

# VKontakte overview



# Speakers



**Marina  
Krasnova**

CEO VKontakte

- Marina has 10+ years of IT industry experience. She joined VK in 2013 as a product manager and became a product director in 5 years
- In March 2021 Marina became the CEO of VKontakte transitioning from the position of CPO
- Marina is also responsible for creating a unified video and group video calls platforms for VK (Mail.ru Group)



**Alexander  
Tobol**

CTO VKontakte

- For over 12 years Alexander has been working on video processing and information storage technologies
- In November 2019 Alexander became the CTO of VKontakte
- Since 2012, he has been developing a unified video and group video calls platform for VK



**Boris  
Kaptelov**

Deputy Vice  
President,  
AdTech VK

- Boris joined VK in 2017 as a COO of Youla (Russia's #2 classifieds)
- Before VK he served as a General Director for Kazakhstan at Foodpanda (Rocket Internet food delivery business)
- In May 2020 Boris transitioned to the Advertising technologies department of VK
- He is a Boston Consulting Group alumnus and a CFA charter holder

# VKontakte at a glance

# #1

among social networks  
in Russia and CIS both  
in terms of audience reach  
and total timespent

# 46.2M

Average Russian  
DAU in Q3 2021

# 25.4B

Revenue in 2020  
doubled vs 2017

# 33 min

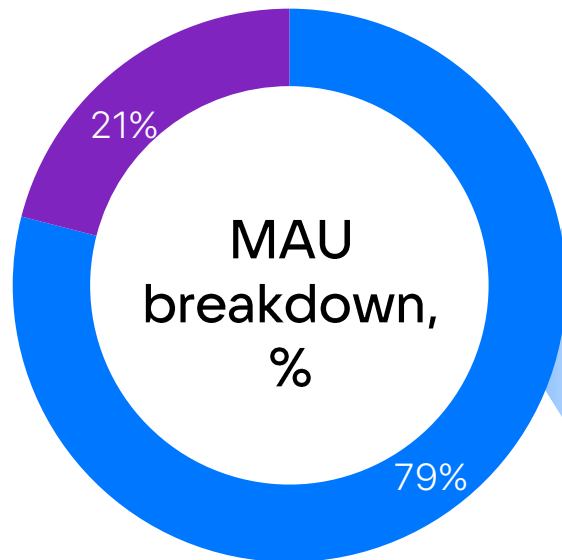
Mobile time spent per day  
in August 2021 according  
to Mediascope

# >1.5K

employees at VKontakte  
and offices in 3 cities



# Vkontakte is the N°1 social app in Russia according to Mediascope

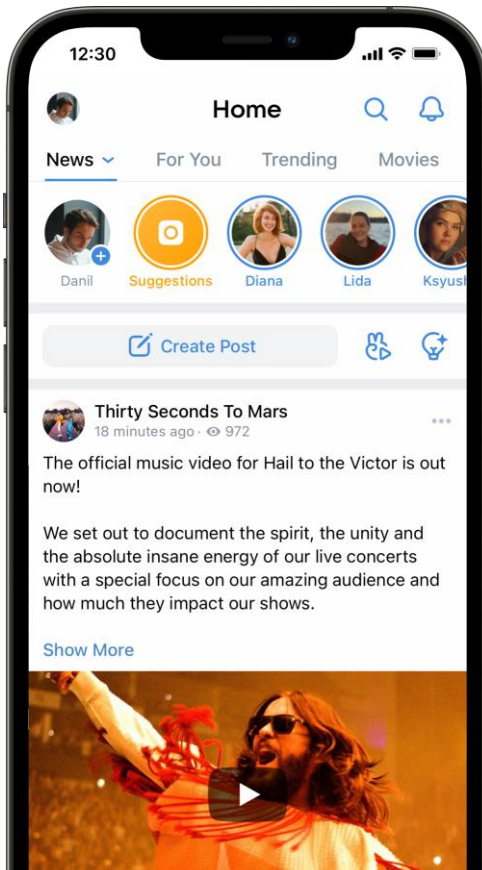


■ MAU Russia ■ MAU Rest of the world

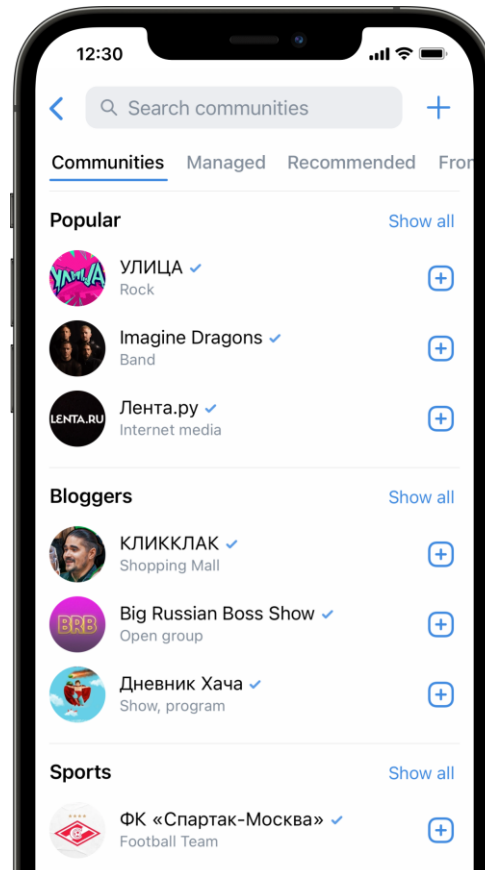
|            | MAU Russia, mln users | % of Russian Internet reach | Sticky factor, DAU/MAU, % | Total daily duration, mln min |
|------------|-----------------------|-----------------------------|---------------------------|-------------------------------|
| Vkontakte  | 71.4                  | 75%                         | 54%                       | 1090                          |
| Instagram  | 60.3                  | 63%                         | 49%                       | 760                           |
| OK         | 40.3                  | 42%                         | 37%                       | 216                           |
| TikTok     | 39.7                  | 42%                         | 38%                       | 540                           |
| Facebook   | 35.6                  | 37%                         | 20%                       | 46                            |
| Yandex Zen | 26.8                  | 28%                         | 17%                       | 57                            |

# Vkontakte – popular media and communication platform. Our core services:

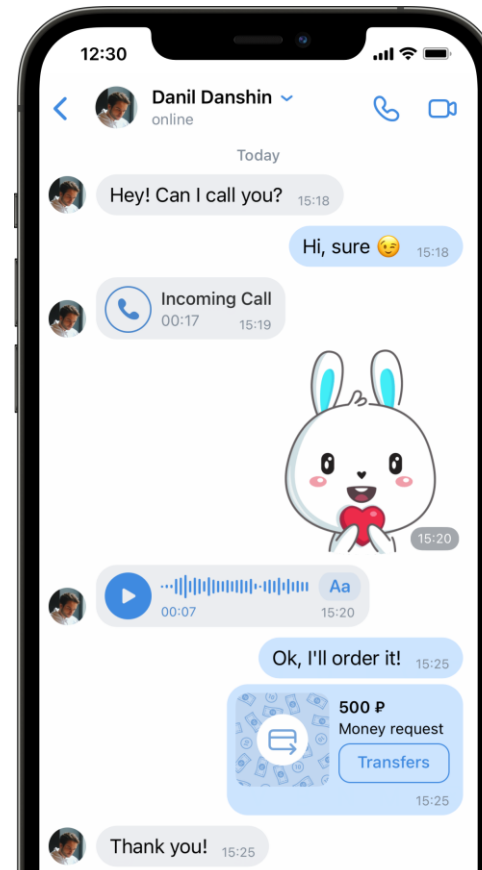
NEWSFEED



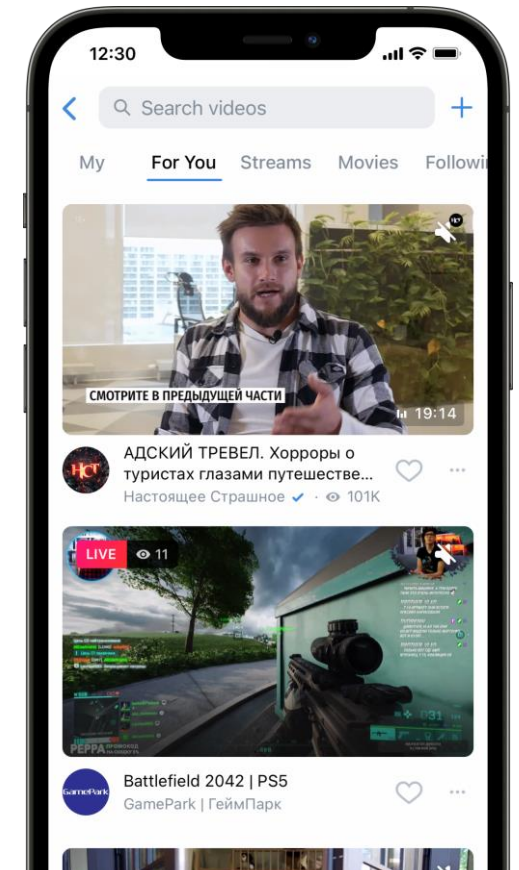
COMMUNITIES



MESSENGER



LIVE & VIDEO



# VKontakte has the highest top-of-mind rate among the social networks in Russia

85%

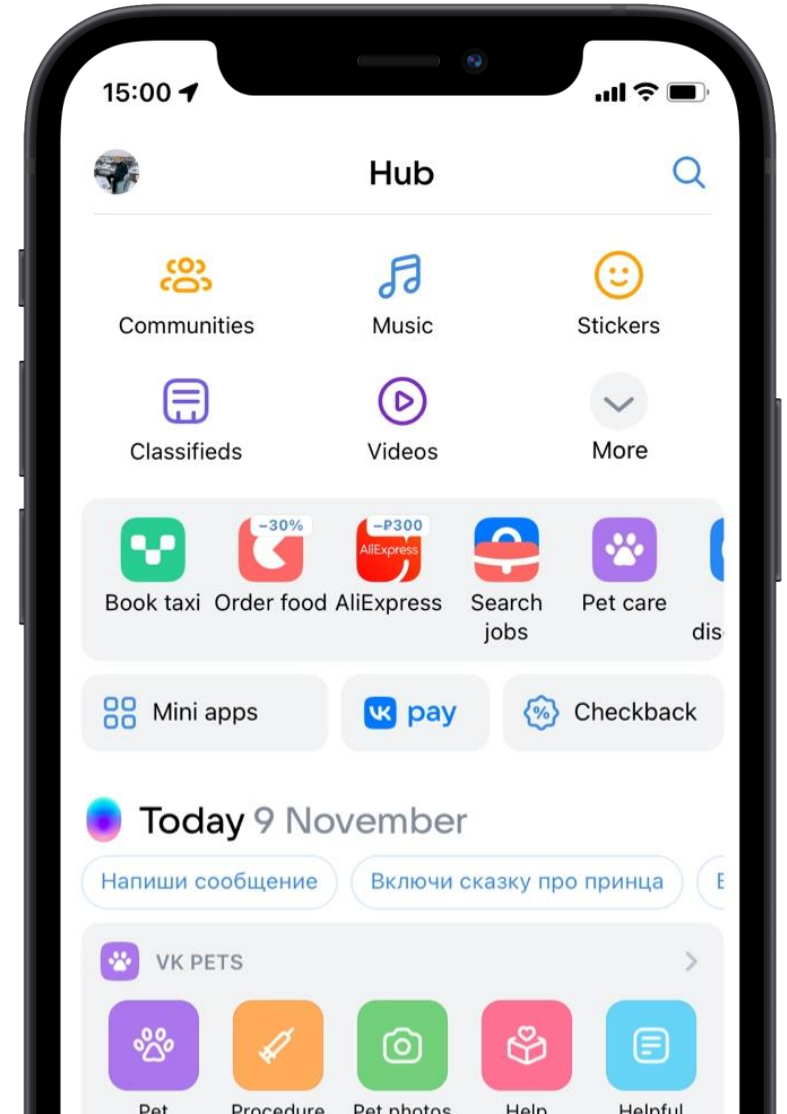
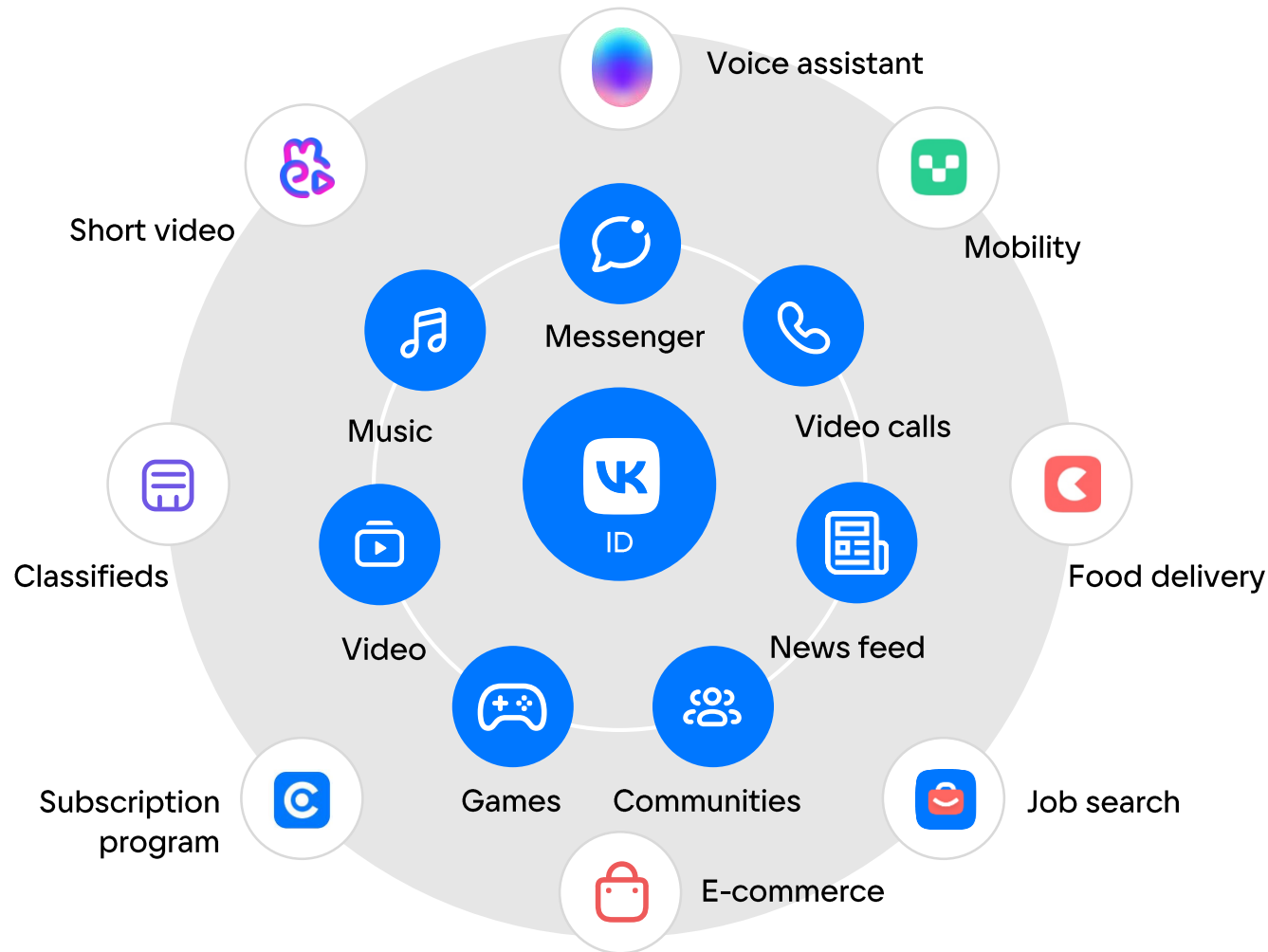
Spontaneous awareness rate of VKontakte

