

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Trade and Finance



Bachelor Thesis

**Assessment of the Financial Position and Performance of
the Chosen Companies in a Social Media Industry**

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BACHELOR THESIS ASSIGNMENT

Diana Istomina

Business Administration

Thesis title

Assessment of the Financial Position and Performance of the Chosen Companies in the Social Media Industry

Objectives of thesis

The aim of this bachelor thesis is to assess the financial position and performance of the chosen companies in the social media industry by analyzing the company's financial statements with focus on the representation and changes of the reported assets, liabilities, expenses and revenues for a chosen period and to identify the potential financial problems and the most significant factors influencing the profit.

Methodology

Methodology for the literature overview is based on data collection from the relevant legal framework, specialized publications and other written or online sources. The practical part of the thesis will be based on the information gained from the published annual reports of the chosen companies. Vertical and horizontal analysis and ratio analysis of the financial statements will be used to assess the financial position and performance of the companies and to prepare the practical part of the thesis. The methods of analysis, synthesis, comparison and deduction will be used to formulate the conclusions of the thesis.

The proposed extent of the thesis

40-50

Keywords

financial statements, financial analysis, financial position, balance sheet, assets, liabilities, equity, financial performance, Income statement, expenses, revenues, profit, cash flow, social media industry

Recommended information sources

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Prague on 02. 03. 2024

Declaration

I declare that I have worked on my bachelor thesis titled "**Assessment of the Financial Position and Performance of the Chosen Companies in a Social Media Industry** " by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break any copyrights.

In Prague on 15.03.2024

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I would like to thank Ing Enikő Lőrinczová, Ph.D. for her advice and support during my work on this thesis and I would like to thank my parents for their believing in me during my way.

Assessment of the Financial Position and Performance of the Chosen Companies in a Social Media Industry

Abstract

This bachelor thesis deals with the assessment of the financial position and financial performance of the well-known Russian social media company VK Company Limited, as well as its competitors from other countries such as Meta Platforms Inc. and Snap Inc. for comparison, evaluation, and conclusions. Assessment is carried out by analyzing the annual reports as a whole and financial parts separately, such as balance sheet, cash-flow statement, income statement, notes to determine changes in assets, liabilities, revenues, expenses, and profits. It helps to anticipate potential problems, identify strengths and weaknesses, and specify the main factors that affected the company's profit or loss during this period.

The methodology of the thesis is based on financial analysis such as vertical analysis to compare different components of financial statements within a reporting period and horizontal analysis to compare data during different reporting periods, ratio analysis, and comparative analysis.

In the conclusion, the author will give an assessment of the companies' financial position and performance.

Keywords: financial statements, financial analysis, financial position, balance sheet, assets, liabilities, equity, financial performance, income statement, expenses, revenues, profit, cash flow, social media industry

Zhodnocení finanční situace a výkonnosti vybraných společností v odvětví sociálních médií

Abstrakt

Tato bakalářská práce je věnována zhodnocení finanční pozice a finanční výkonnosti známé ruské sociální mediální společnosti VK a také jejich konkurentů jako Meta a Snap Inc. pro srovnání a vyhodnocení a závěry. Posouzení se provádí rozbořením výroční zprávy jako celku a jednotlivých částí, jako je rozvaha, výkaz peněžních toků, výsledovka, poznámky ke zjištění změn aktiv, pasiv, příjmů, výdajů. Pomáhá předvídat potenciální problémy, identifikovat silné a slabé stránky a specifikovat hlavní faktory, které v tomto období ovlivnily zisk nebo ztrátu společnosti.

Metodika bakalářské práce je založena na finanční analýze, jako je vertikální analýza pro porovnání různých složek finančních výkazů v rámci vykazovaného období a horizontální analýza pro porovnání dat během různých vykazovaných období, poměrová analýza, analýza struktury příjmů a výdajů a srovnávací analýza.

Na závěr autor podá finanční hodnocení finanční situace a výkonnosti společnosti

Klíčová slova: finanční výkazy, finanční analýza, finanční pozice, rozvaha, aktiva, pasiva, vlastní kapitál, finanční výkonnost, výkaz zisku a ztráty, náklady, výnosy, zisk, peněžní tok, průmysl sociálních médií

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1 Introduction

Virtual communication has become an integral part of any person of the 21st century. The social media industry is included in almost every sphere of modern human activity, from communication with friends and schoolmates to work issues and business negotiations. In addition, the social media industry has a huge impact on business development. Online advertising, mostly through social networks, has become a whole separate category of marketing, necessary for the existence of almost any business. A huge amount of money circulates through the social media industry daily. The author of this bachelor thesis is very interested in the mechanism of making a profit in this industry and in general the organization of activities from a financial point of view.

This interest of the author in the field of social networks from the financial aspect prompted to make a financial assessment of the position and performance of favorite company VK Company Limited, as well as its most significant competitors Snap Inc. and Meta Platforms Inc. to understand the current standing of the companies in this industry and the prospects for development.

The author of the bachelor's thesis conducts an analysis of companies using the most basic methods of financial analysis, such as vertical, horizontal, and ratio analysis. Moreover, to obtain the most reliable results of the analysis, the author relies on statistical facts, as well as the opinions of relevant experts and sources for this industry. The analysis will allow to draw key conclusions about the company's problems and the position of its competitors, as well as about the prospects for the development of VK Company Limited and social media in general.

Also, it is not proper to rely only on the author's subjective point of view on the state of these companies from the financial aspect. It is very important to have multiple points of view to get more accurate results.

2 Objectives and Methodology

2.1 Objectives

The aim of this bachelor thesis is to assess the financial position and performance of the chosen companies (the Russian social media company VK Company Limited; Meta Platforms Inc., and Snap Inc.) in the social media industry by analyzing the company's financial statements with focus on the representation and changes of the reported assets, liabilities, expenses and revenues for a chosen period and to identify the potential financial problems and the most significant factors influencing the profit.

2.2 Methodology

Methodology for the literature overview is based on data collection from the relevant legal framework, specialized publications and other written or online sources. The practical part of the thesis will be based on the information gained from the published annual reports of the chosen companies for years 2019 - 2022. Vertical, horizontal, and ratio analysis of the financial statements will be used to assess the financial position and performance of the companies and to prepare the practical part of the thesis. The methods of analysis, synthesis, comparison and deduction will be used to formulate the conclusions of the thesis.

The basic methods of the financial analysis are described in the theory part of the thesis. The horizontal analysis of the financial statement is calculated by using the chain year. In the vertical analysis of the financial statements, not all indicators were considered, but only the most important ones. The financial statements used for calculations in the practical part are attached in the appendix. The last published annual statements of the companies are for the financial year 2022.

The companies reported their amounts in their financial statements in millions dollars (Meta Platforms Inc.), thousand dollars (Snap Inc.) and million rubles (VK Company Limited). The reported amounts were not translated to a single currency, as any comparison would be made in %.

3 Literature Review

The literature review describes the social media industry, the accounting system in the world and Russia, the basic characteristics of the main financial statements and the selected methods of the financial analysis.

3.1 Characteristics of the Social Media Industry

3.1.1 History of the Social Media Industry

Social media is forms of electronic communication (such as websites for social networking and microblogging) through which users create online communities to share information, ideas, personal messages, and other content (such as videos). (Merriam-Webster Dictionary, 2023)

The era of media began in the early 19th century with the development of the steam-powered rotary press that allowed people to print and formed the newspaper industry. It was a real boom. Magazines and newspapers began to appear literally in everyone's hands. A little later, in addition to the newspaper industry, radio and television became popular in the 20th century. In the last decade of the 20th century, mass communications have undergone great changes, because of globalization, and the economic and political situation in different countries. And the transition of humanity to digital technologies had the greatest impact on the media. A real breakthrough in the transition from traditional media to digital media was the advent of the Internet in 1969 and the World Wide Web in 1990. This pushed humanity to develop social networks. (Goff, 2013)

Classmate.com, launched in 1995 by Randy Conrad and Jeff Tayler, is one of the prototypes of social networks. Classmate.com allowed users to browse the web of people who were also connected, but users could only create profiles or add friends years later. The first is a universally recognized social network in the world is SixDegrees.com. The social network was launched in 1997 by Andreas Weinreich and Andrew Weiss. SixDegrees.com allowed users to create profiles, list their friends, and view friend lists. SixDegrees.com was the first social network that combined these features and thus earned the title of a true social network. However, the social network did not exist very long and closed in 2000. From 1997 to 2001, a series of new social networks were launched. For example, AsianAvenue, BlackPlanet, MiGente, and others allowed users to create personal, professional, and dating profiles. Also, it is impossible not to mention the creation of LiveJournal - an online blogging

platform in 1999. LiveJournal allowed users to create their blogs and interact with other users.

The next wave of social networks began in the 2000s and dates back to the launch of the business networks: Ryze.com, Tribe.net, LinkedIn, MySpace, Facebook, YouTube, LinkedIn, Friendster, etc. (Edosomwan, et al., 2011)

For example, the launch of Friendster is considered an important event in the field of social networks. Friendster launched in 2002 as a social extension to Ryze. Friendster was designed to help friends of friends get to know each other. The developers believed that friends of friends would make better romantic partners than strangers. (Boyd & Ellison, 2007).

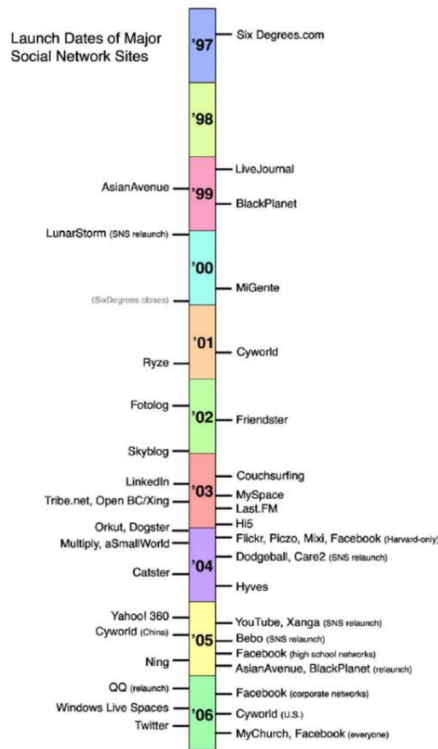
The MySpace social network was launched in 2003. In 2006, MySpace became the most popular social network in the United States. A unique feature of MySpace was the ability for users to customize their profile information - to provide detailed information about themselves and their hobbies.

The most significant event of the 2000s in the social media industry was the launch of Facebook. Facebook is a social networking website launched in February 2004 and is privately operated by Facebook, Inc. Facebook was founded by Mark Zuckerberg and other Harvard students. The site was originally intended only for Harvard students. Later it became available to the general population.

YouTube was founded in 2005 and it is the world's most popular online video community. YouTube is known for its wide range of user-generated video content including videos, TV clips, and music videos, as well as vlogs and short original videos. (Edosomwan, et al., 2011)

Figure 1 also shows a detailed chronology of the launch of key social networks.

