Mail.ru Group Limited

Interim Condensed
Consolidated Financial Statements

For the three months ended March 31, 2021

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

Report on Review of Interim Financial Information

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

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, 2021 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and selected explanatory notes (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*. 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 28, 2021

Details of the 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, 2021
(in millions of Russian Roubles)

	Notes	As of March 31, 2021 (unaudited)	As of December 31, 2020
ASSETS			
Non-current assets			
Investments in equity accounted associates and joint ventures	9	37,562	41,948
Goodwill		135,670	135,670
Right-of-use assets		16,359	15,618
Other intangible assets	7	19,200	19,623
Property and equipment	8	12,790	11,651
Financial assets at fair value through profit or loss	16	3,566	2,305
Deferred income tax assets		3,292	2,924
Long-term loans receivable	16	506	422
Advance under office lease contract		397	249
Total non-current assets		229,342	230,410
Current assets			
Trade accounts receivable	16	14,777	16,707
Prepaid income tax		311	358
Prepaid expenses and advances to suppliers		1,112	853
Loans receivable	16	6,169	2,441
Other current assets		2,091	1,345
Cash and cash equivalents	16	34,552	39,297
Assets held for sale	10	2,248	–
Total current assets		61,260	61,001
Total assets		290,602	291,411
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital		–	–
Share premium		77,446	77,101
Treasury shares		(1,044)	(1,071)
Retained earnings		100,638	103,103
Foreign currency translation reserve		1,811	1,195
Total equity attributable to equity holders of the parent		178,851	180,328
Non-controlling interests		1,598	1,663
Total equity		180,449	181,991
Non-current liabilities			
Deferred income tax liabilities		990	1,379
Deferred revenue		1,825	1,871
Non-current lease liabilities	16	12,564	11,338
Non-current financial liabilities at fair value through profit or loss	16	2,441	3,506
Long-term interest-bearing loans and bonds	16	40,454	41,497
Other non-current liabilities		265	265
Total non-current liabilities		58,539	59,856
Current liabilities			
Trade accounts payable	16	12,996	10,923
Income tax payable		2,425	2,673
VAT and other taxes payable		3,055	2,259
Deferred revenue and customer advances		17,622	16,912
Short-term portion of long-term interest-bearing loans	16	4,822	3,718
Current lease liabilities	16	3,902	3,861
Other payables, accrued expenses and contingent consideration liabilities	11	6,040	9,218
Liabilities directly associated with assets held for sale	10	752	–
Total current liabilities		51,614	49,564
Total liabilities		110,153	109,420
Total equity and liabilities		290,602	291,411

Interim Condensed Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2021
(in millions of Russian Roubles)

	Notes	Three months ended March 31, 2021 (unaudited)	2020 (unaudited)
Online advertising		10,471	8,581
MMO games		9,399	6,825
Community IVAS		4,359	4,521
Other revenue		3,506	1,695
Total revenue	5, 12	27,735	21,622
Net gain/(loss) on venture capital investments	16	5	(41)
Personnel expenses		(7,964)	(5,878)
Agent/partner fees		(7,832)	(5,926)
Marketing expenses		(5,799)	(4,090)
Server hosting expenses		(203)	(167)
Professional services		(343)	(180)
Other operating expenses		(409)	(804)
Total operating expenses		(22,550)	(17,045)
EBITDA		5,190	4,536
Depreciation and amortisation		(4,430)	(3,383)
Share of loss of equity accounted associates and joint ventures	9	(3,289)	(2,823)
Finance income		130	119
Finance expenses		(962)	(611)
Other non-operating loss		(135)	(120)
Goodwill impairment	7	–	(6,430)
Net gain on derivative financial assets and liabilities at fair value through profit or loss	16	1,294	211
Impairment of equity accounted associates		–	(222)
Gain on remeasurement of previously held interest in equity accounted associate		–	46
Net foreign exchange loss		(600)	(342)
Loss before income tax expense		(2,802)	(9,019)
Income tax benefit/(expense)	13	345	(113)
Net loss		(2,457)	(9,132)
Attributable to:			
Equity holders of the parent		(2,465)	(9,077)
Non-controlling interest		8	(55)
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		616	131
Total other comprehensive income, net of tax effect of 0		616	131
Total comprehensive loss, net of tax		(1,841)	(9,001)
Attributable to:			
Equity holders of the parent		(1,849)	(8,946)
Non-controlling interest		8	(55)
Loss per share, in RUB:			
Basic loss per share attributable to ordinary equity holders of the parent		(11)	(42)
Diluted loss per share attributable to ordinary equity holders of the parent		n/a	n/a