58%

Of respondents named VKontakte as a top-of-mind social network

|           | Spontaneous awareness rate, % | Top-of-mind rate, % |
|-----------|-------------------------------|---------------------|
| VKontakte | 84.5                          | 58.3                |
| OK        | 59.2                          | 16.0                |
| Instagram | 43.7                          | 8.6                 |
| Facebook  | 42.0                          | 4.7                 |
| Twitter   | 16.3                          | 0.5                 |
| Telegram  | 10.9                          | 0.4                 |
| TikTok    | 6.9                           | 0.7                 |
| WhatsApp  | 4.0                           | 0.6                 |

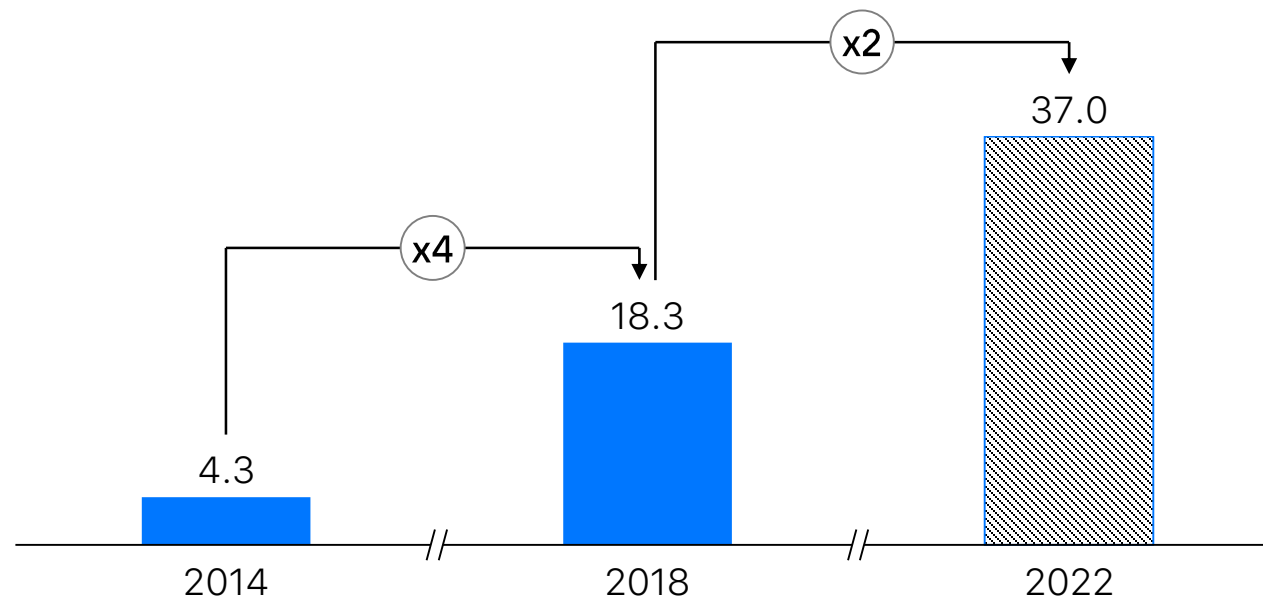
# Vkontakte is the first and the largest superapp in Russia



# Reiterating our 2022 guidance despite the pandemic

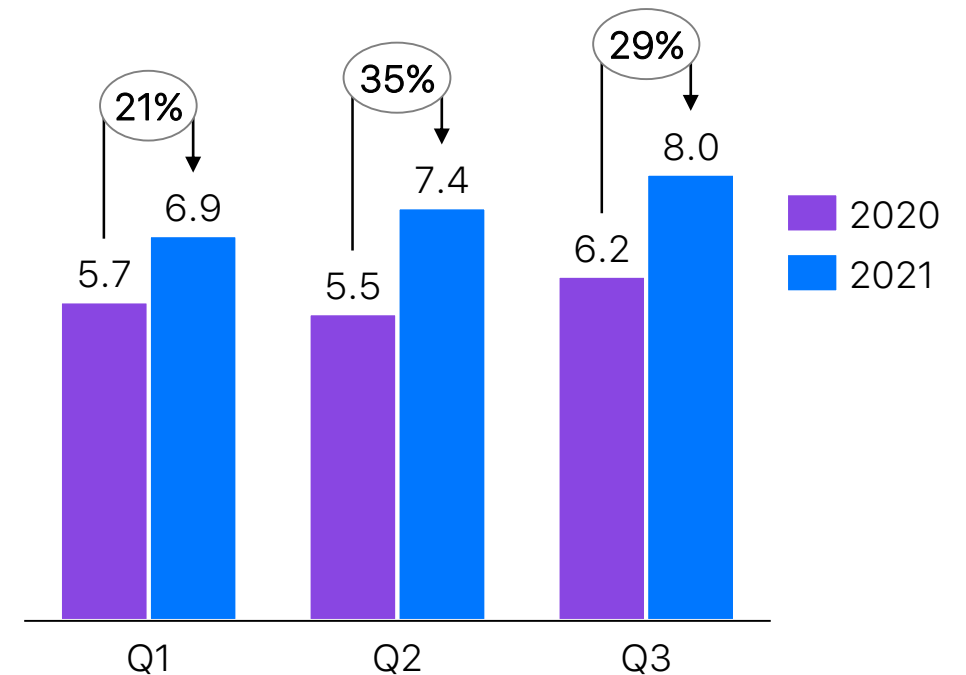
## VKontakte Revenue forecast, bn RUB

Despite COVID-19, we are committed to our previously stated target of doubling 2018 revenue in 2022



## VKontakte actual Revenue 2021, bn RUB

This year VKontakte is progressing well





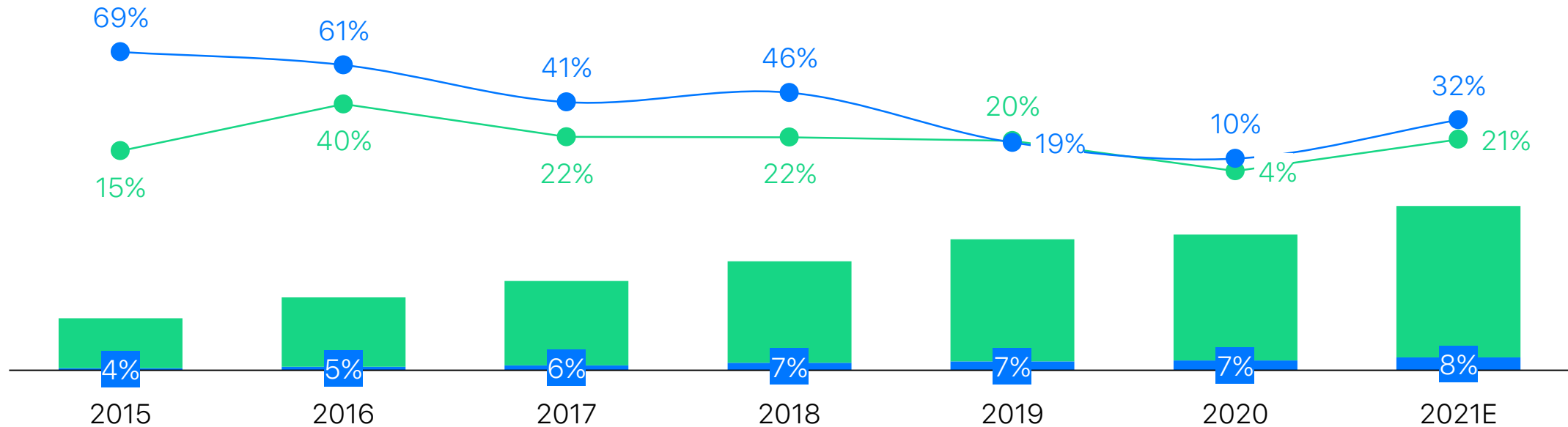
# VKontakte has been consistently outperforming the Russian digital advertising market

VKontakte Advertising Revenue<sup>1</sup> and Russian digital advertising market, bn RUB

- Russian digital advertising market, 100% of market
- Russian digital advertising market growth, %
- VKontakte share of Russian digital advertising market, %
- VKontakte Advertising Revenue growth, %