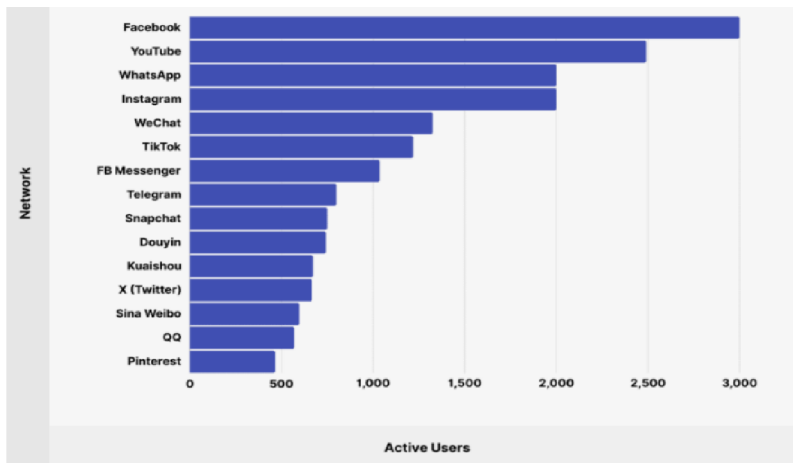
Figure 1 Launch dates of Major Social Network Sites



Source: (Boyd & Ellison, 2007)

There are a lot of social networks in the world. Figure 2 shows the most used social media networks worldwide. The leading social network with 3.03 billion active users is Facebook. Facebook belongs to Meta Platforms, Inc. Second most popular social network with 2.5 billion users is Youtube. WhatsApp, Instagram, WeChat, TikTok, FB Messenger, Telegram, Snapchat, and etc. are social networks that also popular around the world. (Dean, 2024)

Figure 2 Most used social media Platforms Worldwide



Source: (Dean, 2024)

3.1.2 History of the Social Media Industry in Russia

The history of social networks in Russia began with the registration of the ru-domain, known as Runet. Although the Soviet Union domain had already been registered earlier, the ru-domain still became a key factor in the development of online business and the media sector. Thus, in 1996 and 1997, the first Russian search engines Rambler and Yandex were registered. The second half of the 1990s became the era of the development of social media in Russia. The first online news media in Russia was Gazeta.ru, founded by Anton Nosik (who collaborated with the pro-Kremlin Foundation for Effective Politics) in 1999, and then in the same year, Lenta.ru was also launched by the same team.

The new era of Runet began in 2006, when Vkontakte.ru (VK) and Odnoklassniki.ru (OK.ru) were launched. Initially, VKontakte was conceived as a Russian analog of Facebook. VKontakte served as a network for university graduates and students. Odnoklassniki was launched to unite classmates. At the moment, these two social networks are the most popular in the CIS. (Solovyeva & Savin, 2020)

3.1.3 Popular Social Networks in Russia

Odnoklassniki is one of the leading social and content platforms in Russia and neighboring countries. The platform was launched on March 26, 2006, by Albert Popkov. It is a part of the VK holding. Odnoklassniki offers 16 languages, including Russian, and 37 million people in Russia use OK every month. Users are presented with a lot of features such as chatting in private messages and group chats, sharing photos and videos, music library. (insideok.ru, 2021)

VKontakte is a Russian social network created by Pavel Durov in

2006 This social network is most popular in the CIS countries, especially in Russia. Based on the social network, users are presented with a wide range of functions. Users can exchange information through publications, including text, video, and audio content, chat with other users, and create general chats. In addition, there is an audio and video library where all users can post their unique content. In addition, people can join groups and communities, write comments, and like posts. This is also a good network for scaling businesses through various promotion tools based on public communities. (Leontev, 2012)

Telegram is a messenger that was launched in October 2013 by Pavel Durov. In 2023, it passed 800 million monthly active users. It is popular due to confidentiality and user privacy. This service provides their users with a lot of functions such as message exchange

in private messages, secret chats, and auto-deleted chats, creating group chats and private and public channels. (Durov, 2016)

3.2 Statements of Financial Position and Performance, and Global Accounting Standards

There are several accounting standards in the world. Countries may have their own accounting standards. However, IFRS and US GAAP are the most commonly used. (Dick & Missonier-Piera, 2010)

International Financial Reporting Standards (IFRS) are specialized documents that set out certain rules necessary for the preparation of consolidated financial statements. These documents contain information that is necessary for potential shareholders, investors, partners, etc. to make economic decisions regarding the organization. (IFRS Foundation, 2018)

International Financial Reporting Standards (IFRS) are Standards and Interpretations issued by the International Accounting Standards Board (IASB). They comprise: International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations.

The IFRS Foundation has so far assessed the use of their Standards in 166 jurisdictions and 144 of 166 jurisdictions require the use of IFRS Standards for all or most publicly accountable companies. (IFRS Foundation, 2018)

GAAP also referred to as **US GAAP** is a set of detailed accounting guidelines and standards meant to ensure publicly traded U.S. companies are compiling and reporting clear and consistent financial information. GAAP is managed and published by the Financial Accounting Standards Board (FASB), which regularly updates the list of principles and standards. (Chauncey, 2022)

In addition, IFRS and US GAAP have a huge number of differences in their use. The author has identified the most important:

- IFRS is used globally and GAAP is only used in the United States. However, some U.S. companies also use IFRS. Publicly traded domestic companies are required to follow GAAP guidelines, but private companies can choose which financial standard to follow. Some companies in the U.S. may use dual reporting.
- US GAAP (Generally Accepted Accounting Principles) are rule-based, while IFRS is principles-based. (Dick & Missonier-Piera, 2010)

- The Cash Flow Statement is also different under IFRS and GAAP. For example, IFRS assumes flexible conditions of classifying interest paid, dividends paid, dividends received, and interest received. The interest paid and dividends paid can be attributed to the operational or financial section of the cash flow statement, and interest received and dividends received can be attributed to the operational or investment sections. Under GAAP, there is a strict framework for classifying interest paid, dividends paid, dividends received, and interest received.

- GAAP and IFRS differ in the processing of inventory valuation. GAAP permits all 3 approaches to inventory valuation (FIFO, LIFO, and weighted average), while IFRS permits only FIFO and weighted average. (Gavin, 2019)

Statements of the financial position and financial performance:

There are 3 main financial statements: balance sheet; income statement; cash flow statement. These financial statements are important for both internal management of the company and external investors. Other financial statements include the statement of changes in equity and the notes to the financial statements. A complete set of financial statements according to the IAS 1 includes:

- a statement of financial position (balance sheet) at the end of the period
- a statement of profit or loss and other comprehensive income for the period
- a statement of changes in equity for the period
- a statement of cash flows for the period
- notes, comprising a summary of significant accounting policies and other explanatory notes (IAS 1, 2023) (Deloitte, 2018)

The balance sheet presents the financial picture of the enterprise on one particular day, an instant in time, the date it was written. It shows what the enterprise has today (assets); how much the enterprise owes today (liabilities); what the enterprise is worth today (equity) and forms the basic accounting equation that is presented by equation 1. Also, balance sheet is called as the statement of financial position. (Ittelson, 1998)

Equation 1 Basic accounting equation

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

Source: (Business LibreTexts, 2023)

The income statement is a financial statement that gives information about the profitability of the business over a specific accounting period. Also, it is called as statement of financial performance. It reports the company's revenues, expenses and profit. (Ittelson, 1998)

Cash flow statement tracks the movement of cash through the business over a period of time. The sections of the cash flow statement are operating activities, investing activities and financing activities. (Ittelson, 1998)

3.3 Accounting Framework in Russia

3.3.1 IFRS in Russia

In the 1990s, Russia adopted the concept of accounting reform, which is based on the postulate that national accounting standards should be as close as possible to international ones, but at the same time, it is necessary to take into account national specifics. (Smagina, 2020)

In the Russian Federation, the implementation of IFRS began in 2011, after the approval of the Order of the RF Ministry of Finance "On enactment of the IFRSs and interpretations of IFRSs in the RF" dated November 25, 2011 No. 160n. Repealed as of February 9, 2016, based on Order of the Ministry of Finance of the Russian Federation No. 217n dated December 28, 2015. (docs.cntd.ru, 2011)

In Russia, IFRS in full is mandatory for use only by certain organizations: credit institutions; insurance companies (except compulsory medical insurance); non-governmental pension funds; management companies of investment funds, mutual funds and non-governmental pension funds; clearing companies; Federal state unitary enterprises included in a special list approved by the Government of the Russian Federation; joint-stock companies whose shares are owned by the state; companies whose securities are admitted to organized trading (Article 2 of Federal Law № 208-FZ «On Consolidated Financial Statements» dated July 27, 2010). (minfin.gov.ru, 2010)

3.3.2 RAS (Russian Accounting Standards)

However, not all organizations are required to use IFRS, many Russian firms use RAS (Russian Accounting Standards).

RAS (Russian Accounting Standards) is a set of norms of federal legislation of Russia and (PBU), published by the Ministry of Finance of the Russian Federation, which regulate accounting rules.

Russian accounting standards (RAS) are regulated by the (Federal Law on Accounting No. 402-FZ dated December 6, 2011) and are mandatory for use on the territory of the Russian Federation. (ConsultantPlus, 2011)

3.4 Selected Financial Analysis Methods

Financial analysis is the use of financial statements to analyze a company's financial position and performance and to assess future financial performance.

The main methods of financial analysis are horizontal analysis, vertical analysis, and ratio analysis. (Subramanyam, 2013)

Horizontal analysis — comparison of each reporting item with the previous period. This method makes it possible to identify trends in the change of reporting items or their groups and, based on this, calculate the basic growth rates. The value of the results of the horizontal analysis is significantly reduced in terms of inflation, but these data can be used in inter-farm comparisons. (Bank, et al., 2007)

Trend Analysis is a variant of horizontal analysis that compares each reporting position with several previous periods and determines the trend, i.e. the main trend in the dynamics of the indicator, cleared of random influences and individual characteristics of the periods. This analysis is forward-looking. (Bank, et al., 2007)

Vertical (structural) analysis — determination of the structure of its financial indicators with the identification of the impact of each reporting position on the final result, i.e. in the process of structuring. (Bank, et al., 2007)

Financial ratios are relative indicators that characterize various aspects of financial condition, calculated as a ratio of financial reporting and financial accounting indicators. (Krylov, 2016)

Financial ratios are classified according to the objective of analysis as profitability ratios, efficiency ratios, liquidity ratios, solvency ratios, and market ratios.

Profitability ratios:

Profitability ratios help to determine the overall effectiveness of management about the profit received from sales and investments. Profitability ratios are used to determine the

ability of a firm to make a profit at different levels. That is why there are several indicators for analyzing the success of a company in making a profit. (Goel, 2015)

Return on Assets (ROA)

This ratio is an important indicator for the management decision making process. ROA shows how profitable the company's assets generate revenue. The simplest formula for calculating ROA is to divide net profit (net income) by total assets. However, there are other variations of the formula. (Helfert, 1987)

Equation 2 Return on Assets (ROA) formula

$$\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}}$$

Source: (Boyte-White, 2022)

Return on Equity (ROE)

Return on equity is a measure of a business's profitability relative to its equity capital. One of the basic formulas for calculating Return on Equity (ROE) is to divide net profit (net income) by Shareholder's equity. In addition, there are other formulas for determining this ratio. (Helfert, 1987)

Equation 3 Return on Equity (ROE) formula

$$\text{ROE} = \frac{\text{Net Income}}{\text{Shareholder's Equity}}$$

Source: (Jenson, 2020)

Efficiency ratios:

Efficiency ratios or asset turnover ratios indicate how efficiently the firm utilizes its assets. Two commonly used asset turnover ratios are receivables turnover and inventory turnover.

Liquidity ratios:

Liquidity ratios provide information about a firm's ability to meet its short-term financial obligations. These ratios are extremely useful for those who provide a short-term loan to the company. Two commonly used liquidity ratios are the current ratio (or working capital ratio) and the quick ratio. The main purpose of liquidity ratios is to determine whether a business has enough assets that can be easily converted into cash to meet its current obligations. (Goel, 2015)

Current ratio

The current ratio measures a company's current assets to its current liabilities. This is an indicator of the sufficiency of current assets to cover current liabilities as they arise. A higher ratio is better, implying that the firm has a larger volume of current assets compared to current liabilities and should be able to easily repay its short-term debt. On the other hand, a very high current liquidity ratio means unoccupied current assets. As a rule, the ideal current ratio is considered to be 2:1. (Goel, 2015)

Equation 4 Current ratio formula

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Source: (Stockmaster, 2022)

Solvency ratios:

Solvency ratios or financial leverage ratios indicate the long-term strength of a firm. The relative debt load of a business is its “leverage.” Financial leverage ratios measure the extent to which a firm uses long-term debt and what is the firm's degree of financial risk. A high degree of solvency indicates that a company's cash flows are consistent enough to make periodic payments of interest and principal. In practice, bankers often include leverage ratios as debt covenants in contractual agreements. Bankers want to ensure that the organization can operate in difficult times financial periods. (Goel, 2015)

Debt to Equity ratio

The debt-to-equity ratio is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets. Debt to Equity ratio is calculated according to the formula of the sum of current liabilities and all types of long-term debt to total net worth (equity) (Helfert, 1987)

Equation 5 Debt to Equity formula

$$\text{Debt-to-Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Shareholders' Equity}}$$

Source: (Business Literacy Institute, 2016)

Market Ratios:

Market ratios provide insight into a firm's market trends and future growth prospects. The two most commonly used ratios are book value per share and the price-to-earnings ratio. (Goel, 2015)

4 Practical Part

For the practical part, the author chose VK Company Limited as the main company for the assessment of financial position and performance. The comparison was made with competitors Snap Inc. and Meta Platforms Inc., based on vertical and horizontal analysis, as well as ratio analysis. The years 2019, 2020, 2021, and 2022 were taken for the analysis. All data is manually collected by the author based on the financial statements published by Meta Platforms Inc., VK Company Limited. and Snap Inc. on their official websites. The chain method was applied to conduct a horizontal analysis. This method consists of comparing changes in indicators as a percentage from year to year. The essence of vertical analysis is to calculate the percentage of each specific item in the financial statements from the total base number. Not all indicators were considered, but only the most important ones.