Interim Condensed Consolidated Statement of Cash Flows

For the three months ended March 31, 2021
(in millions of Russian Roubles)

	Notes	Three months ended March 31, 2021 (unaudited)	2020 (unaudited)
Cash flows from operating activities			
Loss before income tax		(2,802)	(9,019)
Adjustments to reconcile loss before income tax to cash flows:			
Depreciation and amortisation		4,430	3,383
Impairment losses on financial assets at amortised cost		296	301
Net gain on financial assets and liabilities at fair value through profit or loss	16	(1,294)	(211)
Goodwill impairment	7	–	6,430
Gain on remeasurement of previously held interest in equity accounted associates		–	(46)
Finance income		(130)	(119)
Finance expenses		962	611
Share of loss of equity accounted associates and joint ventures		3,289	2,823
Net foreign exchange loss		600	342
Share-based payment expense		306	429
Other non-cash items		(26)	44
Net (gain)/loss on venture capital investments		(5)	41
Impairment of equity accounted associates		–	222
Change in operating assets and liabilities:			
Decrease in accounts receivable		1,464	1,863
Decrease in prepaid expenses and advances to suppliers		28	482
(Increase)/decrease in other assets		(1,277)	320
Decrease in accounts payable and accrued expenses		(55)	(2,014)
Decrease/(increase) in other non-current assets		271	(110)
Increase in deferred revenue and customer advances		670	433
Increase in financial assets at fair value through profit or loss	16	(1,426)	(30)
Operating cash flows before interest and income tax		5,301	6,175
Interest received		51	193
Interest paid		(842)	(561)
Income tax paid		(617)	(1,086)
Net cash provided by operating activities		3,893	4,721
Cash flows from investing activities			
Cash paid for property and equipment		(1,887)	(1,266)
Cash paid for intangible assets		(819)	(813)
Dividends received from equity accounted associates		461	29
Loans issued	16	(3,836)	(189)
Loans collected		–	253
Cash paid for acquisitions of subsidiaries, net of cash acquired	6	(192)	292
Cash paid for investments in equity accounted associates	9	(103)	(73)
Net cash used in investing activities		(6,376)	(1,767)
Cash flows from financing activities			
Repayment of lease liabilities		(956)	(922)
Loans repaid	16	(653)	(654)
Cash paid for non-controlling interests in subsidiaries		(24)	–
Dividends paid by subsidiaries to non-controlling shareholders		(53)	(224)
Net cash used in financing activities		(1,686)	(1,800)
Net (decrease)/increase in cash and cash equivalents		(4,169)	1,154
Effect of exchange differences on cash balances		618	705
Cash and cash equivalents at the beginning of the period		39,297	9,825
Cash and cash equivalents at the end of the period relating to continuing operations		35,746	11,684
Change in cash related to asset held for sale		(1,194)	–
Cash and cash equivalents at the end of the period		34,552	11,684

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 income/(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	–	–	–	–	–	–	–	–
Disposal of subsidiary	–	–	–	–	–	–	–	(224)	(224)
Balance at March 31, 2020 (unaudited)	217,344,066	–	60,824	(1,152)	116,274	301	176,247	530	176,777

Interim Condensed Consolidated Statement of Changes in Equity

For the three months ended March 31, 2021
(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, 2021	225,474,333	–	77,101	(1,071)	103,103	1,195	180,328	1,663	181,991
Profit/(loss) for the period	–	–	–	–	(2,465)	–	(2,465)	8	(2,457)
Other comprehensive income:									
Foreign currency translation	–	–	–	–	–	616	616	–	616
Total other comprehensive income	–	–	–	–	–	616	616	–	616
Total comprehensive income/(loss)	–	–	–	–	(2,465)	616	(1,849)	8	(1,841)
Share-based payment transactions	–	–	372	–	–	–	372	–	372
Exercise of RSUs and options over the shares of the Company	91,676	–	(27)	27	–	–	–	–	–
Dividends by subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	(53)	(53)
Acquisitions of non-controlling interests	–	–	–	–	–	–	–	(20)	(20)
Balance at March 31, 2021 (unaudited)	225,566,009	–	77,446	(1,044)	100,638	1,811	178,851	1,598	180,449

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2021
(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, 2021 were authorised for issue by the directors of the Company on April 28, 2021.

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, educational technologies, 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.

The parent of the Company is MF Technologies.

2 Basis of preparation

The interim condensed consolidated financial statements for the three months ended March 31, 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

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 as at 31 December 2020.