CAGR '14-'20 **+20.0%**

CAGR '14-'20 **+39.7%**

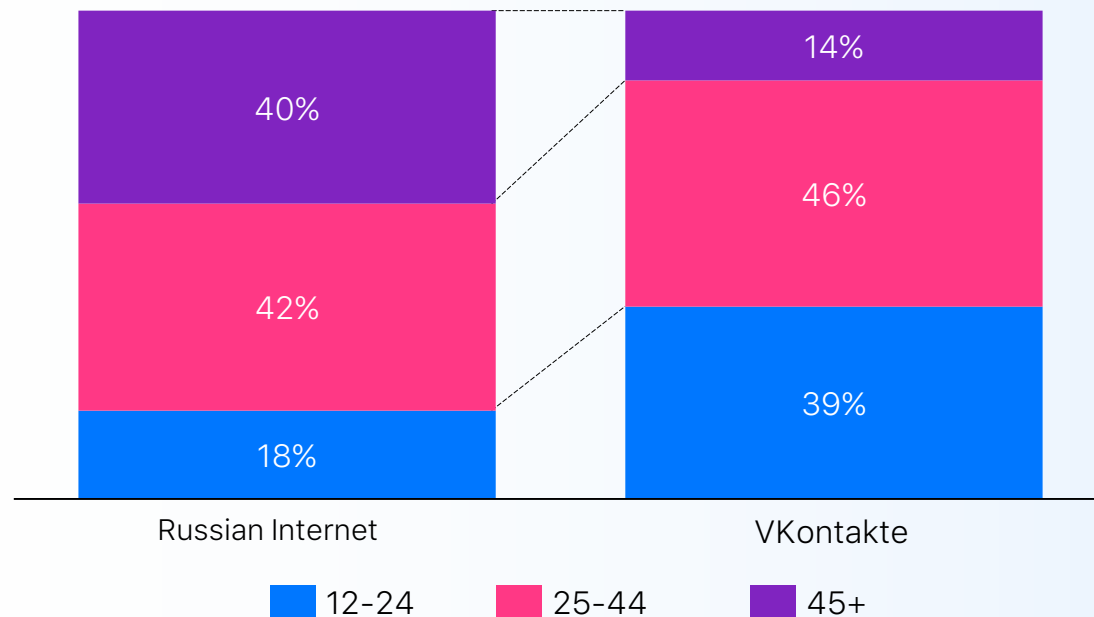


Source: internal data, analysts' forecasts, ACAR Russia

Note: 1 - starting from 2021, VKontakte revenue does not include VK clips

# Vkontakte user profile is attractive to advertisers

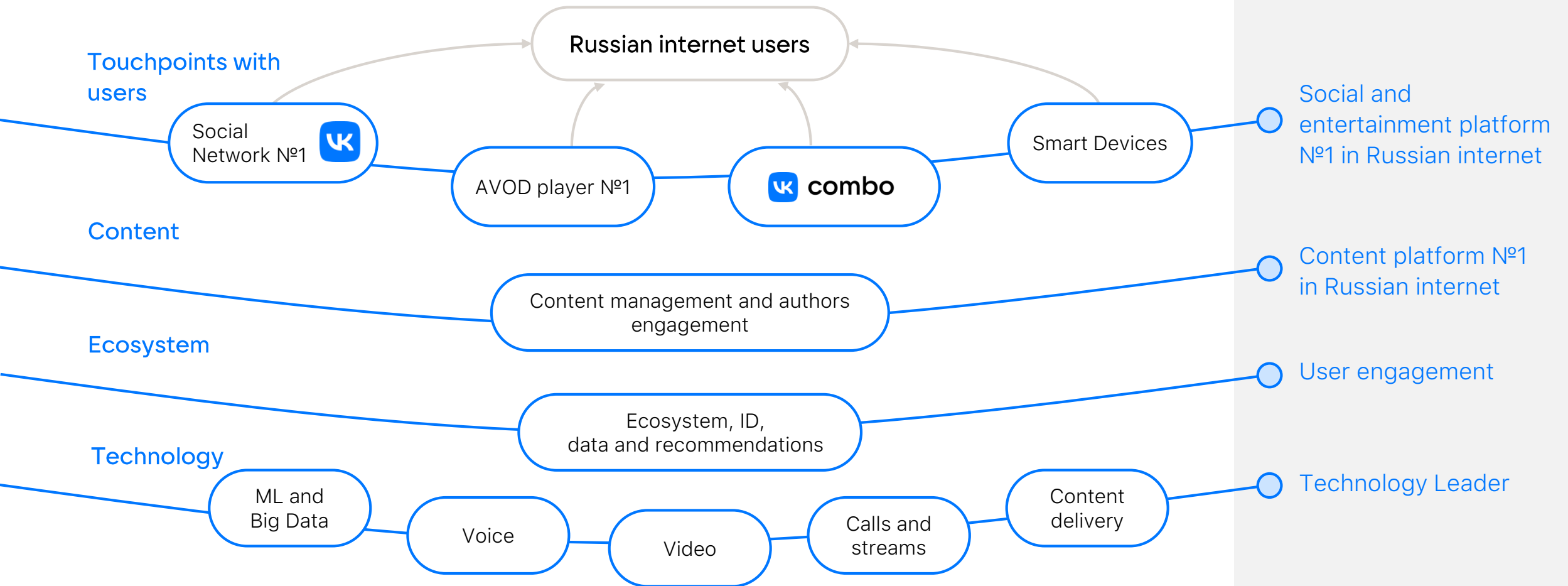
Russian Internet vs VKontakte audiences  
age structure, %, 2021



Overall, VKontakte appeals to a younger audience than Russian Internet's average:

- VKontakte has a higher than Russian Internet's share of Gen Z and younger audience (12-24 years-old)
- VKontakte also has a larger share of high-spenders (25-44 years-old)

# Our vision: brand, communication, content, technologies and ecosystem



# Our key growth drivers

## Short-term drivers

AdTech

SME

Video

## Mid- and Long-term drivers


Communities & Social Commerce

Mini Apps

Livestreaming

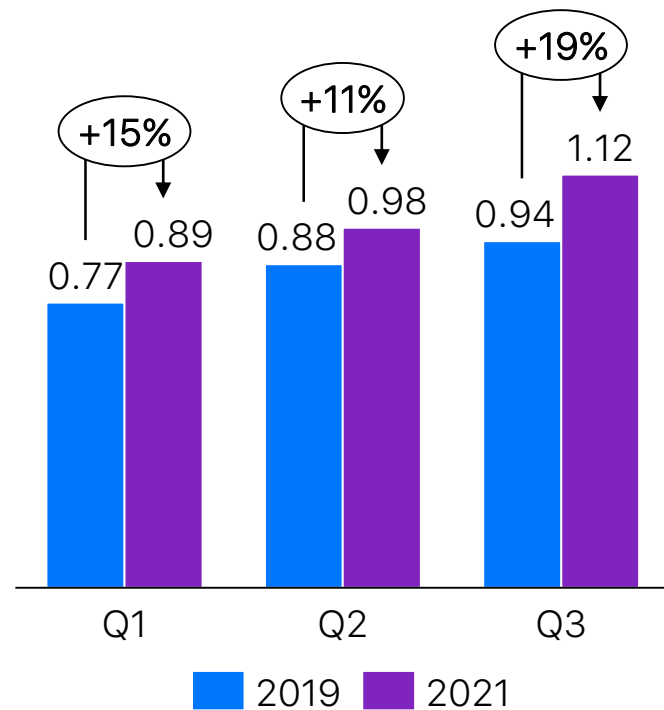
Clips

Calls

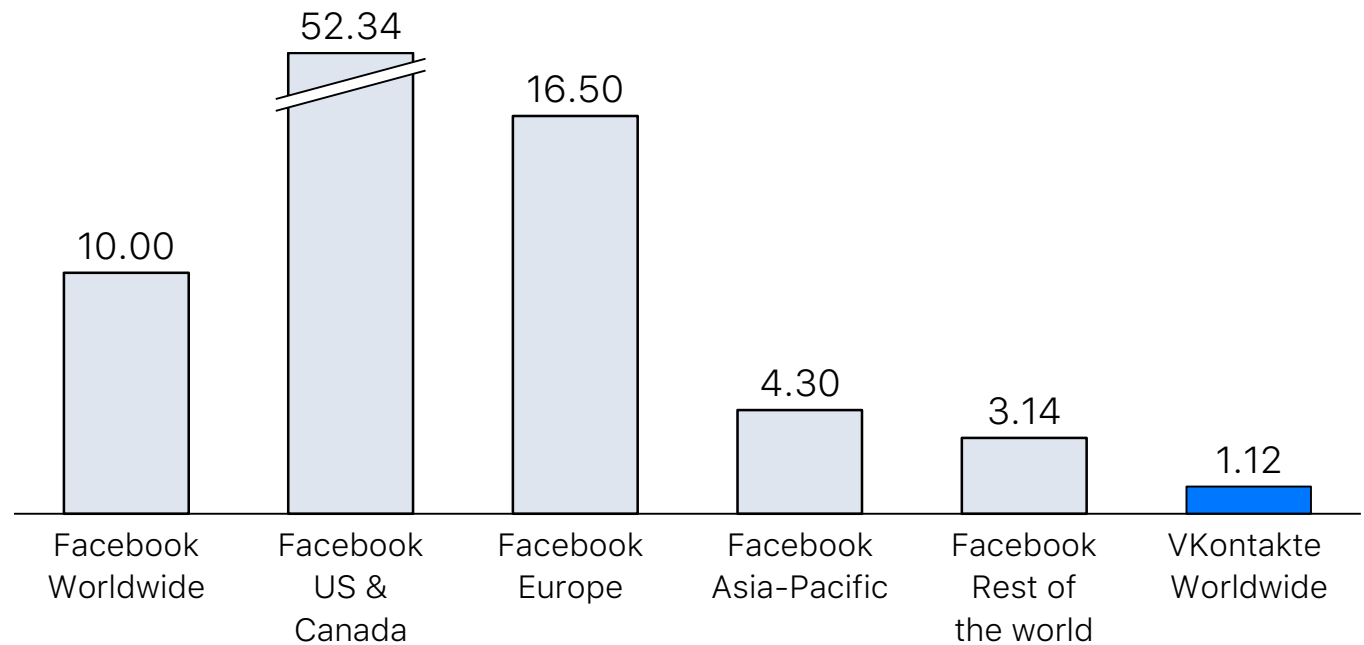
 - Revenue from Livestreaming, VK clips and Calls is accounted within New Initiatives segment, but these services drive time spent and engagement of the entire VKontakte

# VKontakte has major ARPU upside

Increase in quarterly global ARPU VKontakte, \$



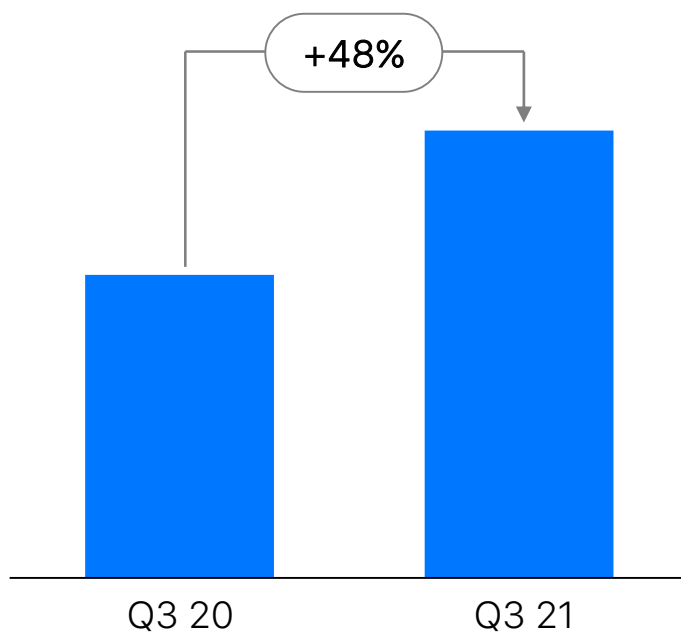
Quarterly ARPU of VKontakte compared to Facebook ARPU, Q3 2021, \$



# AdTech is one of the main ARPU drivers

eCPM grew last year, and we expect its further increase

eCPM, rub



Why VKontakte's advertising revenue will continue to grow

- 1 Growing efficiency of predictive models**
  - 1.4x more ad clicks from each 1000 impressions of performance ads after recent improvements in predictive models
- 2 Up-to-market ad formats**
  - Revenue skewed towards performance ads
  - Growing range of high-performing formats for Ecom advertisers: each rouble of ad spend now generates 1.4x more GMV\*
  - Video ads, which market outperforms broad digital market
- 3 Solutions for automated campaign management**
  - Auto price management including for lower funnel events
  - Auto targetings, which expand reach

# Vkontakte has every third B2C SME in Russia

And deliver results to SME's:

 BUSINESSES

> 2M

SME communities and accounts are active each month in VKontakte

 CONTACTS

> 20M

Leads for business communities per month (messages, followers, orders)

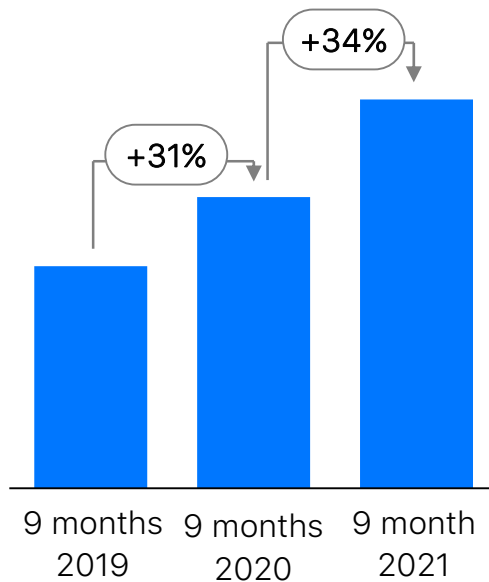
 PAID CLICKS

> 45M

Ad clicks per month

# We keep implementing simplified solutions for SME's and grow our revenue

## Vkontakte's SME revenue growth, %



Source: internal data

## SME's ads key growth drivers:

- 1 Simplified promotion tools**
  - We keep improving our tools for easy promotion, which we launched in Dec'19
  - 40% of SME advertisers used these tools in 3Q'21
- 2 Automated ad solutions**
  - We delivered new targeting options and optimization algorithms
  - As a result, SME's ARPPU grew by 55% YoY in 3Q'21



# Video platform has huge monetization potential

**810M**

Video views per day  
(excl. Clips)

**x4**

Revenue growth  
YoY Q3 (excl. Clips)

Video platform is at nascent monetization stage

**x5**

potential growth of  
instream video advertising  
revenue in 2024 vs 2021



# We are further enhancing our video product offering, making it more attractive to authors

## We are enhancing the product offering:

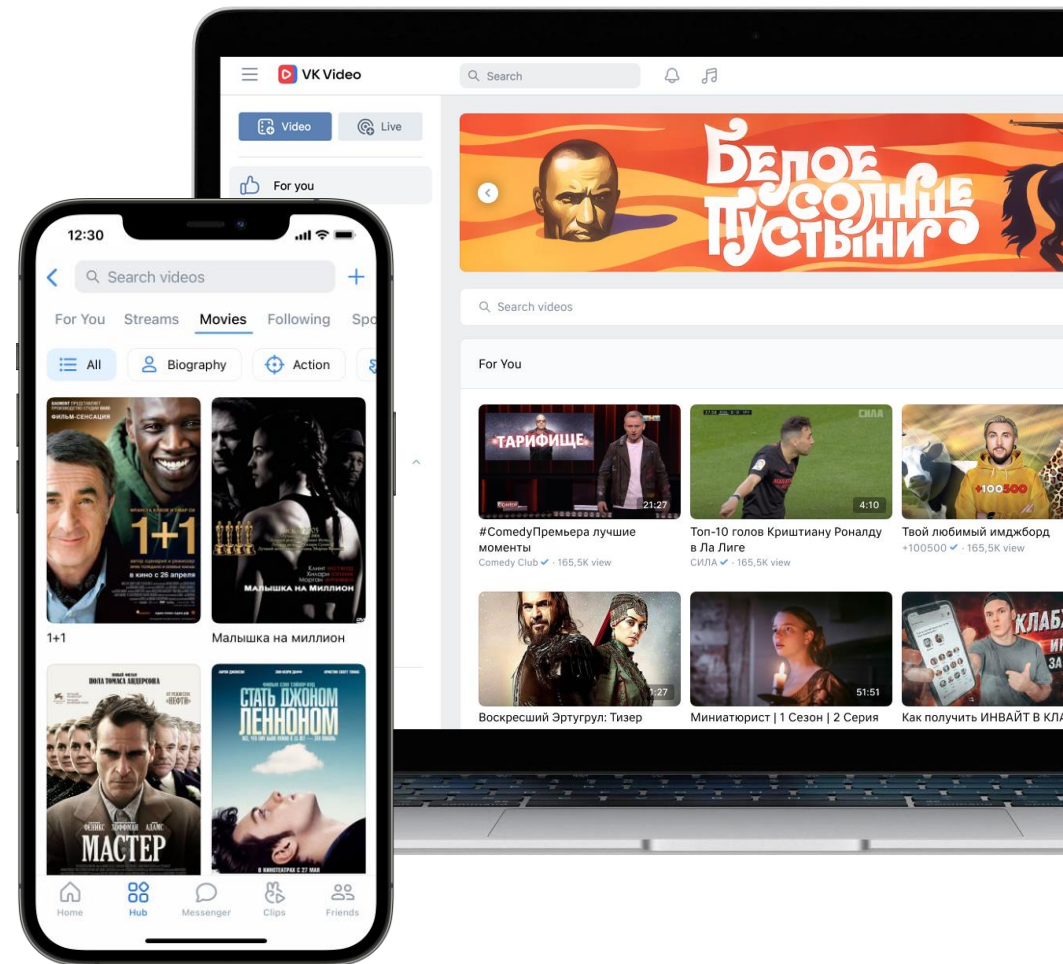
- Updating the video player
- Updating the video showcase
- Developing a Smart TV application