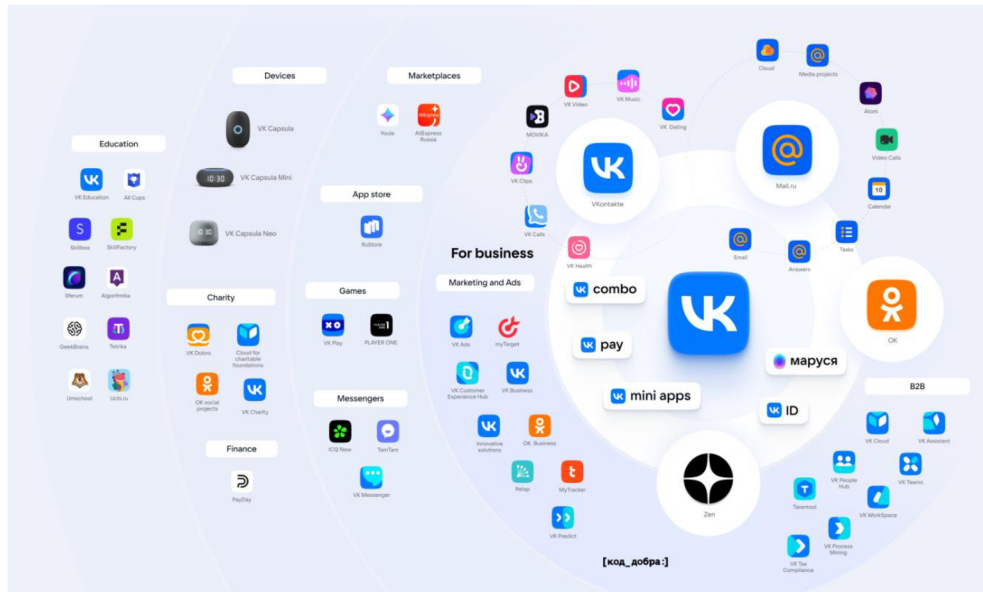
4.1 Characteristics of the Chosen Companies

4.1.1 VK Company Limited

VK Company Limited (hereinafter referred as “VK” or “the Company”) is the largest Russian technology company by the number of users. The Company was registered on 4 May 2005. Until 2023 VK was registered in the British Virgin Islands. (VK Company Limited, 2023) On September 26, 2023, the Company changed its registration address and is currently registered in a special administrative region on Oktyabrsky Island in the Kaliningrad Region of the Russian Federation as VK International Public Joint-Stock Company (“VK IPJSC”). (VK Company Limited, 2023).

VK provides digital products that are useful in everyday tasks, such as communication, education, and leisure. VK also has an advantage for entrepreneurs, as it provides many tools for business development and promotion. The Company offers more than 200 projects in different areas, such as social networks, media and entertainment, education, productivity, games, messengers, social services, and others. Figure 3 shows all the Company's projects. The most popular Company's projects are the social network Vkontakte, which is the most famous social network in Russia; social network Odnoklassniki; blogging platform Zen; e-mail Mail.ru as well as the educational platform Skillbox. (VK Company Limited, 2023)

Figure 3 VK's projects



Source: (VK Company Limited, 2024)

The Company has more than 10,000 employees who work every day to develop a unified and convenient ecosystem. Until 2021, the Company was known as Mail.ru Group. However, for the convenience of users, the Company decided to create a single ecosystem and change its name to VK. (VK Company Limited, 2023)

Mail.ru Group was created in 2010 based on the Digital Sky Technologies fund, which invested money in technology projects. The Digital Sky Technologies fund was created in 2005 by Yuri Milner and Grigory Finger. (Chernyakova, 2023)

VK identifies 4 main business segments: "Social Networks and Content Services", "Educational Technologies", "Technologies for Business" and "New Business Areas, etc". VK's Key Segment is Social Network and Content Services. This segment accounts for almost three-quarters of the Company's revenue. (VK Company Limited, 2023)

It is also important to note that due to sanctions in the Russian Federation, trading of VK GDRs on the London Stock Exchange was suspended on March 3, 2022. As a result, the Company is experiencing some difficulties. (VK Company Limited, 2022)

4.1.2 Meta Platforms Inc.

Meta Platforms Inc (until October 28, 2021 - Facebook Inc), (hereinafter referred as "Meta" or "the Company") is an international technology conglomerate. Meta develops

technologies to help people connect, find community, and grow businesses. Meta is headquartered in California and was launched in 2004 by Mark Zuckerberg.

Meta divides their products into two key groups: Family of Apps Products and Reality Labs Products.

Family of Apps Products includes Facebook; Instagram; Messenger; and WhatsApp.

Many investments of Meta are aimed at long-term advanced research and development of products that are not yet on the market. According to the plan, these products can be fully established only in the next decade. This includes exploring new technologies such as neural interfaces using electromyography, which allow people to control their devices using neuromuscular signals; and innovations in artificial intelligence (AI) and hardware that are helping to create new generation interfaces. At the moment Meta already offers some products from the series Reality Labs Products: Meta Quest; Meta Quest Store; Horizon World; Horizon Workrooms; Meta Reality in Meta Quest Pro; Ray-Ban Stories smart glasses; and Meta Spark. (Meta Platforms, 2023)

Figure 4 shows the chronology of the launch of the Company's most famous products.

Figure 4 Main historic dates of Meta



Source: (Meta Platforms Inc., 2024)

4.1.3 Snap Inc.

Snap Inc. (hereinafter referred as “Snap or “the Company) is a technology company registered in Santa Monica, California. (Snap Inc., 2023) The Company was founded in 2011 by Stanford University students Evan Spiegel, Reggie Brown, and Bobby Murphy. The main idea of the project was disappearing photographs. In July 2011, the co-founders created Picaboo, the predecessor to Snapchat, and renamed the company Snapchat in September 2011. (O’Connell, 2020)

The Company offers many products such as Snapchat, a visual messaging app with various tabs such as Camera, Visual Messages, Card Snap, Stories, and Spotlight. The Company also offers Spectacles glasses, which connect to Snapchat and capture photos and

videos from a human perspective, as well as advertising products including AR ads and Snap ads. (Snap Inc., 2023)

Even though Snap is one of the leading projectors in the field of social media, the Company has never been profitable since its foundation. Virtually all of the Company's revenue is generated from third-party advertising on Snapchat. Namely, in 2022 and 2021, advertising revenue accounted for approximately 99% of the Company's total revenue that's why the Company is very sensitive to the ability to track user activity. For example, In 2021 Apple released an iOS update that imposed increased restrictions on access and the Company's use of user data. Thus, the Company faced several difficulties which led to losses. The Company also actively invests money in the research and development of new innovative technologies, which also leads to high costs. For example, Snap actively invests in the development of Spectacles. Increased competition from Instagram and TikTok also leads to losses as users often choose competing companies. (Snap Inc., 2023)

4.2 Financial Analysis, Meta

4.2.1 Horizontal Analysis of the Financial Position and Performance, Meta

First of all, the author examined the balance sheet (statement of financial position) of Meta, which represents assets, liabilities, and equity, based on which conclusions were drawn about the pattern of the Company's development in recent years. Not all balance sheet values were assessed, but only the most key ones.

Table 1 Horizontal Analysis of the Balance Sheet for 2019-2022 (Assets), Meta

(In millions)	2022	2021	2020	2019	2022/2021		2021/2020		2020/2019	
					Diff(+)	%	Diff(+)	%	Diff(+)	%
Assets										
Current assets										
Cash and cash equivalents	14,681	16,601	17,576	19,079	-1,920	-12%	-975	-6%	-1,503	-8%
Marketable securities	26,057	31,397	44,378	35,776	-5,340	-17%	-12,981	-29%	8,602	24%
Accounts receivable, net	13,466	14,039	11,335	9,518	-573	-4%	2,704	24%	1,817	19%
Prepaid expenses and other current assets	5,345	4,629	2,381	1,852	716	15%	2,248	94%	529	29%
Total current assets	59,549	66,666	75,670	66,225	-7,117	-11%	-9,004	-12%	9,445	14%
Non-marketable equity securities	6,201	6,775	6,234	86	-574	-8%	541	9%	6,148	7149%
Property and equipment, net	79,518	57,809	45,633	35,323	21,709	38%	12,176	27%	10,310	29%
Operating lease right-of-use assets	12,673	12,155	9,348	9,460	518	4%	2,807	30%	-112	-1%
Intangible assets, net	897	634	623	894	263	41%	11	2%	-271	-30%
Goodwill	20,306	19,197	19,050	18,715	1,109	6%	147	1%	335	2%
Other assets	6,583	2,751	2,758	2,673	3,832	139%	-7	0%	85	3%
Total assets	185,727	165,987	159,316	133,376	19,740	12%	6,671	4%	25,940	19%

Source: own processing based on the Consolidated Statement of Financial Position - Balance Sheet of Meta, 2019-2022

Table 1 represents a horizontal analysis of Meta assets. In general, the dynamics of total assets during 2019 -2022 remained positive. Total assets increased by 19% and 4% in

2020 and 2021, respectively, despite the pandemic of Coronavirus. In 2022 the increase was by 12%. Looking at the current assets, there was an increase of 14% in 2020, but it was followed by a decrease of 12% in 2021, and subsequently by 11% in 2022. Based on the annual report of the Company. The decrease in 2021 was primarily due to repurchases of the Company's Class A common stock and capital expenditures. The same reason for the decline was in 2022. Overall, the Company has growth in its non-current assets over the entire period. Namely, The Company is actively investing in non-marketable equity securities and property and equipment. The largest growth of non-marketable equity securities was recorded between 2019 and 2020 of 7149% due to an investment of \$5.82 billion in Jio Platforms (Jio), as a subsidiary of Reliance Industries Limited. However, in 2022 Meta had a small decrease of 8% in this category. During the period 2019-2022, the growth of property and equipment was between 27% and 38%. The property and equipment will generate economic benefits and contribute to revenue for many years. This means that the Management of the Company believes in the long-term prospects and profitability of the Company. For a more detailed analysis of the Company's balance sheet, it is worth referring to the table 2, which shows equity and liabilities.