3 Changes in accounting policies and disclosures

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, 2020, except for the adoption of new standards effective as at January 1, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In August 2020, the IASB issued amendments to IFRS *7 Financial Instruments: Disclosures*, IFRS 9 *Financial Instruments* as well as IFRS 4 *Insurance Contracts* and IFRS 16 *Leases* named *Interest Rate Benchmark Reform – Phase II*. The amendments provide certain temporary reliefs which address the financial reporting effects related to the transfer to the risk-free interest rate. The amendments are effective on or after January 1, 2021.

3.1 Interest Rate Benchmark Reform – Phase II: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

4 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. Historically 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.

5 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, share-based payments, disposal or impairment of investments, fair value adjustments, amortisation and impairment thereof, net foreign exchange gains and losses, 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.

5 Operating segments (continued)

In 2021 the Group changed the approach to the presentation and composition of reporting segments in order to better reflect the Group's strategy and the way the business is managed. From the first quarter of 2021 the Group has presented reportable segments based on the consolidation scope as determined in accordance with IFRS, a change from previously applying a pro forma approach to acquisitions, disposals and assets held for sale. Additionally, from the first quarter of 2021, the Group revised its reportable segments and presented EdTech as a separate segment:

- Communications and Social;
- Games;
- EdTech; 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. These businesses have similar nature and economic characteristics as they are represented by social networks and online communications, common type of customers for their products and services and are regulated under a similar regulatory environment.

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

The EdTech segment includes the Group's online education platforms which contain educational courses and programs (such as Geek Brains and Skilbox) and earns revenue from individuals for education services.

The New initiatives reportable segment represents separate operating segments aggregated in one reportable segment for its similar nature of newly acquired or newly launched and dynamically developing businesses. This segment primarily consists of Youla classifieds earning substantially all revenues from advertising and listing fees, VK Clips with potential to become a major separate product with the planned launch of own application and target presence across the various Group's services, B2B new projects including cloud 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 Group's share of profits of key strategic JV's and associates is not attributed to any operating segment and not included in the calculation of EBITDA. The Group's share of profits of key strategic JVs and associates (Aliexpress Russia JV, O2O JV, Uchi.ru) is included in Net profit reviewed by the CODM. The net profit of key strategic associates is calculated using accounting principles used for the segment financial information of the Group's consolidated operations. The Group's share of profits of non-core strategic associates (Haslop Company Limited, Tetrika and other) is not included in the financial information reviewed by the CODM.

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.

The income statement items for each segment for the three months ended March 31, 2021, as presented to the CODM, are stated below:

	Communications and Social	Games	EdTech	New initiatives	Eliminations	Group
Revenue						
External revenue	13,362	10,927	2,152	1,849	–	28,290
Intersegment revenue	56	24	–	1	(81)	–
Total revenue	13,418	10,951	2,152	1,850	(81)	28,290
Total operating expenses	7,453	9,508	2,149	3,190	(81)	22,219
EBITDA	5,965	1,443	3	(1,340)	–	6,071
Net profit from consolidated subsidiaries						1,946
Aliexpress Russia JV						(478)
O2O JV						(3,313)
Uchi.ru						46
Net loss						(1,799)

5 Operating segments (continued)

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

	Communications and Social	Games	EdTech	New initiatives	Eliminations	Group
Revenue						
External revenue	12,397	7,684	738	1,387	–	22,206
Intersegment revenue	–	17	–	14	(31)	–
Total revenue	12,397	7,701	738	1,401	(31)	22,206
Total operating expenses	5,791	7,157	675	2,998	(31)	16,590
EBITDA	6,606	544	63	(1,597)	–	5,616
Net profit from consolidated subsidiaries						2,093
Aliexpress Russia JV						(245)
O2O JV						(2,015)
Net loss						(167)

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, 2021 and 2020 is presented below:

	2021	2020
Group aggregate segment revenue, as presented to the CODM	28,290	22,206
Adjustments to reconcile revenue as presented to the CODM to consolidated revenue under IFRS:		
Differences in timing of revenue recognition	(555)	(584)
Consolidated revenue under IFRS	27,735	21,622

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, 2021 and 2020 is presented below:

	2021	2020
Group aggregate segment EBITDA, as presented to the CODM	6,071	5,616
Adjustments to reconcile EBITDA as presented to the CODM to consolidated loss before income tax expenses under IFRS:		
Differences in timing of revenue recognition	(555)	(584)
Net gain/(loss) on venture capital investments	5	(41)
Share-based payment transactions	(306)	(429)
Other	(25)	(26)
EBITDA	5,190	4,536
Depreciation and amortisation	(4,430)	(3,383)
Share of loss of equity accounted associates and joint ventures	(3,289)	(2,823)
Finance income	130	119
Finance expenses	(962)	(611)
Other non-operating loss	(135)	(120)
Net gain on derivative financial assets and liabilities at fair value through profit or loss	1,294	211
Goodwill impairment	–	(6,430)
Gain on remeasurement of previously held interest in equity accounted associate	–	46
Impairment of equity accounted associates	–	(222)
Net foreign exchange loss	(600)	(342)
Consolidated loss before income tax expense under IFRS	(2,802)	(9,019)

5 Operating segments (continued)

A reconciliation of group aggregate net loss, as presented to the CODM, to IFRS consolidated net loss of the Group for the three months ended March 31, 2021 and 2020 is presented below:

	2021	2020
Group aggregate net loss, as presented to CODM	(1,799)	(167)
Adjustments to reconcile net loss as presented to the CODM to consolidated net loss under IFRS:		
Share-based payment transactions	(306)	(429)
Differences in timing of revenue recognition	(555)	(584)
Amortisation of fair value adjustments to intangible assets	(1,006)	(791)
Net gain on financial instruments at fair value through profit or loss	1,300	170
Net loss on financial liabilities at amortised cost	(216)	–
Goodwill impairment	–	(6,430)
Gain on remeasurement of previously held interest in equity accounted associate	–	46
Net foreign exchange loss	(600)	(342)
Differences in recognition of net share in loss of equity accounted associates and joint ventures	456	(563)
Impairment of equity accounted associates	–	(222)
Other non-operating loss	(236)	(120)
Other	(19)	(21)
Tax effect of the adjustments	524	321
Consolidated net loss under IFRS	(2,457)	(9,132)

6 Business combinations

There were no business combinations for the three months ended March 31, 2021. The note below discusses the business combinations that occurred during the comparative period of 2020.

As of March 31, 2021 the Group revised the fair value measurement of contingent consideration for Deus Craft and recognised a gain of RUB 330. The change in measurement is related to the revision of the performance of Deus Craft between 2021 quarters and lower performance for the three months ended March 31, 2021 due to revamped development approach with focus on strengthening of content delivery which ensures long-term performance improvement.

On March 24, 2021 the Group paid the contingent consideration for the acquisition of Native Roll of RUB 153.

6.1 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 RUB 309 (at the exchange rate as of the acquisition date) and settlement of pre-existing relationship in the amount of RUB 858 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 derecognised the equity accounted investment in InGame with a gain from remeasurement of previously held interest in equity accounted associates of RUB 46. The primary purpose of the acquisition of InGame was to enhance the Group’s position in the mobile games market.

In March 2021 the Group finalised purchase price allocation for InGame acquisition, which resulted in no change from provisional values.

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

	Fair value
Intangible assets	373
Trade accounts receivable	72
Other current assets	83
Cash and cash equivalents	292
Total assets	820
Deferred revenue	113
Deferred tax liabilities	33
Total liabilities	146
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 consideration	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	858
Consideration transferred by the Group	1,266
Over	
(b) The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed measured at fair values	674
Goodwill	592

Notes to the Interim Condensed Consolidated Financial Statements (continued)

6 Business combinations (continued)

6.1 InGame (continued)

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

7 Goodwill and other intangible assets

During the three months ended March 31, 2021, the Group capitalised software development costs and otherwise acquired intangible assets with a cost of RUB 1,731 (2020: RUB 814).

For the three months ended March 31, 2020, the Group recognised an impairment charge of RUB 2,496 against goodwill related to the Search CGU and RUB 3,934 against goodwill related to the Email, Portal and IM CGU.

For the three months ended March 31, 2021, the Group did not identify any indicators of impairment of goodwill.

8 Property and equipment

During the three months ended March 31, 2021, the Group acquired property and equipment with a cost of RUB 2,264 (2020: RUB 1,197).

9 Investments in equity accounted associates and joint ventures

The Group has investments in associates and joint ventures operating popular Internet websites and providing various services over the Internet. Investments in equity accounted associates and joint ventures as of March 31, 2021 and December 31, 2020 comprised the following:

		Voting shares		Carrying value	
	Main activity	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Joint ventures					
Aliexpress Russia Holding Pte. Ltd.	Cross-border marketplace	18%	18%	11,094	11,506
O2O Holding LLC	Russian platform in mobility and food-tech	50%	50%	21,199	24,694
Associates					
Uchi.ru LLC (Russia)	Educational portal	25%	25%	4,176	4,130
Inplat Holdings Limited (Cyprus)*	Operation of electronic online payment systems	17.76%	17.76%	–	564
Haslop Company Limited (Cyprus) and Russian subsidiaries (collectively, "Mamba")	Provides content for www.love.mail.ru, a vertical of the www.mail.ru portal operated by the Group	28.10%	28.10%	489	484
Others				604	570
Total				37,562	41,948

* Inplat Holdings Limited (Cyprus) (hereinafter – "InPlat") was reclassified to assets held for sale as presented in the table below and discussed in Note 10.