## We are using advanced ML recommendation systems:

- Currently conducting an experiment
- Further developing the technology
- Preliminary results show a 25% increase in watch time

## We are creating a more attractive product for authors:

- Professional content placement in the showcase
- Launched the content monetization program for bloggers and communities



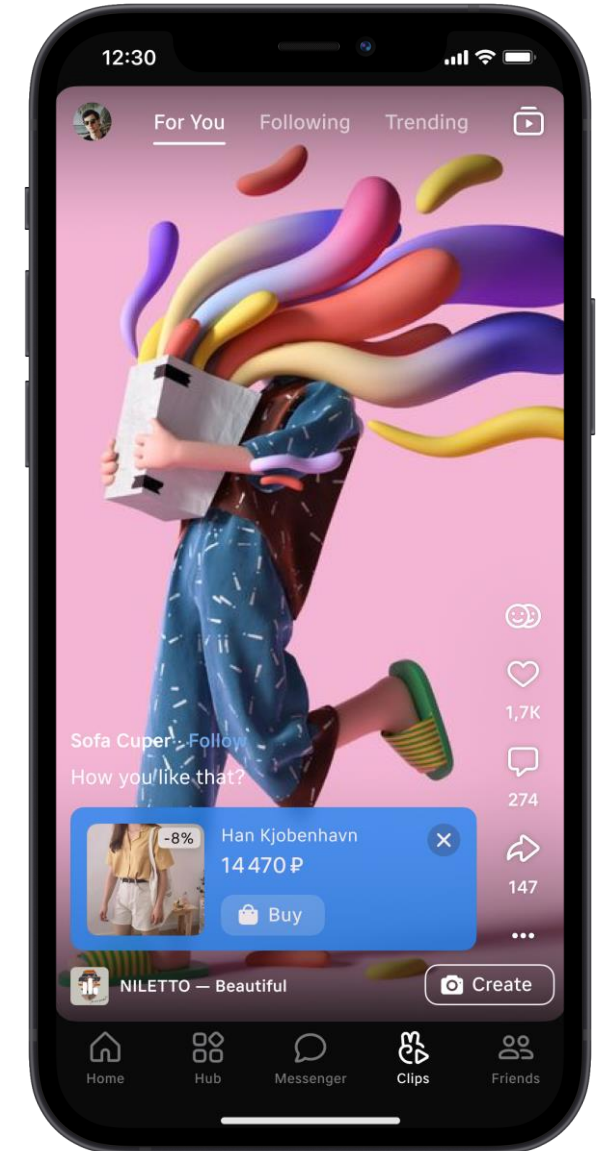
# Vkontakte has all chances to be the Russian Social Commerce market leader

## Social commerce is 6%

Of AliExpress Russia's overall GMV

Vkontakte has an intention to be the Russian Social Commerce market leader

- 🇷🇺 VKontakte is #1 Russian app in monetization volume
- 🛒 Strong partnership with the e-com market leader (JV with AliExpress Russia)
- ⚙️ Best-in-class infrastructure for Social Commerce platform development (livestreams, Mini Apps, payment system etc.)
- ★ Business subscriptions for communities



# Livestreaming is an opportunity to boost content creation and a Social Commerce growth point

**123k**

Number of paying subscribers in September

**>15M RUB**

Communities earned in September

## Live streaming is a driver for time spent growth

- Live streaming social apps outpace rise of messengers and photo & video apps in total time spent
- Growth of Hours Spent in Top 5 Social Apps by Key Value Proposition, Worldwide Outside of China

## Live streaming in VKontakte for Users

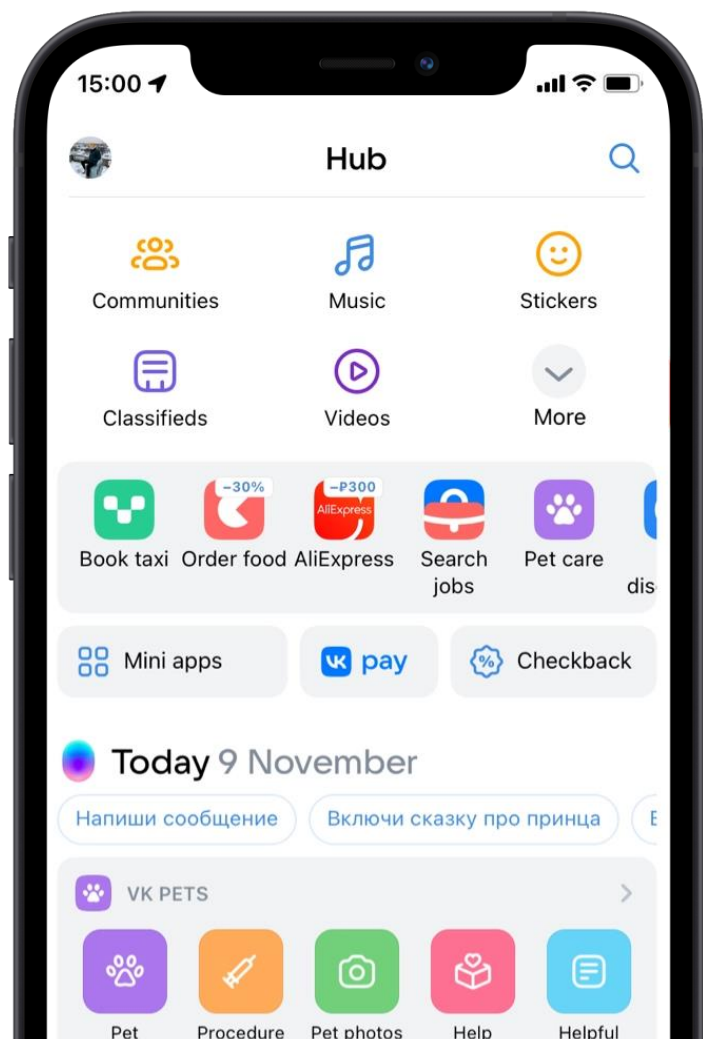
- New touch point with KOL
- Opportunity to support your favorite authors and get access to unique content

## Live streaming in VKontakte for Authors

- Advanced technologies to reach audience (fast and secure player, Live Full HD, ...)
- Monetization via donations and revenue sharing from social-com



# Multiple initiatives to further promote the Mini Apps platform within VK



**36,800**

Number of MiniApps in September (70% YoY)

**34M**

MAU in September (26% YoY)



## No-code tool for Mini App creation

- Mini Apps templates tailored to SME needs
- CRM integrated with the community page
- Traffic, efficiency and monetization analytics
- Automated client search



## Developers' awareness increase tools

- Dev.vk.com portal with tools and business documentation for developers
- Cross-project unified control panel for projects' management, settings update and analytics
- Developers support, both online and offline



## Mini Apps developers accelerator program

- Financial grants and early entry for VKontakte startup accelerator for the best FreshCode developers

# VK Clips: short-video consumption driver

The service shows a multiple YoY growth in views, we have already met the year-end target for views