Table 2 Horizontal Analysis of the Balance Sheet for 2019-2022 (Equity and Liabilities), Meta

(In millions)					2022/2021		2021/2020		2020/2019	
	2022	2021	2020	2019	Diff(+)	%	Diff(+)	%	Diff(+)	%
Current liabilities:										
Accounts payable	4,990	4,083	1,331	1,363	907	22%	2,752	207%	-32	-2%
Partners payable	1,117	1,052	1,093	886	65	6%	-41	-4%	207	23%
Operating lease liabilities, current	1,367	1,127	1,023	800	240	21%	104	10%	223	28%
Accrued expenses and other current liabilities	19,552	14,873	11,534	12,004	4,679	31%	3,339	29%	-470	-4%
Total current liabilities	27,026	21,135	14,981	15,053	5,891	28%	6,154	41%	-72	0%
Operating lease liabilities, non-current	15,301	12,746	9,631	9,524	2,555	20%	3,115	32%	107	1%
Long-term debt	9,923	0	0	0	9,923	100%	0	0%	0	0%
Other liabilities	7,764	7,227	6,414	7,745	537	7%	813	13%	-1,331	-17%
Total liabilities	60,014	41,108	31,026	32,322	18,906	46%	10,082	32%	-1,296	-4%
Commitments and contingencies										
Stockholders' equity										
Additional paid-in capital	64,444	55,811	50,018	45,851	8,633	15%	5,793	12%	4,167	9%
Accumulated other comprehensive loss	-3,530	-693	927	-489	-2,837	409%	-1,620	-175%	1,416	-290%
Retained earnings	64,799	69,761	77,345	55,692	-4,962	-7%	-7,584	-10%	21,653	39%
Total stockholders' equity	125,713	124,879	128,290	101,054	834	1%	-3,411	-3%	27,236	27%
Total liabilities and stockholders' equity	185,727	165,987	159,316	133,376	19,740	12%	6,671	4%	25,940	19%

Source: own processing based on the Consolidated Statement of Financial Position - Balance Sheet of Meta, 2019-2022

Looking at the Company's total liabilities in Table 2, it is possible to see an increase of 32% in 2021 compared to 2020, and also 46% in 2022 compared to 2021. Much of the increase in total liabilities in 2022 is due to long-term debt that appeared in the 2022 balance sheet. According to the Company's annual report, in August 2022, the Company issued senior unsecured fixed-rate unsecured notes for a total amount of USD 10 billion. After discounts and debt offering costs, the company received a net \$9.92 billion cash. The author

assumes that the company will use this cash for repurchases of the company's Class A common stock. The author also suggests that this share buyback policy is related to increasing earnings per share, as well as preventing the acquisition of a controlling stake that could lead to a takeover of the company. However, total current liabilities also increased by 41% in 2021 compared to 2020 which could be related to the coronavirus epidemic and the need to raise additional funds, and by 28% in 2022. This does not mean that the Company has serious financial problems. On the contrary, the fact is that the company borrows money for further development and expansion, as well as for the growth of the stock price in the market. Regarding the company's equity, the greatest growth was noted by 27% in 2020 relative to 2019. In 2021 there was a slight decrease of 3% and again an increase in 2022 by 1% which are indicators of a healthy balance.

Having considered the Company's balance sheet, it is also important to focus on its income statement which shows the Company's revenue as well as its expenses and Company's profit or loss.

Table 3 Horizontal Analysis of the Income Statement for 2019-2022, Meta

(In millions)	2022	2021	2020	2019	2022/2021		2021/2020		2020/2019	
					Diff(+)	%	Diff(+)	%	Diff(+)	%
Revenue	\$ 116,609	\$ 117,929	\$ 85,965	\$ 70,697	-1,320	-1%	31,964	37%	15,268	22%
Costs and expenses:										
Cost of revenue	\$ 25,249	\$ 22,649	\$ 16,692	\$ 12,770	2,600	11%	5,957	36%	3,922	31%
Research and development	\$ 35,338	\$ 24,655	\$ 18,447	\$ 13,600	10,683	43%	6,208	34%	4,847	36%
Marketing and sales	\$ 15,262	\$ 14,043	\$ 11,591	\$ 9,876	1,219	9%	2,452	21%	1,715	17%
General and administrative	\$ 11,816	\$ 9,829	\$ 6,564	\$ 10,465	1,987	20%	3,265	50%	-3,901	-37%
Total costs and expenses	\$ 87,665	\$ 71,176	\$ 53,294	\$ 46,711	16,489	23%	17,882	34%	6,583	14%
Income from operations	\$ 28,944	\$ 46,753	\$ 32,671	\$ 23,986	-17,809	-38%	14,082	43%	8,685	36%
Interest and other income (expense), net	\$ (125)	\$ 531	\$ 509	\$ 826	-656	-124%	22	4%	-317	-38%
Income before provision for income taxes	\$ 28,819	\$ 47,284	\$ 33,180	\$ 24,812	-18,465	-39%	14,104	43%	8,368	34%
Provision for income taxes	\$ 5,619	\$ 7,914	\$ 4,034	\$ 6,327	-2,295	-29%	3,880	96%	-2,293	-36%
Net income	\$ 23,200	\$ 39,370	\$ 29,146	\$ 18,485	-16,170	-41%	10,224	35%	10,661	58%

Source: own processing based on the Consolidated Statement of Financial Performance – the Income Statement of Meta, 2019-2022

Table 3 shows changes in Meta's income statement. Until 2022, the Company showed good growth in its revenue, as well as net profit but the situation changed in 2022. The first thing that is important to notice is that the Company has a significant decrease in its net income in 2022. Based on Company's annual report the decrease in net income in 2022 was 41% compared to 2021, which may be related to a massive drop in online advertising revenue due to challenges from Apple's updated privacy policy and increased competition from TikTok. Also, the Company's revenue decreased by 1% in 2022 from 2021 as well as its expenses increased by 23% in the same year. The Company's biggest expenses were related to research and development which means that the Company spends a lot of money on the integration of new technologies so it is good for the Company's prospects. In 2022, research

and development expenses amounted to 43% more than in 2021. However, the Company's general and administrative expenses increased by only 20% in 2022, in 2021 there was a growth of 50% compared to 2020.

The horizontal analysis of Meta's income statement indicates temporary difficulties but the Company can cope with them in the future.

A cash-flow statement is an important financial document that provides information about how cash and cash equivalents flow in and out of a company. The Company's cash-flow represents table 4.

Table 4 Horizontal Analysis of the Cash Flow for 2019-2022, Meta

(in millions)											
Element/Year	2022	2021	2020	2019	2022/2021		2021/2020		2020/2019		
					Diff(+)	%	Diff(+)	%	Diff(+)	%	
Net cash provided by operating activities	\$ 50,475	\$ 57,683	\$ 38,747	\$ 36,314	(7,208)	-12%	18,936	49%	2,433	7%	
Net cash used in investing activities	\$ (28,970)	\$ (7,570)	\$ (30,059)	\$ (19,864)	(21,400)	283%	22,489	-75%	(10,195)	51%	
Net cash used in financing activities	\$ (22,136)	\$ (50,728)	\$ (10,292)	\$ (7,299)	28,592	-56%	(40,436)	393%	(2,993)	41%	

Source: own processing based on the Consolidated Statement of Cash Flow of Meta, 2019-2022

One of the most important things that determines the Company's health is operating cash flow. Until 2022, this indicator showed stable growth and that is a good thing. In 2022 this ratio decreased by 12%. The decrease in cash flows from operating activities was mainly due to a decrease in net income in the 2022 year. However, it remained positive and shows that the company can generate sufficient cash flow to maintain and develop its operations. The next thing worth considering is investing cash-slow. Throughout the period, it remained negative, but this is not a bad thing and means that the company has invested in other projects.

The Company's financial cash flow was negative in the period 2019 and 2022. However, this is not so bad for the Company and can be explained. In general, cash was used in financing activities for repurchases of common stocks and payment of senior unsecured fixed-rate unsecured notes that the Company issued in 2022.

4.2.2 Vertical Analysis of the Financial Position and Performance, Meta

First of all, a vertical analysis of the Company's financial position (balance sheet) was carried out. The Company's balance sheet includes assets, liabilities, and equity.

Table 5 Vertical analysis of the Balance Sheet for 2019-2022 (Assets), Meta

(In millions)	2022	%	2021	%	2020	%	2019	%
Assets								
Current assets								
Cash and cash equivalents	\$ 14,681	8%	\$ 16,601	10%	\$ 17,576	11%	\$ 19,079	14%
Marketable securities	\$ 26,057	14%	\$ 31,397	19%	\$ 44,378	28%	\$ 35,776	27%
Accounts receivable,net	\$ 13,466	7%	\$ 14,039	8%	\$ 11,335	7%	\$ 9,518	7%
Prepaid expenses and other current assets	\$ 5,345	3%	\$ 4,629	3%	\$ 2,381	1%	\$ 1,852	1%
Total current assets	\$ 59,549	32%	\$ 66,666	40%	\$ 75,670	47%	\$ 66,225	50%
Non-marketable equity securities	\$ 6,201	3%	\$ 6,775	4%	\$ 6,234	4%	\$ 85	0%
Property and equipment,net	\$ 79,518	43%	\$ 57,809	35%	\$ 45,633	29%	\$ 35,323	26%
Operating lease right-of-use assets	\$ 12,673	7%	\$ 12,155	7%	\$ 9,348	6%	\$ 9,460	7%
Intangible assets,net	\$ 897	0%	\$ 634	0%	\$ 623	0%	\$ 894	1%
Goodwill	\$ 20,306	11%	\$ 19,197	12%	\$ 19,050	12%	\$ 18,715	14%
Other assets	\$ 6,583	4%	\$ 2,751	2%	\$ 2,758	2%	\$ 2,673	2%
Total assets	\$ 185,727	100%	\$ 165,987	100%	\$ 159,316	100%	\$ 133,376	100%

Source: own processing based on the Consolidated Statement of Financial Position - Balance Sheet of Meta, 2019-2022

The table 5 represents a vertical analysis of the balance sheet. There is a downward trend in terms of the Company's current assets relative to the total assets from year to year. Current assets accounted for 50% and 47% of total assets in 2019 and 2020, respectively. This fluctuation is normal, as due to the coronavirus pandemic, the Company may have needed additional funds to cover unexpected costs. However, the decrease of current assets also followed in 2021 and in 2022 when current assets amounted to 40%, and 32% of the total number of assets, respectively. Most of the fall in the current assets is due to a steady decline in cash and cash equivalents and marketable securities. Cash and cash equivalents amounted to 14%,11%,10%, and 8% in 2019, 2020, 2021, and 2022, respectively. A decline in marketable securities was mentioned since 2021, when it accounted for 19% of total assets, and in 2020, this category estimated for 28%. In 2022, marketable securities were just 14% of total assets. The author suggests that the Company needed these liquid assets to repurchase its stocks.

However, at the same time, it is worth paying attention to the stable growth of property and equipment from a total number of assets. A rapid growth can be traced throughout the entire period 2019-2022. Property and equipment was estimated at 26% and 29% in 2019 and 2020, respectively. At the same time, this category accounted for 35% and 43% in 2021 and 2022. It may indicate the Company's focus on long-term investments, which in turn will ensure the development and growth of the Company in the future. Also, for a more accurate conclusion, it is worth referring to the liabilities and equity part of the balance sheet.

