavirus pandemic outbreak and react immediately to mitigate any significant impacts on the operations and financial position of the Group.