The above entities have the same reporting dates as the Company. None of the entities were listed on a public exchange as of March 31, 2021. Movement in investments in equity accounted associates and joint ventures for the three months ended March 31, 2021 is presented below:

	Three months ended March 31, 2021
Investments in equity accounted associates and joint ventures as of January 1	41,948
Additional contribution to equity accounted associates	103
Share in net losses of equity accounted associates and joint ventures	(3,289)
Dividends received	(870)
Reclassification to assets held for sale	(559)
Foreign currency translation adjustment	229
Investments in equity accounted associates and joint ventures as of March 31	37,562

Notes to the Interim Condensed Consolidated Financial Statements (continued)

10 Assets held for sale

Money.MaiLRu (LLC), VK Pay and InPlat

On February 12, 2021 Mail.ru Group, USM, Ant Group, Russian Direct Investment Fund (RDIF) and MeqaFon announced signing of binding agreements to create a payments joint venture (PJV) and a financial services joint venture (FSJV).

The Group will contribute to PJV its 100% stakes in subsidiaries (non-bank settlement credit institutions Money.MaiLRu (LLC) and VK Pay) and its 17.76% stake in an equity accounted associate (InPlat) in exchange for a 40% stake. The Group's contribution into FSJV will be of RUB 870 million in cash in exchange for a 5.95% stake in the FSJV. PJV and FSJV will work together to offer digital payment solutions and financial services around e-commerce sector in Russia. The deals are expected to close in 2021 after satisfying certain conditions including third party approvals.

As of March 31, 2021, the Group classified assets related to Money.MaiLRu (LLC), VK Pay and InPlat in the amount of RUB 2,248 as assets held for sale and liabilities directly associated with assets held for sale in the amount RUB 752 as the Group plans to recover the carrying value for those assets through the contribution to PJV.

Money.MaiLRu (LLC) is included in Communications and Social operating segment, VK Pay is included in New initiatives operating segment.

11 Other payables, accrued expenses and contingent consideration liabilities

Other payables and accrued expenses consist of the following:

	March 31, 2021	December 31, 2020
Accrued vacations	2,522	2,190
Payables to personnel	1,913	3,373
Contingent consideration liabilities	1,205	1,604
Other current payables and provisions	400	2,051
Total other payables and accrued expenses	6,040	9,218

12 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, 2021, based on the Group's segment reporting (Note 5) is presented below.

Segments	Communications and Social	Games	EdTech	New initiatives	Eliminations	Group
Timing of revenue recognition						
Services transferred at a point in time	10,582	2,103	11	1,850	(81)	14,465
Services transferred over time	2,836	8,848	2,141	–	–	13,825
Total revenue	13,418	10,951	2,152	1,850	(81)	28,290

Set out below is the disaggregation of the Group's revenue from contracts with customers for the three months ended March 31, 2020 (restated):

Segments	Communications and Social	Games	EdTech	New initiatives	Eliminations	Group
Timing of revenue recognition						
Services transferred at a point in time	9,521	1,304	20	1,401	(31)	12,215
Services transferred over time	2,876	6,397	718	–	–	9,991
Total revenue	12,397	7,701	738	1,401	(31)	22,206

13 Income tax

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

	Three months ended March 31,	
	2021	2020
Current income tax expense	412	618
Deferred income tax benefit	(757)	(505)
Total income tax (benefit)/expense	(345)	113

13 Income tax (continued)

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, 2021 and 2020 is as follows:

	Three months ended March 31,	
	2021	2020
Loss before income tax expense	(2,802)	(9,019)
Tax at domestic rates applicable to individual group entities	774	1,901
Non-deductible expenses	(162)	(361)
Non-taxable foreign exchange and other gains	409	389
Effect of changes in tax rates related to deferred revenue	155	–
Adjustments in respect of current income tax of previous year	(28)	(36)
Unrecognised deferred tax assets	(71)	(149)
Share of results of equity associates and joint ventures	(723)	(565)
Goodwill impairment	–	(1,286)
Other	(9)	(6)
Total income tax benefit/(expense)	345	(113)

14 Commitments, contingencies and operating risks

14.1 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.