Table 6 Vertical Analysis of the Balance Sheet for 2019-2022 (Equity and Liabilities), Meta

(In millions)	2022	%	2021	%	2020	%	2019	%
Current liabilities:								
Accounts payable	\$ 4,990	3%	\$ 4,083	2%	\$ 1,331	1%	\$ 1,363	1%
Partners payable	\$ 1,117	1%	\$ 1,052	1%	\$ 1,093	1%	\$ 886	1%
Operating lease liabilities, current	\$ 1,367	1%	\$ 1,127	1%	\$ 1,023	1%	\$ 800	1%
Accrued expenses and other current liabilities	\$ 19,552	11%	\$ 14,873	9%	\$ 11,534	7%	\$ 12,004	9%
Total current liabilities	\$ 27,026	15%	\$ 21,135	13%	\$ 14,981	9%	\$ 15,053	11%
Operating lease liabilities, non-current	\$ 15,301	8%	\$ 12,746	8%	\$ 9,631	6%	\$ 9,524	7%
Long-term debt	\$ 9,923	5%	\$ -	0%	\$ -	0%	\$ -	0%
Other liabilities	\$ 7,764	4%	\$ 7,227	4%	\$ 6,414	4%	\$ 7,745	6%
Total liabilities	\$ 60,014	32%	\$ 41,108	25%	\$ 31,026	19%	\$ 32,322	24%
Commitments and contingencies								
Stockholders' equity								
Additional paid-in capital	\$ 64,444	35%	\$ 55,811	34%	\$ 50,018	31%	\$ 45,851	34%
Accumulated other comprehensive loss	\$ (3,530)	-2%	\$ (693)	0%	\$ 927	1%	\$ (489)	0%
Retained earnings	\$ 64,799	35%	\$ 69,761	42%	\$ 77,345	49%	\$ 55,692	42%
Total stockholders' equity	\$ 125,713	68%	\$ 124,879	75%	\$ 128,290	81%	\$ 101,054	76%
Total liabilities and stockholders' equity	\$ 185,727	100%	\$ 165,987	100%	\$ 159,316	100%	\$ 133,376	100%

Source: own processing based on the Consolidated Statement of Financial Position - Balance Sheet of Meta,2019-2022

Table 6 shows a vertical analysis of Meta liabilities and stockholders' equity. Based on the vertical analysis of assets that can be seen in Table 5, a slight deterioration in the Company's financial position is noticeable. However, the situation is quite stable as expected. In the last analyzed year 2022, the Company has \$59,549 billion in its current assets so it is enough to pay its \$27,026 billion of dollars current liabilities. In addition, the total assets of the Company also exceed the total companies during the entire analyzed period. For example, in 2022, the Company's total assets amounted to 185,727\$ billion when total liabilities were just 60,014. Also paying attention to the Company's equity throughout the period, it was more than 68% of total liabilities and stockholders' equity. However, a small decrease was still noticeable in 2021 and 2022, when equity was 75% and 68%, respectively. For comparison, equity was 81% in 2020.

Table 7 Vertical Analysis of the Income Statement for 2019-2022, Meta

(In millions)	2022	%	2021	%	2020	%	2019	%
Revenue	\$ 116,609	100%	\$ 117,929	100%	\$ 85,965	100%	\$ 70,697	100%
Costs and expenses:								
Cost of revenue	\$ 25,249	22%	\$ 22,649	19%	\$ 16,692	19%	\$ 12,770	18%
Research and development	\$ 35,338	30%	\$ 24,655	21%	\$ 18,447	21%	\$ 13,600	19%
Marketing and sales	\$ 15,262	13%	\$ 14,043	12%	\$ 11,591	13%	\$ 9,876	14%
General and administrative	\$ 11,816	10%	\$ 9,829	8%	\$ 6,564	8%	\$ 10,465	15%
Total costs and expenses	\$ 87,665	75%	\$ 71,176	60%	\$ 53,294	62%	\$ 46,711	66%
Income from operations	\$ 28,944	25%	\$ 46,753	40%	\$ 32,671	38%	\$ 23,986	34%
Interest and other income (expense), net	\$ (125)	0%	\$ 531	0%	\$ 509	1%	\$ 826	1%
Income before provision for income taxes	\$ 28,819	25%	\$ 47,284	40%	\$ 33,180	39%	\$ 24,812	35%
Provision for income taxes	\$ 5,619	5%	\$ 7,914	7%	\$ 4,034	5%	\$ 6,327	9%
Net income	\$ 23,200	20%	\$ 39,370	33%	\$ 29,146	34%	\$ 18,485	26%

Source: own processing based on the Consolidated Statement of Financial Performance– Income Statement of Meta,2019-2022

Table 7 shows a vertical analysis of the Meta income statement. It is important to note that until 2021, the Company had a decrease in their costs from revenue so it is a good sign for the Company's performance. The Company's total costs amounted to 60%, 62%, and 66% in 2021, 2020, and 2019, respectively. This is due to a significant increase in the Company's revenue with a proportional increase in the Company's expenses. However, the situation became worse in 2022, when the Company's costs amounted to 75% of the Company's revenue. The largest costs of the Company were in the research and development category and they amounted to 30% of the Company's revenue. For example, In 2021, this expense accounted for only 21%. Other costs also increased relative to the Company's revenue. The Company's net profit also accounted just for 20% of revenue in 2022, when it was 33% in 2021. This is mainly due to lower revenue. However, despite the temporary difficulties, the Company is in a pretty healthy situation, and it can generate profit.

4.2.3 Ratio Analysis, Meta

Table 8 Ratio Analysis for 2019-2022, Meta

Financial ratio	Formula	2019	2020	2021	2022
Current ratio	Current Assets/Current Liabilities	4.40	5.05	3.15	2.20
ROA (Return on Assets ratio)	Net Income/Total Assets	13.86%	18.29%	23.72%	12.49%
ROE (Return on Equity ratio)	Net income/Total Shareholder's Equity	18.29%	22.72%	31.53%	18.45%
Debt-to-equity	Total Liabilities/Total Shareholder's Equity	0.32	0.24	0.33	0.48
	Current Assets	\$ 66,225	\$ 75,670	\$ 66,666	\$ 59,549
	Current Liabilities	\$ 15,053	\$ 14,981	\$ 21,135	\$ 27,026
	Net Income	\$ 18,485	\$ 29,146	\$ 39,370	\$ 23,200
	Total Assets	\$ 133,376	\$ 159,316	\$ 165,987	\$ 185,727
	Total Shareholder's Equity	\$ 101,054	\$ 128,290	\$ 124,879	\$ 125,713
	Total Liabilities	\$ 32,322	\$ 31,026	\$ 41,108	\$ 60,014

Source: own processing based on the Consolidated Statements of Financial Position and Performance of Meta, 2019-2022

Table 8 represents ration analysis of Meta from 2019 to 2022. Calculated current ratio for Meta, It can be concluded that during the analyzed period 2019-2022, the Company had enough liquid assets to cope with its debts. However, the maximum current ratio was 5.05 in 2020, and in 2022 it was just 2.2 but it is still good. Also, the Company has shown good results for the social media sector in generating revenue using the Company's equity. The best ROE result was achieved in 2021 and amounted to 31.53%. Based on the ROA from 2019 to 2022, it can be concluded that the Company is effectively using its assets to generate income, as its ROA was more than 5% throughout the period. The debt-to-equity ratio is also good and has not been more than 0.48 throughout the period.

4.3 Financial Analysis, Snap

4.3.1 Horizontal Analysis of the Financial Position and Performance, Snap

Table 9 Horizontal analysis of the Balance Sheet for 2019-2022 (Assets), Snap

(in thousands)											
	2022	2021	2020	2019	2022/2021		2021/2020		2020/2019		
					Diff(+/-)	%	Diff(+/-)	%	Diff(+/-)	%	
Assets											
Current Assets											
Cash and cash equivalents	\$ 1,423,121	\$ 1,993,809	\$ 545,618	\$ 520,317	-570,688	-29%	1,448,191	265%	25,301	5%	
Marketable securities	\$ 2,516,003	\$ 1,699,076	\$ 1,991,922	\$ 1,592,488	816,927	48%	-292,846	-15%	399,434	25%	
Accounts receivable, net of allowance	\$ 1,185,092	\$ 1,068,873	\$ 744,288	\$ 492,194	114,219	11%	324,585	44%	252,094	51%	
Prepaid expenses and other current assets	\$ 134,431	\$ 92,244	\$ 56,147	\$ 38,987	42,187	46%	36,097	64%	17,160	44%	
Total current assets	\$ 5,256,647	\$ 4,854,002	\$ 3,337,975	\$ 2,643,986	402,645	8%	1,516,027	45%	693,989	26%	
Property and equipment, net	\$ 271,777	\$ 202,644	\$ 178,709	\$ 173,667	69,133	34%	23,935	13%	5,042	3%	
Operating lease right-of-use assets	\$ 370,952	\$ 322,252	\$ 269,728	\$ 275,447	48,700	15%	52,524	19%	-5,719	-2%	
Intangible assets, net	\$ 204,480	\$ 277,654	\$ 105,929	\$ 92,121	-73,174	-26%	171,725	162%	13,808	15%	
Goodwill	\$ 1,646,120	\$ 1,588,452	\$ 939,259	\$ 761,153	57,668	4%	649,193	69%	178,106	23%	
Other assets	\$ 279,562	\$ 291,302	\$ 192,638	\$ 65,550	-11,740	-4%	98,664	51%	127,088	194%	
Total assets	\$ 8,029,538	\$ 7,536,306	\$ 5,024,238	\$ 4,011,924	493,232	7%	2,512,068	50%	1,012,314	25%	

Source: own processing based on the Consolidated Statement of Financial Position – the Balance Sheet of Snap, 2019-2022

Table 9 represents a horizontal analysis of the assets of Snap. The Company's total assets are increasing throughout the whole analyzed period. There is growth in almost all categories of assets, including both total current and total non-current assets. However, considering the category of current assets separately, the decline in cash and cash equivalents by 29% was mentioned in 2022 compared to 2021. This decrease may indicate unforeseen expenses for the Company when it urgently needs funds to cover these costs. It is also important to pay attention to the decrease of 26% in intangible assets in 2022. Based on the Company's annual report, it can be concluded that this happened as a result of amortization. In 2022, the Company revised the useful lives of some customer relationships, trademarks, domain names, and technologies, increasing amortization expenses. For a more accurate assessment of the balance sheet, we will need to refer to the second part of the table, which presents liabilities and equity.

Table 10 Horizontal Analysis of the Balance Sheet for 2019-2022 (Equity and Liabilities), Snap

(in thousands)											
	2022	2021	2020	2019	2022/2021		2021/2020		2020/2019		
					Diff(+/-)	%	Diff(+/-)	%	Diff(+/-)	%	
Current liabilities:											
Accounts payable	\$ 181,774	\$ 125,282	\$ 71,908	\$ 46,886	56,492	45%	53,374	74%	25,022	53%	
Operating lease liabilities	\$ 46,485	\$ 52,396	\$ 41,077	\$ 42,179	-5,911	-11%	11,319	28%	-1,102	-3%	
Accrued expenses and other current liabilities	\$ 987,340	\$ 674,108	\$ 554,342	\$ 410,610	313,232	46%	119,766	22%	143,732	35%	
Total current liabilities	\$ 1,215,599	\$ 851,786	\$ 667,327	\$ 499,675	363,813	43%	184,459	28%	167,652	34%	
Convertible senior notes, net	\$ 3,742,520	\$ 2,253,087	\$ 1,675,169	\$ 891,776	1,489,433	66%	577,918	34%	783,393	88%	
Operating lease liabilities, noncurrent	\$ 386,271	\$ 325,509	\$ 287,292	\$ 303,178	60,762	19%	38,217	13%	-15,886	-5%	
Other liabilities	\$ 104,450	\$ 315,756	\$ 64,474	\$ 57,382	-211,306	-67%	251,282	390%	7,092	12%	
Total liabilities	\$ 5,448,840	\$ 3,746,138	\$ 2,694,262	\$ 1,752,011	1,702,702	45%	1,051,876	39%	942,251	54%	
Commitments and contingencies											
Stockholders' equity											
Treasury stock	\$ (500,514)	\$ -	\$ -	\$ -	-500,514	100%	0	0%	0	0%	
Additional paid-in capital	\$ 13,309,828	\$ 12,069,097	\$ 10,200,141	\$ 9,205,256	1,240,731	10%	1,868,956	18%	994,885	11%	
Accumulated deficit	\$ (10,214,657)	\$ (8,284,466)	\$ (7,891,542)	\$ 573	-1,930,191	23%	-392,924	5%	-7,892,115	-1377332%	
Accumulated other comprehensive income (loss)	\$ (13,974)	\$ 5,521	\$ 21,363	\$ (6,945,930)	-19,495	-353%	-15,842	-74%	6,967,293	-100%	
Total stockholders' equity	\$ 2,580,698	\$ 3,790,168	\$ 2,329,976	\$ 2,259,913	-1,209,470	-32%	1,460,192	63%	70,063	3%	
Total liabilities and stockholders' equity	\$ 8,029,538	\$ 7,536,306	\$ 5,024,238	\$ 4,011,924	493,232	7%	2,512,068	50%	1,012,314	25%	

Source: own processing based on the Consolidated Statement of Financial Position – the Balance Sheet of Snap, 2019-2022

According to the table 10, growing total assets are also accompanied by significant growth of total liabilities. In 2020, the Company's total liabilities increased by 54% compared to 2019, in 2021 there was an increase of 39 % in line with 2020, and in 2022, the Company's total liabilities increased by 45% compared to 2021. The large growth was noted in accounts payable and convertible senior notes, net throughout of whole analyzed period. Accounts payable grew by 53% in 2020 compared to 2019 and then it again increased by 74% in 2021p and by 45% in 2022. Convertible senior notes showed a huge increase of 88% in 2020 relative to 2019, as well as an increase of 34% in 2021 and an equally significant increase of 66% in 2022. A strong decrease in equity by 32% in 2022 compared to 2021 also can be seen. Combined with growing liabilities, this may indicate serious difficulties for the Company and the Company has to borrow additional funds for self-existence. Despite the strong growth in liabilities, the Company still has enough current assets for \$5,256,647 thousand to cover its current liabilities for \$1,215,599 thousand in 2022.