Monthly views in VK Clips, B

**+104%**  
YoY growth

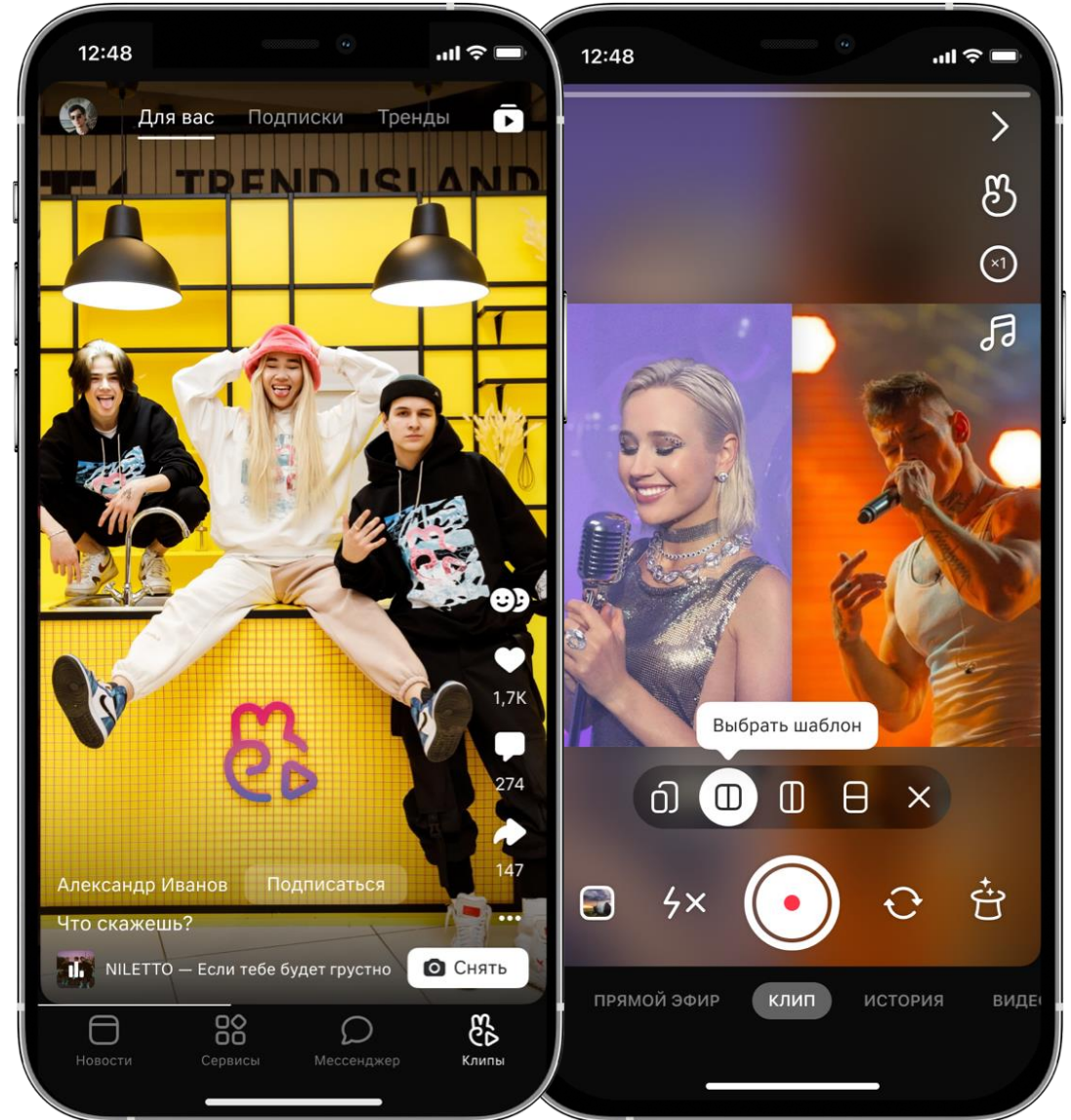
11,3

**400 M**

Views per day at the end of October 2021

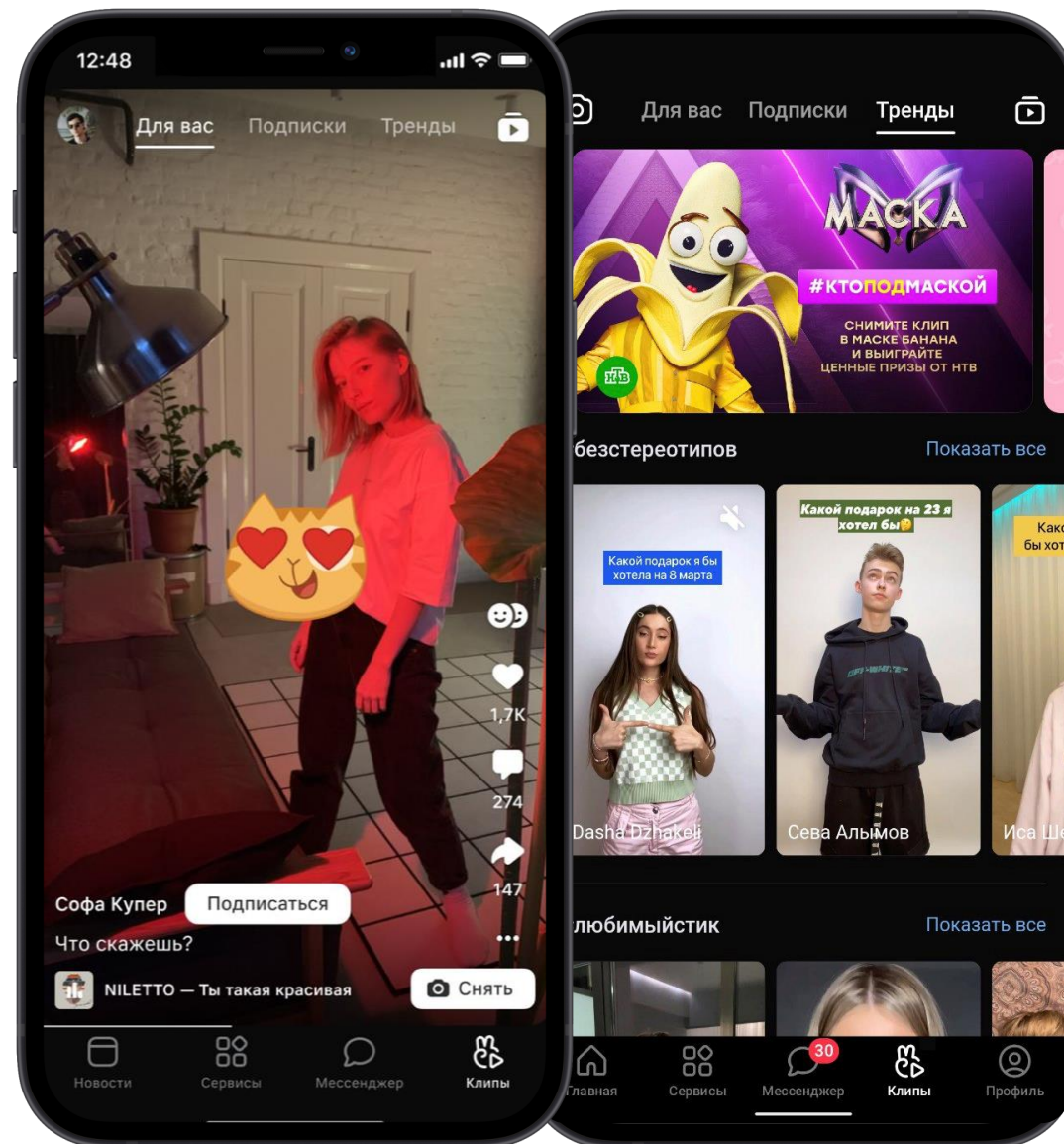
5,5

11/20 01/21 03/21 05/21 07/21 09/21 11/21



# VK Clips – short video service with unique features

- ✓ **Content consumption boost :**
  - Video compilations by topics, authors etc.
  - Balance of UGC and PUGC content
  - Challenges and unique AR effects
- ✓ **Lives and donations**
- ✓ **Cutting edge ML-driven recommendation system**
- ✓ **VK Clips originals – new professional content:**
  - Vertical video films
  - Special projects for partners integration



# Major progress in our video calls product offer

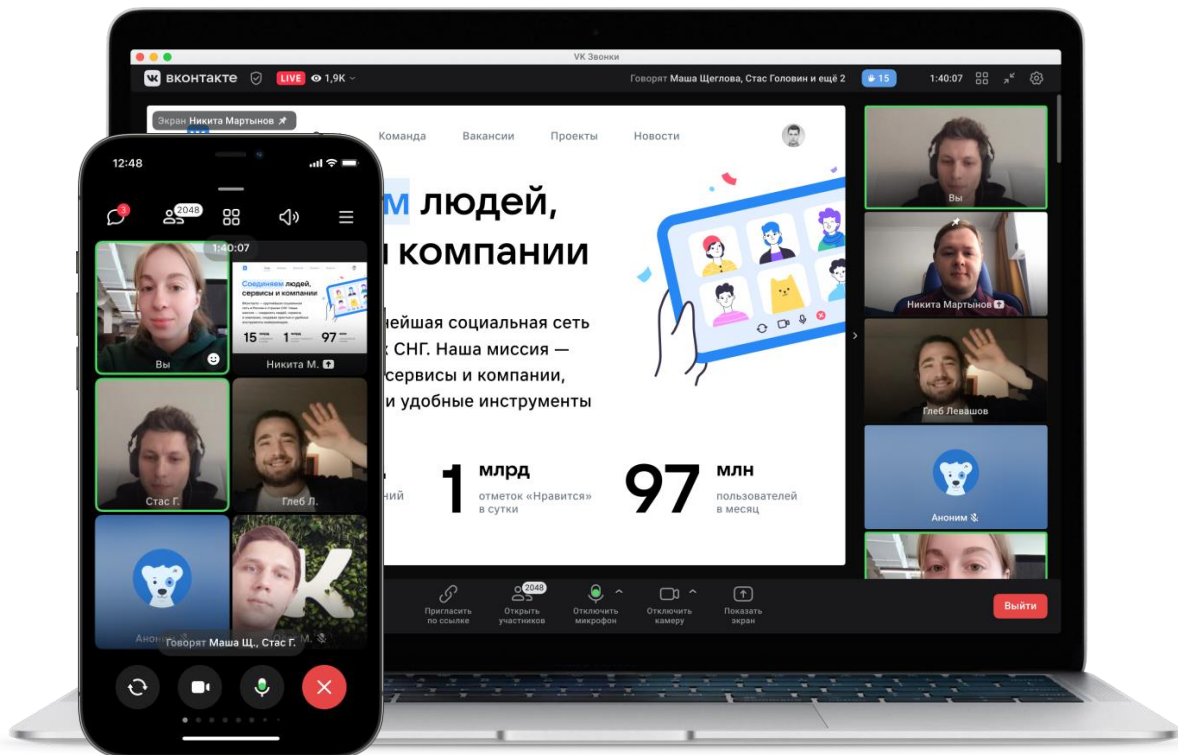
**>13M**      **+3.5 min**

VKontakte MAU of video calls<sup>1</sup>

additional daily timespent for a VKontakte user if using video calls

## Main features

- ✓ 2048+ participants in one video call, cross-platform Web/Desktop/Android/iOS
- ✓ No time limit for video calls – all is free for users
- ✓ Call privacy
  - Option to block a user by device\_id to prevent logging into a call under another account from the same device
  - Waiting room support to enable point-to-point confirmation of a call entry
- ✓ Video call live streaming
- ✓ Screen with 4K resolution
- ✓ VKontakte offers corporate SDK solutions

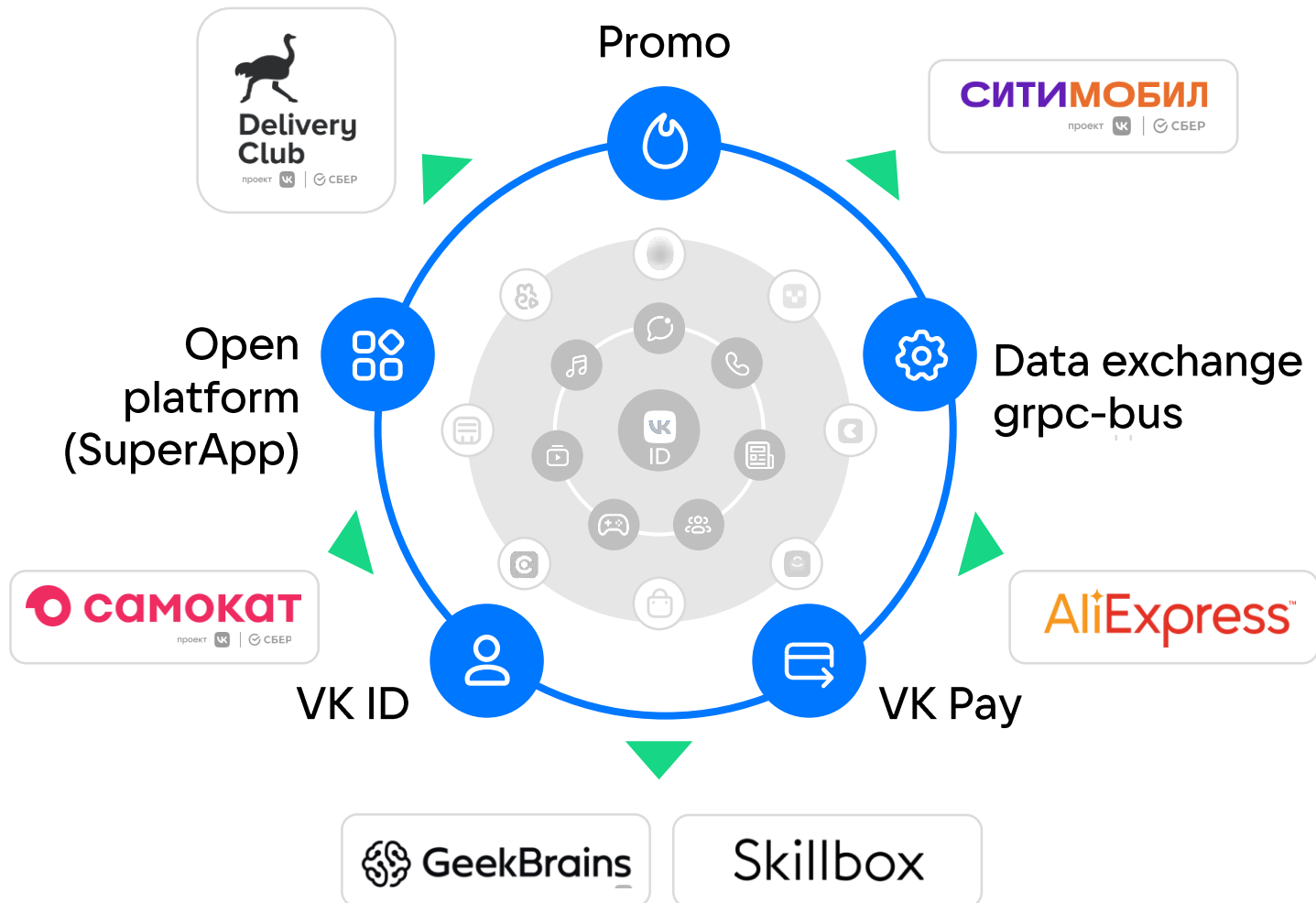


Source: internal data

Note: 1 – 20M total MAU of videocalls in Odnoklassniki + VKontakte



# Vkontakte has all the necessary tools to boost ecosystem projects



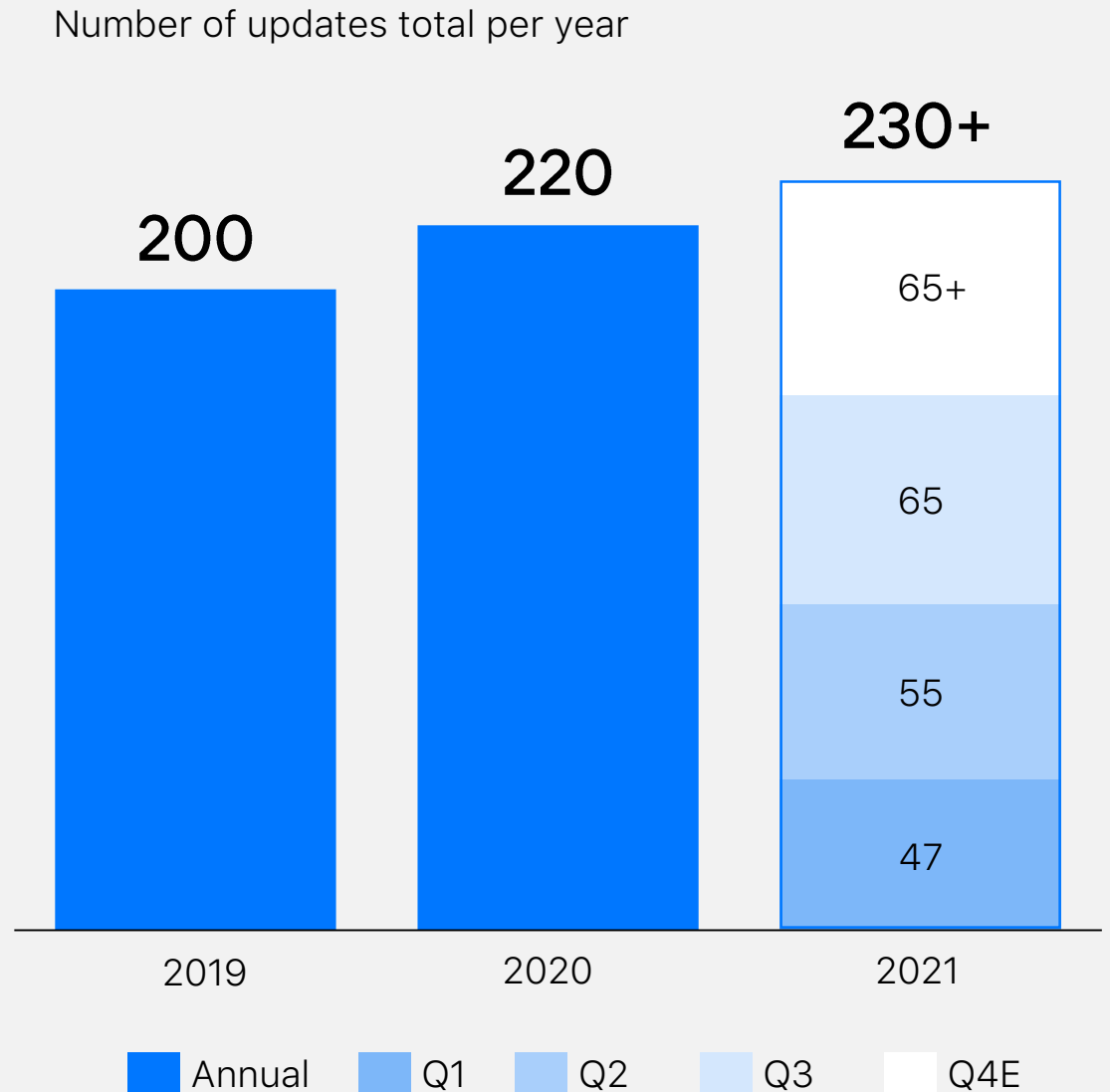
Vkontakte helps to further promote our Company projects by offering:

- Advanced promotion technologies within VK
- SDK solution to integrate technologies across platforms
- Open platform for providing service with built-in mini-apps and seamless e-com experience within the social network
- VK ID to simplify authorization process and leads generation across ecosystem projects
- VK Pay to boost sales within VK by offering special offers for partners' services and products
- SDK solution to integrate technologies across platforms

# Product and technology updates

We have implemented a significant number of product and technological updates over the last 3 years

Source: internal data



# Vkontakte technologies



Voice Tech



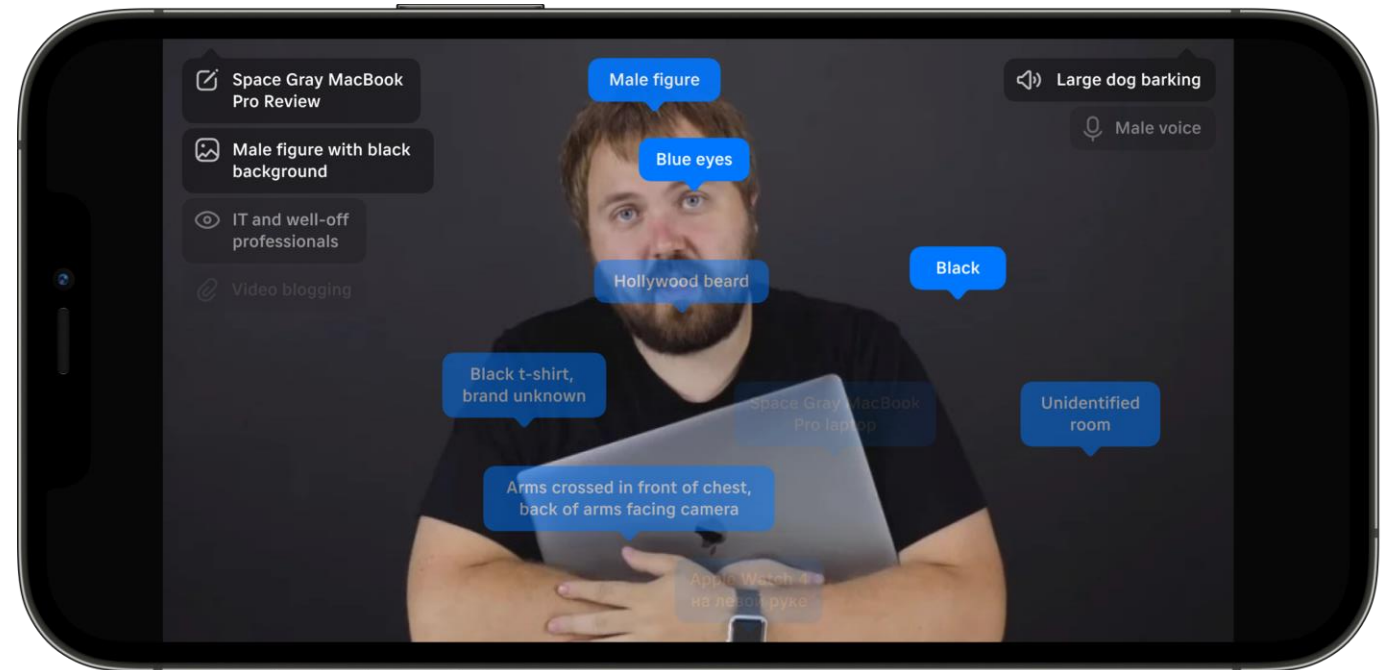
Computer vision



Natural Language Processing

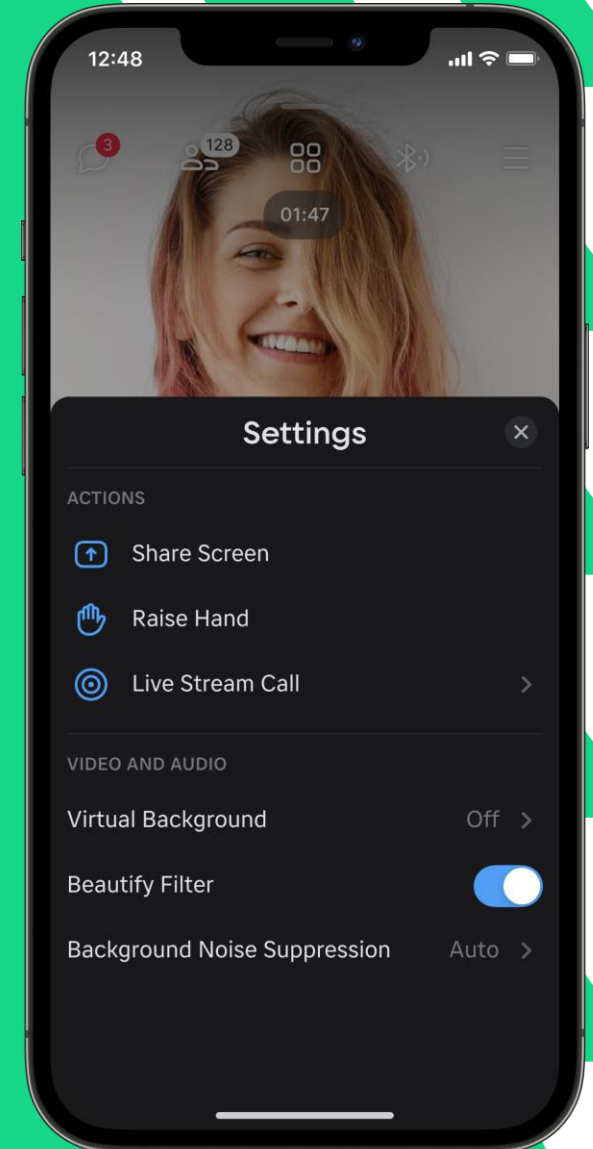
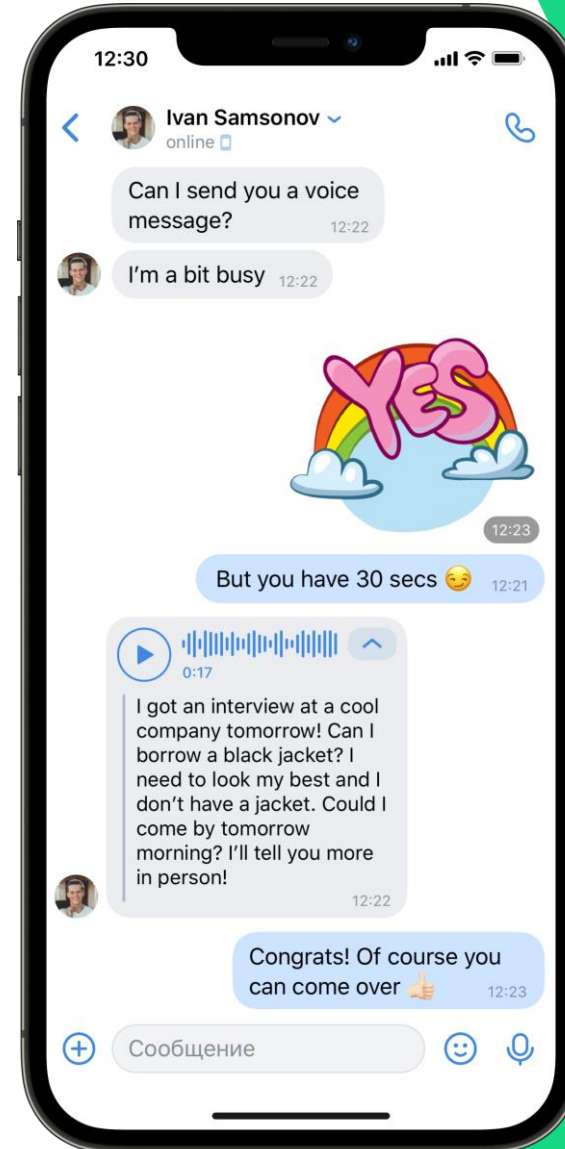
## Recommendation system

Contributes to News Feed, Clips, Video platform and other services



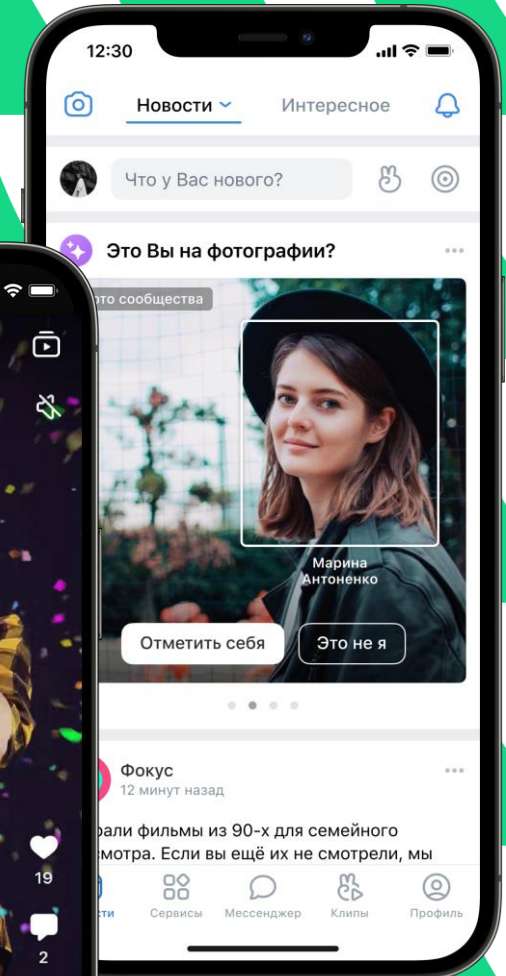
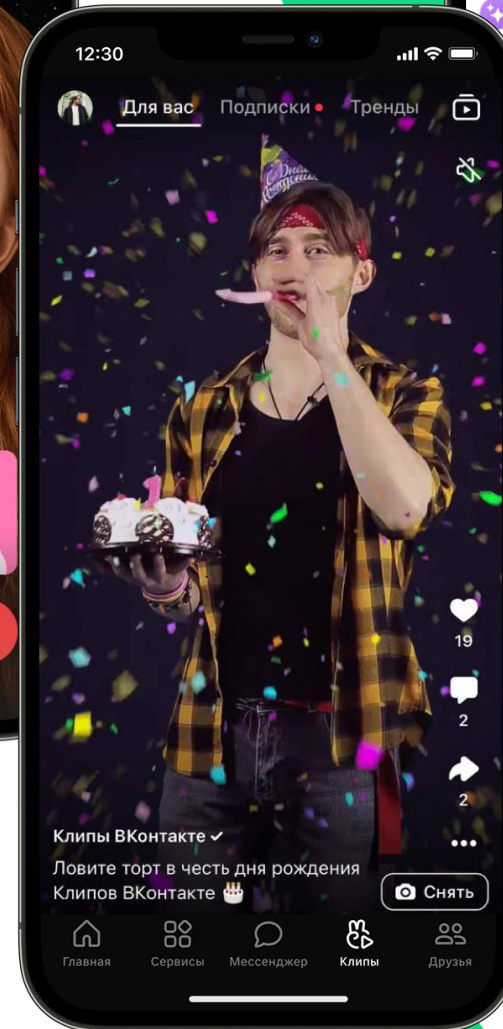
# Vkontakte technologies: Voice Tech

- The world's only messenger with speech recognition technology for voice messages
- Best Russian language speech recognition technology
- Automatic subtitles in video
- Smart noise suppression in calls
- Machine learning models specifically for mobile devices



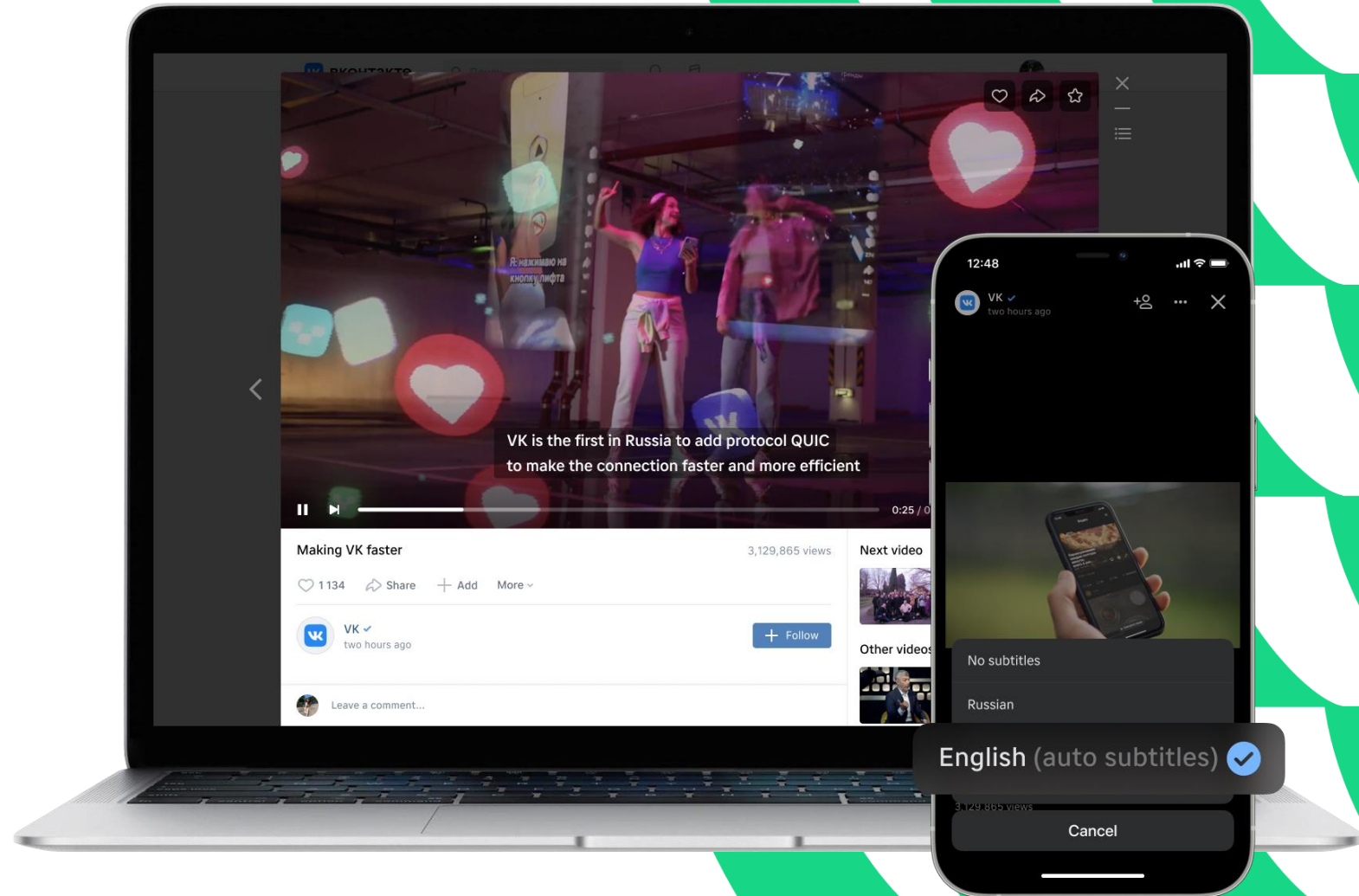
# Vkontakte technologies: Computer vision