On March 11, 2020, the World Health Organization declared a new coronavirus infection (COVID-19) a pandemic. The global markets began to experience significant volatility. Together with other factors, this have resulted in a sharp decrease in the oil price, stock market indices and coal prices, as well as a depreciation of the Russian rouble. Responding to the potentially serious threat the COVID-19 presents to public health, the Russian and other countries government authorities have taken extensive measures to contain the outbreak, including imposing restrictions on the cross-borders movement of people, entry restrictions for foreigners and instructing business community to transfer employees to working from home. The scope and duration of these events remain uncertain and may have further significant influence on the economy and companies operating in this environment.

The management of the Group is taking necessary precautions to protect the safety and well-being of employees against the spread of COVID-19. The Group has developed plans for mitigating the impact on its business and has reviewed the economic environment; the demand for the Group's products; its available bank facilities; and the possible effects on its cash flow and liquidity position, including consideration of debt covenants.

Taking into account the above-mentioned measures and the Group's current operational and financial performance along with other currently available public information, the management of the Group does not anticipate significant adverse or favourable impact of the COVID-19 outbreak on the Group's financial position and operating results, except:

- *Social networks, Online Games and Vkontakte.* The Group saw an acceleration of demand during the pandemic, continued to demonstrate solid growth trends and expects sustainable growth for these groups of CGU's;
- *Email, Portal and IM, Search and ESForce.* In 2020, the Group revised a number of assumptions used for impairment test and recognised an impairment charge for these groups of CGU's. However, the management of the Group expects that the measures undertaken by the Russian and other countries government authorities shall reduce volatility and uncertainty in global markets and these groups of CGU's shall perform as in pre-crisis period in foreseeable future.

The management of the Group conducted a thorough analysis of the Group's receivables and did not identify any indicators that could significantly affect the measurement of the allowance for expected credit losses.

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, 2021 and December 31, 2020 all restrictive covenants are met.

However, it may be difficult to predict the impact of the COVID-19 in the medium and long term perspective. Management closely monitors the development of the situation and takes necessary measures to mitigate negative effects of the COVID-19 pandemic.

These interim condensed consolidated financial statements reflect management's assessment of the impact of the business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

14 Commitments, contingencies and operating risks (continued)

14.2 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.

Modifications of the Group's legal structure made from time to time may result in additional taxes, interest, and penalties in various jurisdictions. Any such taxes or penalties caused by the Group's structure or its modifications could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

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 recognised under IFRS, could be few times as high as income tax payable and VAT and other taxes payable reflected in the consolidated 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.

14.3 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.

14.4 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.

14.5 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.

14.6 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.

14.7 Regulation

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

New amendments to the Federal Law *On Information, Information Technologies and the Protection of Information* have been adopted:

- *The amendments clarifying the procedure for restricting access to the information disseminated in breach of copyright or related rights provisions.* In accordance with the applicable law, Internet (mobile) applications in breach of copyright and related rights provisions can be blocked following a court order. The procedure for blocking such applications is similar to the site access restriction process. The Law came into force on October 1, 2020.
- *The amendments regulating the social networks.* The new law introduces a concept of "social network" and defines the obligations for social network such as follows: it is prohibited to use a social network for illegal purposes, in particular, for committing criminal offenses, disclosing state secrets, disseminating information calling for mass riots, pornography materials, obscene language, placing information that is defaming business reputation, extremism and terrorism, and other information prohibited for distribution on the territory of the Russian Federation. Social networks have to monitor and delete some illegal information, such as: suicide, gambling, children pornographic images and other materials.

The social network is obliged to place an e-mail address and a form for user requests, and have to respond to user requests within 30 days. In addition, the social networks have to publish a report on the implementation of using measures to remove prohibited information. This Law came into force on February 1, 2021.

14 Commitments, contingencies and operating risks (continued)

14.7 Regulation (continued)

A new draft law to the Federal Law *On Information, Information Technologies and the Protection of Information* has been submitted to the State Duma that limits foreign participation in domestic audiovisual services (AVS) to 20%. This rule is similar to the regulation in mass media which was introduced in 2017.

New amendments to the Federal Law on *Personal data protection* have been adopted, regulating the use of personal data that is available to public. The new rules introduce a concept of "personal data permitted by the subject for dissemination" and determine how such data could be processed and used. In particular, such personal data can be used by third parties only on the basis of the consent of the personal data subject. The Law came into force on March 1, 2021.