Table 11 Horizontal Analysis of the Income Statement for 2019-2022, Snap

(In thousands)	2022	2021	2020	2019	2022/2021		2021/2020		2020/2019	
					Diff(+)	%	Diff(+)	%	Diff(+)	%
Revenue	\$ 4,601,847	\$ 4,117,048	\$ 2,506,626	\$ 1,715,554	484,799	12%	1,610,422	64%	791,092	46%
Costs and expenses:										
Cost of revenue	\$ 1,815,342	\$ 1,750,246	\$ 1,182,505	\$ 895,838	65,096	4%	567,741	48%	286,667	32%
Research and development	\$ 2,109,800	\$ 1,565,467	\$ 1,101,561	\$ 883,509	544,333	35%	463,906	42%	218,052	25%
Marketing and sales	\$ 1,118,746	\$ 792,764	\$ 555,468	\$ 458,598	325,982	41%	237,296	43%	96,870	21%
General and administrative	\$ 953,265	\$ 710,640	\$ 529,164	\$ 580,917	242,625	34%	181,476	34%	-51,753	-9%
Total costs and expenses	\$ 5,997,153	\$ 4,819,117	\$ 3,368,698	\$ 2,818,862	1,178,036	24%	1,450,419	43%	549,836	20%
Operating loss	\$ (1,395,306)	\$ (702,069)	\$ (862,072)	\$ (1,103,328)	-693,237	99%	160,003	-19%	241,256	-22%
Interest income	\$ 58,597	\$ 5,199	\$ 18,127	\$ 36,042	53,398	1027%	-12,928	-71%	-17,915	-50%
Interest expense	\$ (21,459)	\$ (17,676)	\$ (97,228)	\$ (24,994)	-3,783	21%	79,552	-82%	-72,234	289%
Other income (expense), net	\$ (42,529)	\$ 240,175	\$ 14,988	\$ 59,013	-282,704	-118%	225,187	1502%	-44,025	-75%
Loss before income taxes	\$ (1,400,697)	\$ (474,371)	\$ (926,185)	\$ (1,033,267)	-926,326	195%	451,814	-49%	107,082	-10%
Income tax benefit (expense)	\$ (28,956)	\$ (13,584)	\$ (18,654)	\$ (393)	-15,372	113%	5,070	-27%	-18,261	4647%
Net loss	\$ (1,429,653)	\$ (487,955)	\$ (944,839)	\$ (1,033,660)	-941,698	193%	456,884	-48%	88,821	-9%

Source: own processing based on the Consolidated Statement of Financial Performance – the Income Statement of Snap, 2019-2022

Table 11 is a horizontal analysis of Snap's income statement. Paying attention to the Company's revenue, it is possible to see that it is growing every year. The largest growth occurred in 2020 when the Company's revenue increased by 64% compared to 2019. However, the costs are also increasing every year. Also, the largest increase in costs can be traced in 2021. The increase was 43% compared to the previous year. Despite the growth of income and a fairly proportional increase in expenses, the Company has been at a loss for the analyzed 4 years. However, until 2022 the Company managed to reduce its net loss. In 2020, the net loss was 9% less than in 2019, in 2021, the net loss was reduced by as much as 48% compared to last year but in 2022 the situation changed for the worse when the

Company's loss increased by 193%. Snap Inc. explains its negative profit in its annual report. The Company's income comes mainly from third-parties advertising on Snapchat. Apple has released an iOS update that imposes restrictions on the access and use of user data, allowing users to opt out of activity tracking. These changes have a negative impact on the ability to target ads and measure the effectiveness of advertising for the Company's services. In addition, the macroeconomic environment was not favorable, including due to inflationary pressures, and conflict in Ukraine.

Table 12 Horizontal Analysis of the Cash Flow for 2019-2022, Snap

(in thousands)										
	2022	2021	2020	2019	2022/2021		2021/2020		2020/2019	
					Diff(+)	%	Diff(+)	%	Diff(+)	%
Net cash provided by operating activities	\$ 184,614	\$ 292,880	\$ (167,644)	\$ (304,958)	-108,266	-37%	460,524	-275%	137,314	-45.03%
Net cash used in investing activities	\$ (1,062,275)	\$ 90,227	\$ (729,864)	\$ (728,608)	-1,152,502	-1277%	820,091	-112%	-1,256	0.17%
Net cash used in financing activities	\$ 306,714	\$ 1,065,073	\$ 922,791	\$ 1,165,852	-758,359	-71%	142,282	15%	-243,061	-20.85%

Source: own processing based on the Consolidated Statement of Cash-Flow of Snap, 2019-2022

Table 12 shows Snap's cash-flow. The Company's operating cash flow remained negative until 2021, but in 2021 it became positive due to an increase in the accounts receivable balance and an increase in revenue compared to 2020. Thus, in 2019 and 2020 the company did not have sufficient cash flow to support its activities, but the situation improved in 2021 when cash flow became positive. Investing cash flow remained negative during 2019, 2020, 2022 years, meaning, that the company had money to invest. However, in 2021 the investment cash flow was positive. Based on the Annual Report of the Company, investing cash flow consisted of cash provided by the sales and maturities of marketable securities in 2021. The author suggests that this could be because the Company urgently needed funds. Also, according to the author's assumption, based on the Company's Annual reports for the period 2019-2022, Snap had a negative cash flow because it invested funds that it borrowed, thereby increasing the Company's assets and continuing the existence of the Company since throughout the entire period the Company had negative net income and investments were mostly in marketable securities that can be quickly converted to cash. The Company's cash flow remained positive from 2019 to 2022, suggesting that more cash flowed into the Company than flowed out. However, upon reviewing the Company's annual reports for 2019-2022, financial cash flow remained positive primarily due to proceeds from the notes.

4.3.2 Vertical Analysis of the Financial Position and Performance, Snap

Table 13 Vertical Analysis of the Balance Sheet for 2019-2022 (Assets), Snap

(in thousands)	2022	%	2021	%	2020	%	2019	%
Assets								
Current Assets								
Cash and cash equivalents	\$ 1,423,121	18%	\$ 1,983,809	28%	\$ 645,618	11%	\$ 620,317	13%
Marketable securities	\$ 2,610,003	31%	\$ 1,059,070	23%	\$ 1,991,922	40%	\$ 1,592,488	40%
Accounts receivable, net of allowance	\$ 1,183,092	15%	\$ 1,059,873	14%	\$ 744,288	15%	\$ 492,194	12%
Prepaid expenses and other current assets	\$ 134,431	2%	\$ 92,244	1%	\$ 60,147	1%	\$ 38,987	1%
Total current assets	\$ 5,259,647	65%	\$ 4,884,002	64%	\$ 3,337,975	69%	\$ 2,643,986	66%
Property and equipment, net	\$ 271,777	3%	\$ 202,044	3%	\$ 178,709	4%	\$ 173,667	4%
Operating lease right-of-use assets	\$ 370,962	5%	\$ 322,262	4%	\$ 269,728	5%	\$ 276,447	7%
Intangible assets, net	\$ 204,480	3%	\$ 277,054	4%	\$ 105,929	2%	\$ 92,121	2%
Goodwill	\$ 1,646,120	21%	\$ 1,688,462	21%	\$ 939,299	19%	\$ 761,153	19%
Other assets	\$ 279,862	3%	\$ 291,302	4%	\$ 192,638	4%	\$ 65,650	2%
Total assets	\$ 8,029,638	100%	\$ 7,636,306	100%	\$ 5,024,238	100%	\$ 4,011,924	100%

Source: own processing based on the Consolidated Statement of Financial Position – the Balance Sheet of Snap, 2019-2022

Based on the Company's vertical analysis of the balance sheet which is presented in table 13, it is noticeable that both current and non-current assets remain stable throughout the analyzed period. However, some fluctuations were in the cash and cash equivalents. In 2019, cash and cash equivalents accounted for 13% of the Company's assets but then it fell to 11% in 2020 and rose again in to 26% in 2021, and dropped to 18% in 2022. Moreover, some fluctuations were noticeable in Marketable Securities. In 2019 and 2020, they accounted for 40% of the Company's assets, and then became only 23% and 31% in 2021 and 2022, respectively. As the author previously suggested, this may indicate that the Company receives cash from investments in marketable securities and also invests the main cash again in marketable securities. Also, for more accurate assessment it is necessary to refer to the second half of vertical analysis, which includes liabilities and equity.

Table 14 Vertical Analysis of the Balance Sheet for 2019-2022 (Equity and Liabilities), Snap

(in thousands)	2022	%	2021	%	2020	%	2019	%
Current liabilities								
Accounts payable	\$ 181,774	2%	\$ 125,282	2%	\$ 71,908	1%	\$ 46,888	1%
Operating lease liabilities	\$ 46,485	1%	\$ 52,390	1%	\$ 41,077	1%	\$ 42,179	1%
Accrued expenses and other current liabilities	\$ 887,340	12%	\$ 874,109	9%	\$ 654,342	11%	\$ 410,810	10%
Total current liabilities	\$ 1,215,599	15%	\$ 951,780	11%	\$ 667,327	13%	\$ 499,875	12%
Convertible senior notes, net	\$ 3,742,520	47%	\$ 2,253,087	30%	\$ 1,676,189	33%	\$ 891,776	22%
Operating lease liabilities, noncurrent	\$ 386,271	5%	\$ 325,609	4%	\$ 287,292	6%	\$ 303,178	8%
Other liabilities	\$ 104,450	1%	\$ 315,766	4%	\$ 64,474	1%	\$ 67,382	1%
Total liabilities	\$ 5,448,840	68%	\$ 3,746,138	50%	\$ 2,694,262	54%	\$ 1,782,011	44%
Commitments and contingencies								
Stockholders' equity								
Treasury stock	\$ (500,514)	-6%	\$ -	0%	\$ -	0%	\$ -	0%
Additional paid-in capital	\$ 13,309,828	166%	\$ 12,089,097	160%	\$ 10,200,141.0	203%	\$ 9,205,258	229%
Accumulated deficit	\$ (10,214,657)	-127%	\$ (8,284,466)	-110%	\$ (7,891,642.0)	-157%	\$ (6,573)	0%
Accumulated other comprehensive income (loss)	\$ (13,974)	0%	\$ 5,521	0%	\$ 21,363.0	0%	\$ (6,945,930)	-173%
Total stockholders' equity	\$ 2,680,699	32%	\$ 3,790,168	50%	\$ 2,329,976.0	46%	\$ 2,269,913	56%
Total liabilities and stockholders' equity	\$ 8,029,638	100%	\$ 7,636,306	100%	\$ 5,024,238.0	100%	\$ 4,011,924	100%

Source: own processing based on the Consolidated Statement of Financial Position – the Balance Sheet of Snap, 2019-2022

By conducting a vertical analysis of equity and liabilities which can be seen in Table 14, It can be seen that equity has fallen significantly from 50% in 2021 to just 32% in 2022 of total equity and liabilities. On the other hand, liabilities accounted for 68% in 2022 when

it was 50% in 2021. This situation may indicate the Company's problems, as the Company does not have enough profit and is trying to attract additional sources of financing to cover its operating costs and investments. This situation was also seen in 2020, when the Company's total liabilities amounted to 54%, compared to 44% in 2019. The largest liabilities of the Company during the entire analyzed period were convertible senior notes, net that had a stable growth from 22% in 2019 to 33% in 2020 and then from 30% in 2021 to 47% in 2022. This also indicates that the Company is trying to attract additional funds.