- AR platform for user and object gesture recognition and virtual backgrounds in Calls
- Face detection in photos, video and Live Streams
- User profile restoration via face detection with gestures



# Vkontakte technologies: Natural Language Processing

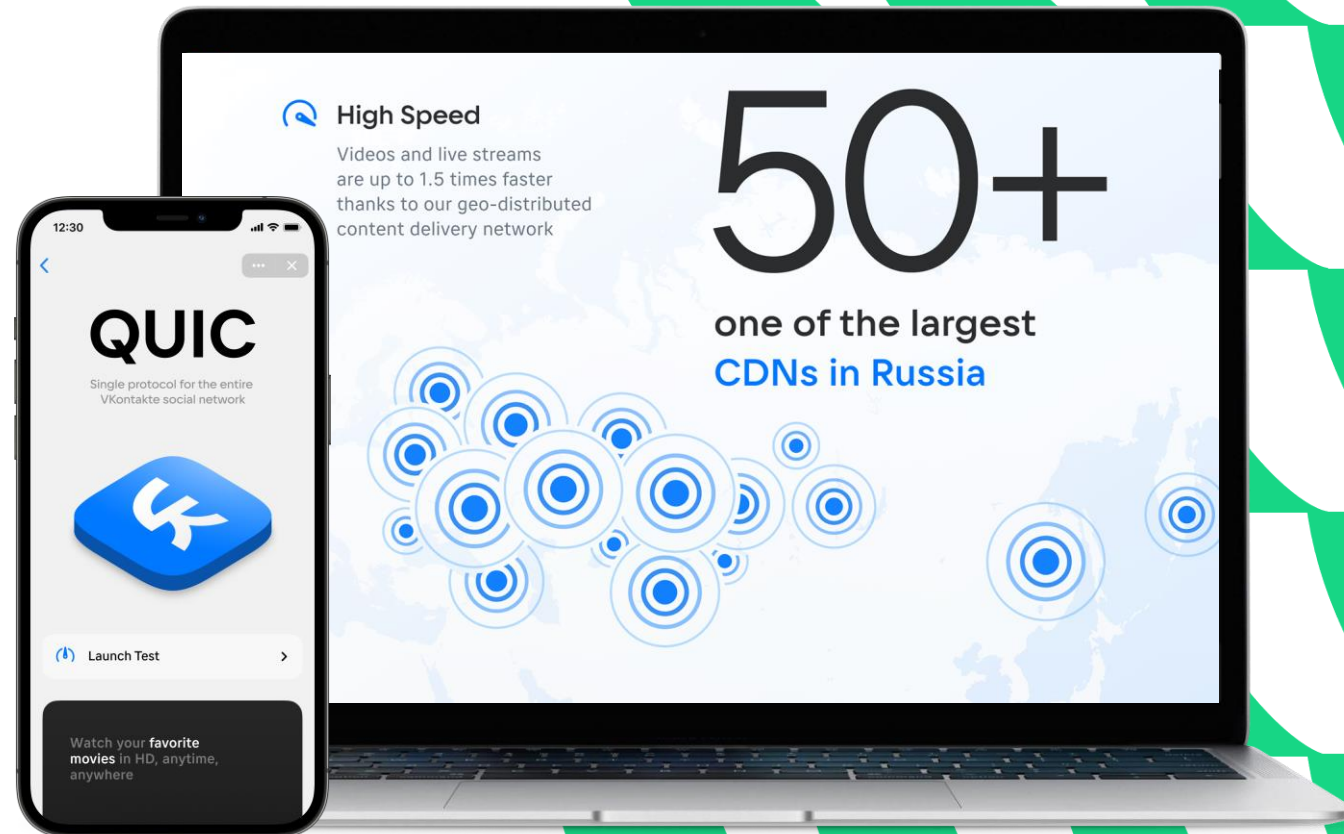
- Automatic translations to different languages
- Recommendations supported by natural language processing
- NLP<sup>1</sup> based search



# VKontakte technologies: content delivery speed is crucial

- Geo-distributed CDN (content delivery network) with 50+ hubs in Russian regions and worldwide<sup>1</sup>
- First in Russia cross-platform support for next-generation network QUIC protocol:

**x2** content delivery  
acceleration



<sup>1</sup>- Yekaterinburg, Novosibirsk, Rostov-on-Don, Khabarovsk, Norilsk and others

# VKontakte technologies: Real-time communications

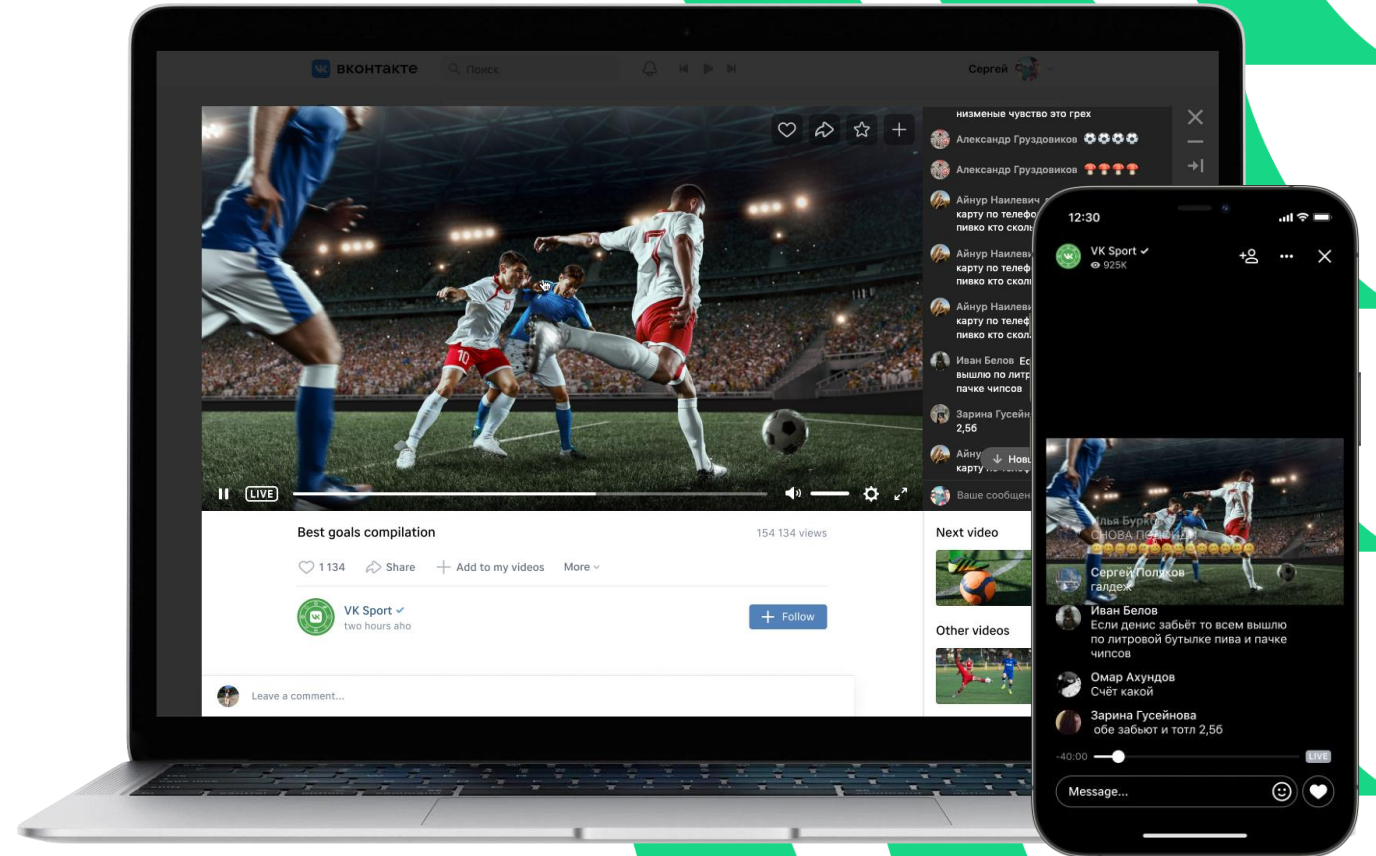
- Scalable group video calls architecture with 2048 participants (unlimited in the near future)
- Video call broadcast technology for unlimited number of viewers and call recording
- Cross-platform group video calling technologies for web/desktop/iOS/Android (including connection via anonymous link)



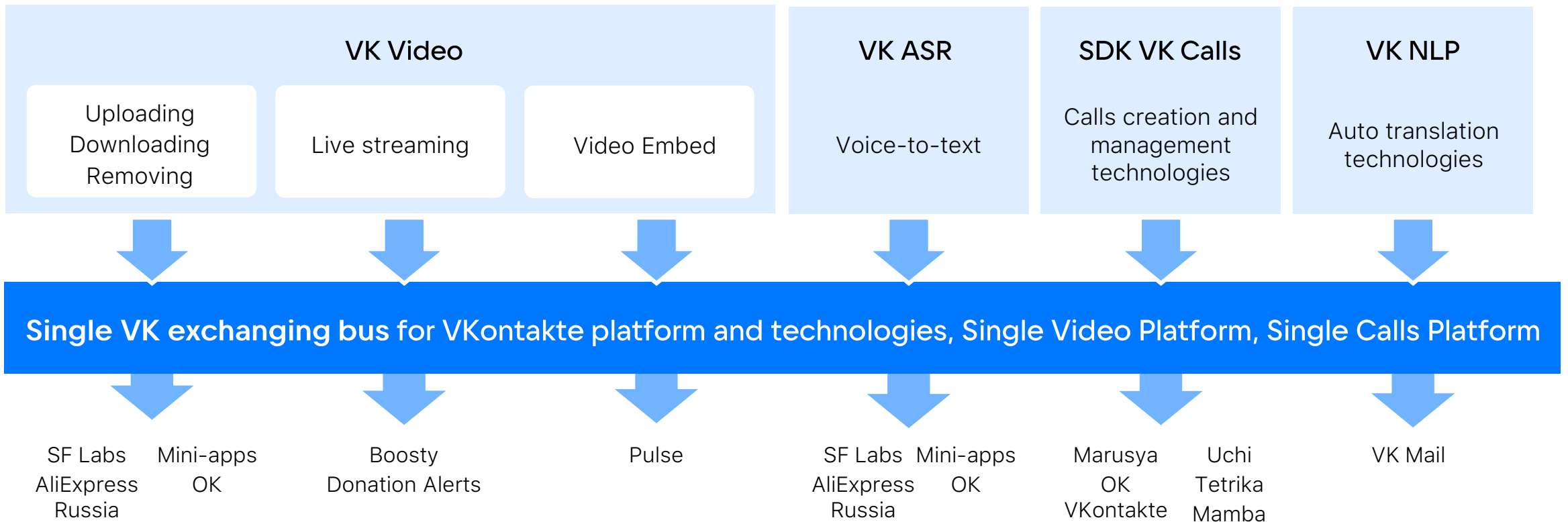


# Vkontakte technologies: Video

- Scalable architecture for unlimited simultaneous viewers in Live Streams
- Low-latency technology for minimum delays in Live Streams
- Adaptive streaming with the fast first frame
- Scalable storage/processing up to 1,000 petabytes and distribution up to 100 terabytes per second
- The fastest transcoding speed of video upload across UGC video services



# Vkontakte is a center of competence for the whole Company – we strengthen technologies of other services



# Rebranding into VK

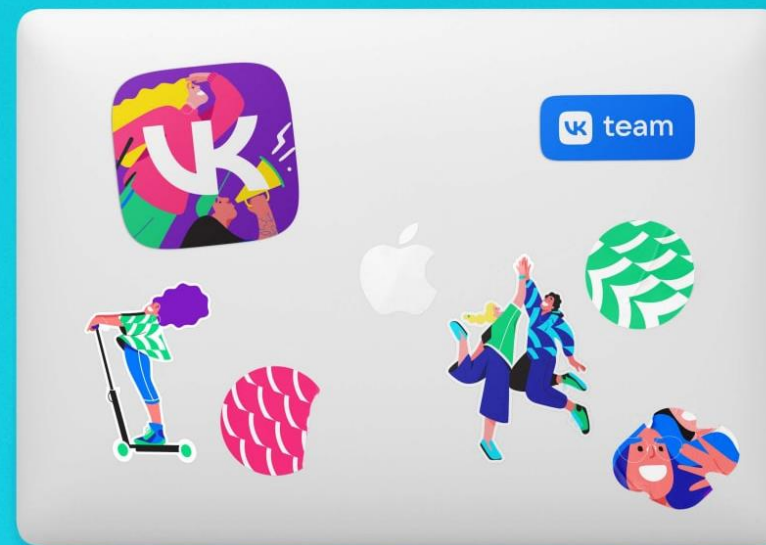
@ mail.ru group



VK as a brand is:

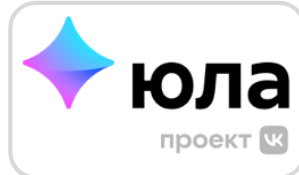
- **Recognizable and widely used**  
100% of Russian internet users are familiar with the brand VK and **86%** use VKontakte every month<sup>1</sup>
- **Universal**  
VKontakte is known for its **chats, music, video, news, games and more**
- **Up-to-date**  
VKontakte is **Zoomers' favourite** social media<sup>2</sup>

Source: 1 - Mediascope, June 2021. VKontakte brand health survey. Russia 0+, 14-60 years old. Sample: Internet users 5+ times a week = 1405; 2 - Ipsos study Gen Z: Media Consumption Trends

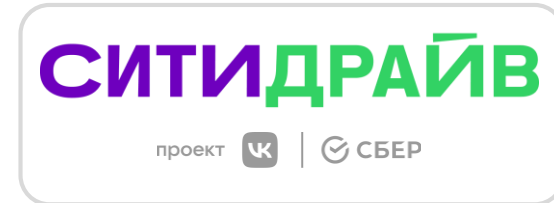
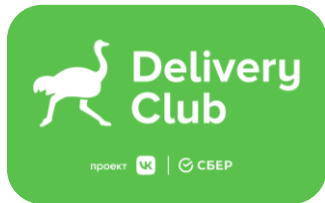


# Some products are being fully renamed, with others endorsed by "VK"

Strong brands keep their own branding getting an endorsement from the VK brand



Products in shared ownership also get an endorsement



Some products were fully renamed



Worki



VK Jobs



Boom



VK Music

# Rebranding creates synergies between a single brand and individual sub-brands


VK will create value for sub-brands...



and then the sub-brands will also provide own strength and value to VK




# VK Mail is a collaboration project of VKontakte and Mail.ru, creating new touchpoints with audience

 VKontakte provided VK Mail with an audience at the start

## 6.8M

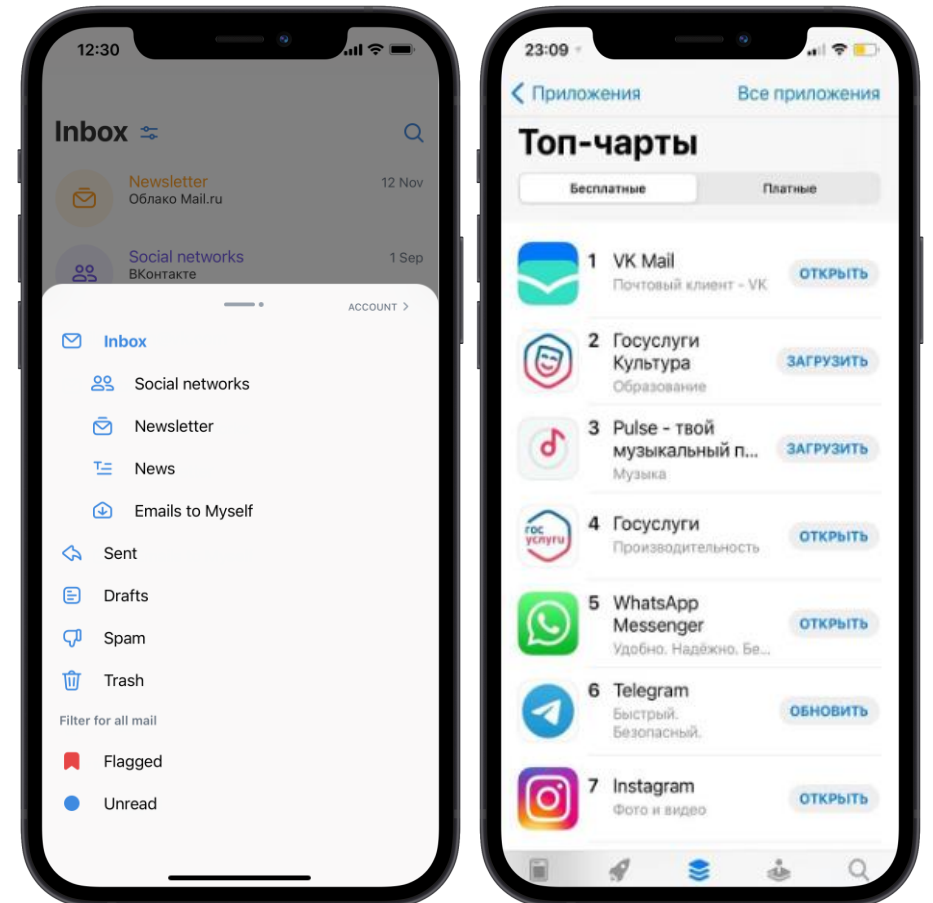
users created a mailbox in VK Mail

 VK mail gives a channel for returning users to VKontakte

## 3.1M

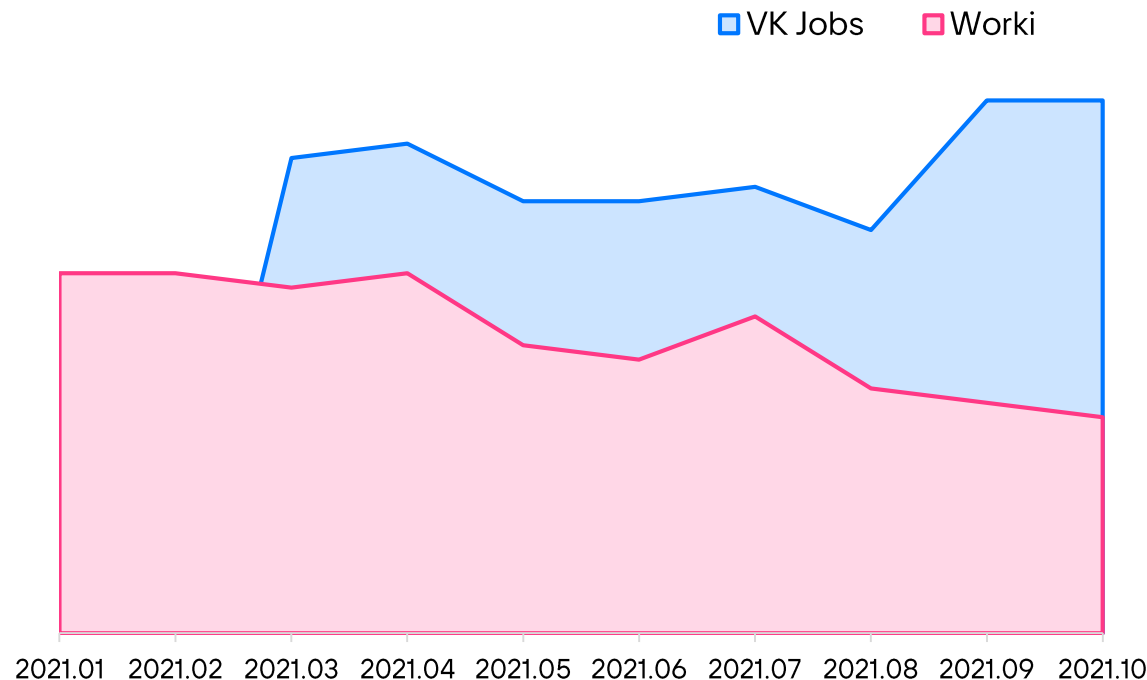
users linked the mailbox to their VK account

- +128k MAU from letters
- 2M MAU during push notification period

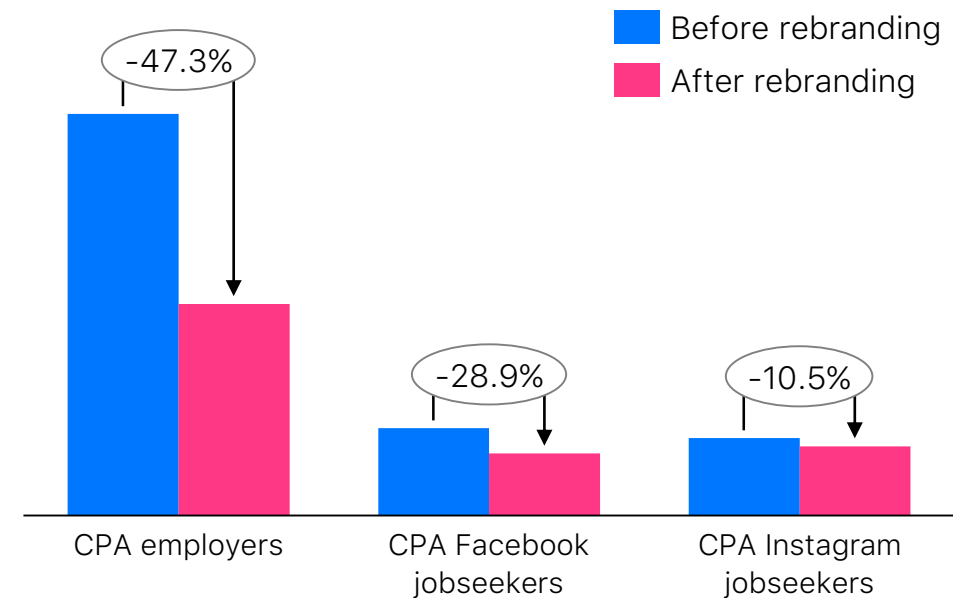


# VK Jobs, following its rebranding from Worki, saw product awareness rise along with CPA reduction

Product awareness (with a hint) has risen by almost 40%, Brand health tracking



VK Jobs performance: the cost of attracting employers and jobseekers is reducing after rebranding



For further  
information  
please contact:

E-mail:  
[ir@vk.company](mailto:ir@vk.company)



# Disclaimer

This presentation has been prepared by Mail.ru Group Limited (the "Company") and comprises the written materials for a presentation to syndicate research analysts or certain institutional investors.

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words "believe", "expect", "anticipate", "intend", "estimate", "forecast", "project", "will", "may", "should" and similar expressions identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements appear in a number of places in this presentation and may include statements regarding: strategies, outlook and growth prospects; future plans, expectations, projections and potential for future growth; plans or intentions relating to acquisitions; future revenues and performance; liquidity, capital resources and capital expenditures; economic outlook and industry trends; the impact of regulatory initiatives; competitive strengths and weaknesses; and the strengths of competitors, the expected impact of the coronavirus (COVID-19) pandemic, including, without limitation, the impact on economic and financial markets and the Company. The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including, without limitation, management's examination of historical operating trends, data contained in Company records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause the actual results of the Company or the industry to differ materially from those results expressed or implied in this presentation by such forward-looking statements. No representation is made that any of these forward-looking statements or forecasts will come to pass or that any forecast result will be achieved and you are cautioned not to place any undue influence on any forward-looking statement. All forward-looking statements speak only as of the date they are made and reflect the Company's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. No one undertakes to publicly update or revise any such forward-looking statement.

Investment in the GDRs may involve substantial risk. References to future returns are not promises or even estimates of actual returns an investor may achieve. The forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as an investment consultation or recommendation according any legislation, including, but not limited Russian legislation. The information herein reflects the Company's judgement of the prevailing conditions as of this date, all of which are subject to change. Past performance or experience does not necessarily give a guide for the future. Neither the delivery of this presentation nor any further discussions with any recipient shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date.

This presentation is not intended, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or undertakings or any other invitation or inducement to engage in investment activities, nor shall this presentation (or any part of it) nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision.

The presentation is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated. The Company's shares and/or GDRs have not been and will not be registered under the U.S. Securities Act of 1933, as amended. Securities may not be offered or sold in the United States absent registration under that Act or an available exemption from it, and the Company does not intend to make a public offer of any securities in the United States

The Presentation is being made, supplied and directed only at persons: (i) in the United Kingdom who are qualified investors within the meaning of article 2(e) of the UK Prospectus Regulation; (ii) in the member states of the European Economic Area who are qualified investors within the meaning of Article 2(e) of the Regulation (EU) 2017/1129; and, (iii) addition in the United Kingdom, to those qualified investors who (a) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (investment professionals) (the "Order") or (b) fall within Article 49(2)(a) to (d) of the Order (high net worth companies, unincorporated associations etc.), or to such other persons to whom it can otherwise lawfully be distributed (all such persons in (i) and (ii) being "Relevant Persons"). Any person who is not a Relevant Person may not attend the Presentation and should not act or rely on this document or any of its contents. Any investment or investment activity to which the Presentation relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

The information and opinions contained in this presentation are for background purposes only and do not purport to be full or complete. No reliance may be placed for any purpose on the information or opinions contained in this presentation or their accuracy or completeness. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this presentation by the Company and no liability is accepted by us for the accuracy or completeness of any such information or opinions.

The information in this presentation is being circulated on a confidential basis, and is neither to be disclosed to any other person, nor copied or reproduced, in any form, in whole or in part without the Company's prior consent.

By accepting delivery of this presentation you agree to be bound by the foregoing terms and acknowledge that you will be solely responsible for your own assessment of the market, the market position of the Company and the GDRs and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company's business.