A new draft to the Advertising Law has been adopted by the State Duma in the first hearings regulating the placement of social advertisement on the Internet. The new rules establish certain requirements for social advertising. The advertiser or the advertising system is obliged to provide a placement for social advertisements on the Internet in the amount not less than that established by law. In the case of posting social advertising through a specialised operator, such advertising must be placed free of charge. For the purpose of making forecasts each advertiser or the advertising system has a duty to send the specialised operator reports on the forms, volumes and methods of advertising distribution. Failure to comply with these requirements may result in restrictive measures. The specialised operator is selected by the Russian government.

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.

14.8 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.

14.9 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.

14.10 Fund commitment

In April 2020 the Group entered into the venture capital fund MVOF L.P. as a limited partner. The purpose of the Fund is to carry on the business of investing and, in particular, of identifying, negotiating, making, monitoring the progress of and realising, exchanging or distributing investments. Main investment areas and geographic focus are the sectors of consumer internet, foodtech, EdTech, fintech, AI and modern software, and any other sectors which are generally complementary to such identified sectors in developed markets outside Russia. The Group has right to the share in the financial results of the Fund investments in the proportion of its participation.

The Group does not control or exercise significant influence over the Fund according to IFRS criteria as the Group does not manage relevant activities of the Fund. Investments in the Fund are accounted for as financial assets at fair value through profit or loss. As at March 31, 2021 the total capital commitment of the Group was RUB 9,276 (USD 122.5 million net of USD 14.7 million contributions made in 2021). As at December 31, 2020 the total capital commitment of the Group was RUB 10,137 (USD 137.2 million net of USD 12.8 million contributions made in 2020). Capital contributions to the Fund are made quarterly based on the capital call notices. Anticipated lifetime of the Fund is 10 years.

15 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, 2021 and March 31, 2020 as well as balances with related parties as of March 31, 2021 and December 31, 2020, 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
2021				
Equity accounted associates	126	4	193	10
Joint ventures	1,037	11	6,660	1,327
Entities with significant influence over the Group and other entities	149	39	113	14,413
2020				
Equity accounted associates	98	3	37	8
Joint ventures	654	–	3,201	788
Entities with significant influence over the Group and other entities	103	61	104	14,351

Entities with significant influence over the Group and other entities line include Sberbank and MegaFon and their respective subsidiaries.

15 Balances and transactions with related parties (continued)

15.1 The ultimate controlling party

The Group does not have an ultimate controlling party.

15.2 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 RUB 28 for the three months ended March 31, 2021 (2020: RUB 23).

No options over the shares of the Company were granted to Directors for the three months ended March 31, 2021 (2020: nil). During the three months ended March 31, 2021, Directors did not forfeit any RSUs or options (2020: nil), and exercised 15,000 RSUs over shares of the Company (2020: nil). The corresponding share-based payment expense was a negative RUB 44 for the three months ended March 31, 2021 (2020: negative RUB 54).

15.3 Key management of the Group

Total cash remuneration of the key management of the Group (excluding Directors) amounted to RUB 360 for the three months ended March 31, 2021 (2020: RUB 239).

For the three months ended March 31, 2021, no RSUs or options were granted to key executive employees of the Group (excluding Directors) (2020: nil RSUs). During the three months ended March 31, 2021, key management of the Group (excluding Directors) did not forfeit any RSUs or options (2020: nil) and exercised 12,500 RSUs and options (2020: 60,000). The corresponding share-based payment expense amounted to RUB 191 for three months ended March 31, 2021 (2020: RUB 193).

16 Financial instruments

The carrying amounts of the Group's financial instruments approximated their fair values as of March 31, 2021 and December 31, 2020 and are presented by category of financial instruments in the table below:

	Category*	March 31, 2021	December 31, 2020
Financial assets at fair value through profit and loss			
Non-current			
Financial investments in venture capital investees	FAFVPL	2,387	1,265
Convertible loans	FAFVPL	741	565
Financial derivative under lease contract	FAFVPL	438	475
Financial assets at amortised cost			
Trade accounts receivable	FAAC	14,777	16,707
Loans and interest receivable	FAAC	6,675	2,863
Cash and cash equivalents	FAAC	34,552	39,297
Total financial assets		59,570	61,172
Financial liabilities at fair value through profit and loss			
Current			
Contingent consideration liabilities	FLFVPL	1,205	1,604
Non-current			
Conversion option of bond issue	FLFVPL	2,441	3,506
Financial liabilities at amortised cost			
Current			
Trade accounts payable	FLAC	12,996	10,923
Other payables and accrued expenses	FLAC	4,835	7,614
Short-term portion of long-term interest-bearing loans	FLAC	4,822	3,718
Short-term lease liabilities	FLAC	3,902	3,861
Non-current			
Long-term interest-bearing loans and bonds	FLAC	40,454	41,497
Non-current lease liabilities	FLAC	12,564	11,338
Total financial liabilities		83,219	84,061

* 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.