Table 15 Vertical Analysis of the Income Statement for 2019-2022, Snap

(in thousands)	2022	%	2021	%	2020	%	2019	%
Revenue	\$ 4,601,847	100%	\$ 4,117,048	100%	\$ 2,506,626	100%	\$ 1,715,534	100%
Costs and expenses:								
Cost of revenue	\$ 1,815,342	39%	\$ 1,750,248	43%	\$ 1,182,505	47%	\$ 895,838	52%
Research and development	\$ 2,109,800	46%	\$ 1,565,467	38%	\$ 1,101,561	44%	\$ 883,509	52%
Marketing and sales	\$ 1,118,746	24%	\$ 792,764	19%	\$ 555,468	22%	\$ 458,598	27%
General and administrative	\$ 953,265	21%	\$ 710,640	17%	\$ 529,164	21%	\$ 580,917	34%
Total costs and expenses	\$ 5,997,153	130%	\$ 4,819,117	117%	\$ 3,368,698	134%	\$ 2,818,862	164%
Operating loss	\$ (1,395,306)	-30%	\$ (702,069)	-17%	\$ (862,072)	-34%	\$ (1,103,328)	-64%
Interest income	\$ 58,597	1%	\$ 5,199	0%	\$ 18,127	1%	\$ 36,042	2%
Interest expense	\$ (21,459)	0%	\$ (17,676)	0%	\$ (97,228)	-4%	\$ (24,994)	-1%
Other income (expense), net	\$ (42,529)	-1%	\$ 240,175	6%	\$ 14,988	1%	\$ 59,013	3%
Loss before income taxes	\$ (1,400,697)	-30%	\$ (474,371)	-12%	\$ (926,185)	-37%	\$ (1,033,267)	-60%
Income tax benefit (expense)	\$ (28,956)	-1%	\$ (13,684)	0%	\$ (18,654)	-1%	\$ (393)	0%
Net loss	\$ (1,429,653)	-31%	\$ (487,955)	-12%	\$ (944,839)	-38%	\$ (1,033,660)	-60%

Source: own processing based on the Consolidated Statement of Financial Performance – the Income Statement of Snap, 2019-2022

A Table 15 is a vertical analysis of the Company's income statement also indicates an unfavorable financial performance of the company. In 2022, the company's operating expenses amounted to 130% of revenue, which is a very bad sign and means that the company's revenue could not even cover the company's operating expenses. In previous years the situation also was not good. Costs amounted to 117%, 134%, and 164% in 2021, 2020, and 2019, respectively. The company's largest operating expenses were the cost of revenue and research and development. The cost of revenue was estimated from a maximum of 52% in 2019 to a minimum of 39% in 2022. Research and development was also the maximum in 2019 when it amounted to 52% and minimum in 2021 when it accounted of 38% from total operating expenses. This means that the company's expenses exceed their revenues throughout the whole analyzed period, which in turn is a pointer to an unprofitable company. This is confirmed by the company's negative profit during the 2019-2022 years.

4.3.3 Ratio Analysis, Snap

Table 16 Ratio Analysis for 2019-2022, Snap

Financial ratio	Formula	2019	2020	2021	2022
Current ratio	Current Assets/Current Liabilities	5.29	5.00	5.70	4.32
ROA (Return on Assets ratio)	Net income/Total Assets	-25.76%	-18.81%	-6.47%	-17.80%
ROE (Return on Equity ratio)	Net income/Total Shareholder's Equity	-45.74%	-40.55%	-12.87%	-55.40%
Debt-to-equity	Total Liabilities/Total Shareholder's Equity	0.78	1.16	0.99	2.11
	Current Assets	\$ 2,643,986	\$ 3,337,975	\$ 4,854,002	\$ 5,256,647
	Current Liabilities	\$ 499,675	\$ 667,327	\$ 851,786	\$ 1,215,599
	Net income	\$ (1,033,660)	\$ (944,839)	\$ (487,955)	\$ (1,429,653)
	Total Assets	\$ 4,011,924	\$ 5,024,238	\$ 7,336,306	\$ 8,029,538
	Total Shareholder's Equity	\$ 2,259,913	\$ 2,329,976	\$ 3,790,168	\$ 2,580,698
	Total Liabilities	\$ 1,752,011	\$ 2,694,262	\$ 3,746,138	\$ 5,448,840

Source: own processing based on the Consolidated Statements of Financial Position and Performance of Snap, 2019-2022

Based on the company's current ratio in Table 16 it can be noted that throughout the analyzed period, the ratio was not lower than 4.32 in 2022 and the maximum indicator was 5.69 in 2021. This is a good sign because the company has enough liquid assets to handle all its debts. However, after calculating the ROE from 2019 to 2022, it was concluded that the company is inefficient generates income from its equity because ROE was negative throughout the whole analyzing period, as the company generated loss in all of the monitored years. The worst result was mentioned in 2022 when ROE was -55.40%. Also, having analyzed the most important indicator for investors, which shows the ability of a firm to generate income using its assets effectively, the author can conclude that the company used its assets inefficiently throughout the period, as the indicator was negative from 2019 to 2022. Finally, by calculating the debt-to-equity ratio, the author concludes that the Company had good performance until 2022, when the indicator did not exceed 1.15. However, in 2022, the indicator was 2.2, which is risky.

4.4 Financial Analysis, VK

4.4.1 Horizontal Analysis of the Financial Position and Performance, Snap

Table 17 Horizontal Analysis of the Balance Sheet for 2019-2022 (Assets), VK

(in millions)	2022	2021	2020	2019	2022/2021		2021/2020		2020/2019	
					Diff(+)	%	Diff(+)	%	Diff(+)	%
Assets										
Non-current										
Investments in equity accounted associates and joint ventures	4,585 P	46,921 P	41,948 P	49,834 P	-44,336	-91%	6,973	17%	-7,886	-16%
Goodwill	157,111 P	138,414 P	135,670 P	141,285 P	18,697	14%	2,744	2%	-5,615	-4%
Right-of-use assets	9,519 P	14,843 P	15,618 P	5,099 P	-5,324	-36%	-775	-5%	10,609	212%
Other intangible assets	22,249 P	18,324 P	19,623 P	19,971 P	3,925	21%	-1,299	-7%	-348	-2%
Property and equipment	39,250 P	15,798 P	11,651 P	8,712 P	23,452	148%	4,147	36%	2,939	34%
Financial assets at fair value through profit or loss	350 P	6,905 P	2,305 P	1,749 P	-6,553	-95%	4,598	19%	358	32%
Deferred income tax assets	2,293 P	5,157 P	2,924 P	2,078 P	-2,864	-56%	-2,253	76%	846	41%
Other financial assets	2,158 P	69 P	422 P	286 P	2,089	9028%	-333	-84%	136	48%
Advance under office lease contracts	437 P	462 P	249 P	120 P	-25	-5%	213	86%	129	108%
Total non-current assets	287,952 P	248,891 P	230,410 P	229,044 P	-10,939	-4%	18,481	8%	1,366	1%
Current assets										
Trade accounts receivable	20,533 P	20,688 P	16,707 P	12,658 P	-155	-1%	3,981	24%	4,049	32%
Accounts receivable from the sale of subsidiary	43,739 P	- P	- P	- P	43,739	100%	0	0%	0	0%
Prepaid income tax	262 P	359 P	358 P	148 P	-97	-27%	1	0%	210	142%
Prepaid expenses and advances to suppliers	1,965 P	2,353 P	853 P	978 P	-388	-16%	1,500	176%	-125	-13%
Loans issued	2,982 P	109 P	2,441 P	653 P	2,873	2636%	-2,332	-96%	1,786	273%
Inventories	226 P	157 P	96 P	96 P	69	44%	59	60%	98	100%
Other current assets	4,205 P	1,445 P	1,247 P	1,317 P	2,760	191%	198	16%	-70	-5%
Cash and cash equivalents	48,759 P	13,757 P	39,297 P	9,815 P	25,022	105%	-15,560	-40%	29,472	300%
Assets held for sale	292 P	- P	- P	- P	292	100%	0	0%	0	0%
Financial assets at fair value through profit or loss	- P	- P	- P	90 P	0	100%	0	0%	-90	-100%
Total current assets	122,963 P	48,848 P	61,001 P	25,671 P	74,115	152%	-12,153	-20%	85,330	138%
Total assets	860,915 P	297,739 P	291,411 P	254,715 P	63,176	21%	6,328	2%	86,696	14%

Source: own processing based on the Consolidated Statement of Financial Position - the Balance Sheet of VK, 2019-2022

Having carried out a detailed analysis of the Company's Balance Sheet in Table 17, it is possible to notice that total assets are growing throughout the entire analyzed period. The Company increased its assets by 14% in 2020 compared to 2019, the growth of assets was estimated at 2% in 2021 compared to 2020, and in 2022, the growth was recorded at around 21%. However, it should be noted that non-current assets fell by 4% in 2022 compared to 2021. In previous years, there was a stable increase in this category. This may be mainly because of investments in equity accounted associates and joint ventures fell by 91% compared to 2021. Based on the Company's Annual Report, VK explains this by saying that during 2022 the company faced significant economic uncertainty, affecting in particular the electronics market commerce, VK recognized an impairment loss on AliExpress Russia (JV), including impairment of goodwill, which is one of the components that forms the carrying value of investments in AliExpress Russia (SP). In addition, the management of O2O Holding (JV) decided to close the online service Citymobil, and due to that Company recognized an impairment loss, including impairment of goodwill. VK also recorded an impairment loss associated with Haslop Company Limited (Cyprus) and Uchi.ru LLC (Russia). It is also worth paying attention to the stable growth of property and equipment throughout the 2019-2022 period. The most noticeable change was observed in 2022 when property and equipment increased by 148%. The company explains this by the acquisition of 100% shares of Linder JSC. Also, It is important to pay attention to the dynamics of

current assets. The company had a growth of 138% in current assets in 2020 compared to 2019. However, VK had a drop of 20% in their current assets in 2021 but then VK was able to recover and had a growth of 152% in 2022. However, this growth is mainly due to 105% growth in cash and cash equivalents from the sale of the MMO sector, which accounted for the majority of the company's profit and in this case is not a good sign. To more accurately assess the company's financial position, the author analyzed the second part of the balance sheet.