16 Financial instruments (continued)

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.

16.1 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; and
- Cash and cash equivalents.

16.2 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); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of March 31, 2021 and December 31, 2020 the Group held the following financial instruments measured at fair value through profit or loss:

	March 31, 2021	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss				
Financial investments in venture capital investees	2,387	–	–	2,387
Convertible loans	741	–	–	741
Financial derivative under lease contract	438	–	–	438
Total financial assets measured at fair value through profit or loss	3,566	–	–	3,566
Financial liabilities measured at fair value through profit or loss				
Contingent consideration liabilities	1,205	–	–	1,205
Conversion option of bond issue	2,441	–	2,441	–
Total financial liabilities measured at fair value through profit or loss	3,646	–	2,441	1,205

	December 31, 2020	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss				
Financial investments in venture capital investees	1,265	–	–	1,265
Convertible loans	565	–	–	565
Financial derivative under lease contract	475	–	–	475
Total financial assets measured at fair value through profit or loss	2,305	–	–	2,305
Financial liabilities measured at fair value through profit or loss				
Contingent consideration liabilities	1,604	–	–	1,604
Conversion option of bond issue	3,506	–	3,506	–
Total financial liabilities measured at fair value through profit or loss	5,110	–	3,506	1,604

16 Financial instruments (continued)

16.2 Fair value hierarchy (continued)

The balance of financial assets and liabilities at fair value through profit or loss measurements as of January 1, 2021 is reconciled to the balance of those measurements as of March 31, 2021 as follows:

	Balance as of January 1, 2021	Gains/(losses) recognised in profit and loss	Purchases/ settlement	Balance as of March 31, 2021
Financial assets measured at fair value through profit or loss				
Financial investments in venture capital investees	1,265	5	1,117	2,387
Convertible loans	565	(133)	309	741
Financial assets and derivatives under lease contracts	475	(37)	–	438
Total financial assets at fair value through profit or loss	2,305	(165)	1,426	3,566
Financial liability measured at fair value through profit or loss				
Contingent consideration liabilities	(1,604)	399	–	(1,205)
Conversion option of the bond issue	(3,506)	1,065	–	(2,441)
Total financial liabilities measured at fair value through profit or loss	(5,110)	1,464	–	(3,646)

The balance of financial assets and liabilities at fair value through profit or loss 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) recognised 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)

16.3 Interest-bearing loans and bonds

The table below represents the major loans and bonds as of March 31, 2021 and December 31, 2020:

	Original currency	Interest rate	Maturity date	Outstanding amount as of March 31, 2021	Outstanding amount as of December 31, 2020
Raiffeisen bank RUB loan	RUB	7.2%	March 6, 2023	5,248	5,905
Sberbank RUB 14.3 bln loan	RUB	6.67%	December 26, 2024	14,354	14,354
LSE Convertible USD 400 mln bonds	USD	1.625%	October 1, 2025	25,674	24,956

Total undrawn amount under the loan agreements was RUB 19,769 as of March 31, 2021 (December 31, 2020: 19,769).

Movements in loans and bonds, including related interest, for the three months ended March 31, 2021 are presented below:

	January 1, 2021	Principal amount, proceeds	Principal amount, repayment	Interest, accrual	Interest, repayment	Reclassification from current to non-current	Foreign exchange differences	March 31, 2021
Current interest bearing loans	3,718	–	–	338	(342)	1,108	–	4,822
Non-current interest bearing loans	16,541	–	(653)	–	–	(1,108)	–	14,780
Convertible bonds	24,956	–	–	339	(246)	–	625	25,674
Total liabilities from financing activities	45,215	–	(653)	677	(588)	–	625	45,276

16.4 Loans issued

On February 10, 2021 the Group granted a loan to O2O JV in the amount of RUB 3,700 with maturity date of June 30, 2021 and an interest rate of 7.2%.

17 Events after the reporting date

In March 2021 the Board approved a Performance Stock Unit Plan (the "PSU Plan") for grants that vest by reference to financial KPIs, with such PSUs, if vested and exercised, resulting in the holders of the PSUs acquiring Mail.ru Global Depository Receipts tradable on the London and Moscow Stock Exchanges.

On April 7, 2021 the Group granted a loan to O2O JV in the amount of RUB 2,125 with maturity date of June 30, 2021 and an interest rate of 7.2%. The additional resources will be used for scaling the O2O JV business and verticals.