Table 18 Horizontal Analysis of the Balance Sheet for 2019-2022 (Equity and Liabilities), VK

(in millions of Russian Roubles)										
	2022	2021	2020	2019	2022/2021		2021/2020		2020/2019	
					Diff(+/-)	%	Diff(+/-)	%	Diff(+/-)	%
Issued capital										
Share premium	81,872 P	79,397 P	77,101 P	60,286 P	2,475	3%	2,296	3%	16,815	28%
Treasury shares	- 1,039 P	- 1,044 P	- 1,071 P	- 1,152 P	5	0%	27	-3%	81	-7%
Retained earnings	86,841 P	89,985 P	103,103 P	125,351 P	-3,144	-3%	-13,118	-13%	-22,248	-18%
Foreign currency translation reserve	2,585 P	1,578 P	1,195 P	170 P	1,007	64%	383	32%	1,025	603%
Total equity attributable to equity holders of the parent	170,259 P	169,916 P	180,328 P	184,655 P	843	0%	-10,412	-6%	-4,327	-2%
Non-controlling interests	- 2,147 P	346 P	1,663 P	809 P	-2,493	-721%	-1,317	-79%	854	106%
Total equity	168,112 P	170,262 P	181,991 P	185,464 P	-2,150	-1%	-11,729	-6%	-3,473	-2%
Non-current liabilities										
Deferred income tax liabilities	2,107 P	1,228 P	1,379 P	2,285 P	879	72%	-151	-11%	-907	-40%
Deferred revenue	793 P	1,455 P	1,871 P	1,737 P	-662	-45%	-416	-22%	134	8%
Non-current lease liabilities	7,292 P	11,327 P	11,338 P	1,568 P	-4,035	-36%	-11	0%	9,770	623%
Non-current financial liabilities at fair value through profit or loss	3,982 P	879 P	3,506 P	- P	3,103	353%	-2,627	-75%	3,506	100%
Long-term interest-bearing loans and bonds	35,775 P	50,810 P	41,497 P	19,474 P	-15,035	-30%	9,313	22%	22,023	113%
Other non-current liabilities	572 P	522 P	265 P	- P	50	10%	237	97%	265	100%
Total non-current liabilities	50,521 P	66,221 P	59,856 P	25,065 P	-15,700	-24%	6,365	11%	34,791	139%
Current liabilities										
Trade accounts payable	17,121 P	14,541 P	10,923 P	8,030 P	2,580	18%	3,618	33%	2,893	36%
Income tax payable	2,689 P	3,208 P	2,673 P	481 P	-519	-16%	535	20%	2,192	456%
VAT and other taxes payable	5,183 P	4,391 P	2,259 P	2,085 P	792	18%	2,132	94%	173	8%
Deferred revenue and customer advances	8,428 P	17,794 P	16,912 P	10,920 P	-9,366	-53%	882	5%	5,992	55%
Short-term portion of long-term interest-bearing loans and bonds	88,742 P	7,078 P	3,718 P	4,044 P	81,664	1154%	3,360	90%	-326	-8%
Current lease liabilities	3,216 P	4,121 P	3,861 P	3,218 P	-902	-22%	260	7%	643	20%
Current financial liabilities at fair value through profit or loss	4,806 P	- P	- P	- P	4,806	100%	0	0%	0	0%
Other payables and accrued expenses	11,810 P	10,123 P	9,218 P	15,407 P	1,687	17%	905	10%	-6,188	-40%
Liabilities directly associated with assets held for sale	287 P	- P	- P	- P	287	100%	0	0%	0	0%
Total current liabilities	142,282 P	61,256 P	49,564 P	44,186 P	81,026	132%	11,692	24%	5,378	12%
Total liabilities	192,803 P	127,477 P	109,420 P	69,251 P	65,326	51%	18,057	17%	40,169	58%
Total equity and liabilities	360,915 P	297,739 P	291,411 P	254,715 P	63,178	21%	6,328	2%	36,696	14%

Source: own processing based on the Consolidated Statement of Financial Position - the Balance Sheet of VK, 2019-2022.

Having analyzed the second part of the Balance Sheet in Table 18, there was noted an increase in the Company's liabilities as well as growth in their assets throughout the analyzed period. The Company's total liabilities increased by 51% in 2022 compared to 2021. It is mostly due to growth in current liabilities which increased by 132%. Current liabilities accounted for 142,282 million rubles and exceeded current assets which were 122,963 million rubles in this analyzed year. This indicates the company's difficulties and inability to cover current liabilities. This was mainly due to an increase of 1154% in the short-term portion of long-term interest-bearing loans and bonds. This is explained by the suspension of trading on the London Stock Exchange in the company's securities in March 2022 due to sanctions. The Company needs additional funds for the redemption of foreign bonds. However, the situation was also difficult a year earlier. The company's current

liabilities amounted to 61,256 million rubles when its current assets were valued at 48,848 million rubles.

In addition, the Company's equity declined throughout the analyzed period. In 2020, equity decreased by 2% compared to 2019, in 2021 the decrease was by 6%, and in 2022 by 1%. However, these declines are not critical and are due to economic difficulties.

Table 19 Horizontal analysis of the Income Statement for 2019-2022, VK

(In millions of Rubbles)					2022/2021		2021/2020		2020/2019	
	2022	2021	2020	2019	Diff(+)	%	Diff(+)	%	Diff(+)	%
Online advertising	56,917 P	44,066 P	39,008 P	36,571 P	12,851 P	29%	5,058 P	13%	2,437 P	7%
MMO games	- P	- P	32,769 P	36,417 P	- P	0%	- 32,769 P	-100%	3,648 P	-10%
Community IVAS	17,008 P	17,914 P	18,215 P	15,763 P	- 916 P	-5%	- 291 P	-2%	2,452 P	16%
Education technology services	11,190 P	10,651 P	- P	- P	589 P	5%	10,651 P	100%	- P	0%
Other revenue	12,655 P	9,341 P	10,550 P	7,480 P	3,814 P	35%	1,209 P	11%	3,070 P	41%
Total revenue	97,770 P	81,982 P	100,542 P	96,131 P	15,788 P	19%	-18,560 P	-18%	4,311 P	4%
Net gain/(loss) on venture capital investments	- P	- P	46 P	- 139 P	- P	0%	- 46 P	-100%	185 P	-133%
Personnel expenses	38,847 P	- 27,928 P	27,023 P	- 21,507 P	- 10,919 P	39%	905 P	3%	5,516 P	26%
Agent/partner fees	- 23,988 P	- 22,943 P	- 29,001 P	- 25,030 P	- 1,045 P	5%	6,058 P	-21%	3,971 P	16%
Marketing expenses	14,018 P	- 8,908 P	19,994 P	- 16,422 P	5,115 P	57%	11,091 P	-55%	3,572 P	22%
Office rent and maintenance	- P	- P	422 P	- 246 P	- P	0%	422 P	-100%	176 P	72%
Server hosting expenses	- 636 P	- 520 P	- 777 P	- 675 P	- 116 P	22%	237 P	-33%	102 P	15%
Professional services	- 1,229 P	- 1,135 P	973 P	- 785 P	94 P	8%	- 162 P	17%	188 P	24%
Other operating income/(expenses)	4,263 P	- 4,309 P	3,073 P	- 3,371 P	46 P	-1%	1,236 P	40%	298 P	-9%
Total operating expenses, net	- 82,981 P	- 65,738 P	- 81,263 P	- 68,036 P	- 17,243 P	26%	15,525 P	-19%	13,227 P	19%
Depreciation and amortisation	- 18,113 P	- 16,131 P	- 15,138 P	- 12,771 P	- 1,982 P	12%	- 993 P	7%	2,367 P	19%
Impairment of intangible assets	- 1,052 P	- 1,714 P	- 285 P	- 832 P	662 P	-39%	- 1,429 P	501%	547 P	-66%
Share of loss of equity accounted associates and joint ventures	- 16,994 P	- 21,167 P	- 19,892 P	- 1,691 P	4,173 P	-20%	- 1,275 P	6%	18,201 P	1076%
Finance income	6,561 P	951 P	836 P	585 P	5,610 P	590%	615 P	183%	249 P	-43%
Finance expenses	- 12,388 P	- 4,229 P	- 2,969 P	- 1,459 P	- 8,159 P	193%	- 1,260 P	42%	1,510 P	103%
Other non-operating gain/loss	187 P	- 182 P	- 490 P	- 148 P	369 P	-203%	308 P	-63%	- 342 P	231%
Gain on joint ventures formation	- P	- P	- P	15,855 P	- P	0%	- P	0%	15,855 P	-100%
Goodwill impairment	- 9,681 P	- P	- 7,050 P	- 4,380 P	- 9,681 P	-100%	7,050 P	-100%	2,670 P	61%
Net(loss) gain on financial assets and liabilities at fair value through profit or loss	- 10,486 P	2,755 P	5,235 P	- 758 P	- 13,241 P	-481%	- 2,480 P	-47%	5,993 P	-791%
Net gain on disposal of subsidiaries	13 P	- P	1,437 P	- P	13 P	100%	- 1,437 P	-100%	1,437 P	100%
Impairment of equity accounted associates and joint ventures	- 13,973 P	- 559 P	- 260 P	60 P	- 13,414 P	2400%	- 299 P	115%	320 P	-533%
Loss on remeasurement of assets held for sale	- 283 P	- P	- 4,519 P	- P	- 283 P	100%	4,519 P	-100%	- 4,519 P	100%
Gain on remeasurement of previously held interest in joint ventures and equity accounted associate	24,360 P	305 P	46 P	324 P	24,055 P	7887%	259 P	563%	278 P	-86%
Net loss on disposal of intangible assets	- P	- P	- 124 P	418 P	- P	0%	124 P	-100%	542 P	-130%
Loss on remeasurement of financial instruments	- 420 P	- 843 P	- P	- P	423 P	-50%	- 843 P	100%	- P	0%
Expected credit loss allowance on restricted cash	- 2,190 P	- P	- P	- P	- 2,190 P	-100%	- P	0%	- P	0%
Net foreign exchange gain (loss)	9,867 P	- 1,042 P	436 P	- 980 P	10,909 P	-1047%	- 1,478 P	-339%	1,416 P	-144%
Loss before income tax expense	- 1,639 P	- 14,626 P	- 19,393 P	22,279 P	12,887 P	-89%	4,767 P	-25%	41,672 P	-187%
Income tax expense	- 2,271 P	- 1,071 P	- 1,833 P	- 3,428 P	- 1,200 P	112%	762 P	-42%	1,995 P	-47%
Net profit/ loss	- 3,910 P	- 15,697 P	- 21,226 P	18,851 P	11,787 P	-75%	5,529 P	-26%	40,077 P	-213%

Source: own processing based on the Consolidated Statement of Financial Performance- the Income Statement of VK, 2019-2022

Starting in 2021, the Company began to separately publish discounted and continuing operations in the annual reports. The author decided to combine discounted operations and continuing operations for a more objective analysis. Discounted operations is represented in the appendix part.

Based on the horizontal analysis of the Company, it is noticeable that since 2020, the company has had a net loss. In 2020, the company's net profit fell by as much as 213% compared to 2019. This situation is explained by the Company in its annual report and appeared as a result of an increase in operating expenses of 19%. Personnel costs increased by 26% due to an increase in the number of employees; agent/partner fees also grew by 16% due to growth in revenue collection costs, advertising commissions, and payments for outsourcing; an increase in marketing expenses by 22% was due to Company stepped up marketing efforts to support the fast growth, partially accelerated by the effects of Covid-19 and lockdown and also primarily due to an increased share of loss from equity accounted

associates and joint ventures for 1076%, when at the same time revenue grew by only 4%. However, in 2021, the Company managed to reduce their operating expenses by 19% and other expenses and approach the 2019 amount and thereby reduce the net loss by 26% even though the revenue was 18% less than in 2020. In 2022, revenue increased by 19% mainly due to an increase in revenue from online advertising which accounted for 29%. Although the Company's expenses increased along with revenue growth, the Company managed to reduce its net loss by 75% in 2022. The net loss is also reduced due to exchange rate differences. The company earned about 9.8 billion rubles on the exchange rate difference against a loss of 1 billion rubles in 2021. Also in 2022, VK withdrew from its joint venture with Sberbank O2O, bought Zen and Novosti, and at the same time sold 100% of Delivery Club to Yandex. Thus, gain on remeasurement of previously held interest in joint ventures and equity accounted associate increased by 7,887%. In this way, VK shows the ambiguous situation of financial performance.

Table 20 Horizontal Analysis of the Cash Flow Statement for 2019-2022, VK

(in millions)					2022/2021		2021/2020		2020/2019	
	2022	2021	2020	2019	Diff(+)	%	Diff(+)	%	Diff(+)	%
Net cash provided by operating activities	12,549 P	20,912 P	23,021 P	12,920 P	-8,363	-40%	-2,109	-9%	10,101	78%
Net cash used in investing activities	- 32,337 P	- 45,103 P	- 30,409 P	- 33,381 P	12,766	-28%	-14,694	48%	2,972	-9%
Net cash used in financing activities	47,314 P	8,771 P	37,697 P	18,994 P	38,543	439%	-28,926	-77%	18,703	98%

Source: own processing based on the Consolidated Statement of Cash Flow of VK, 2019-2022

Table 20 represents VK's horizontal analysis of the cash flow statement. Even though the company had negative income in 2020, 2021, and 2022, its operating cash flow remained positive as in 2019, when the company had positive net income. It shows that the company is not experiencing serious difficulties. Also, investment cash flows remained negative throughout the analyzed period, it means that the Company has invested a lot. Having analyzed the Company's Annual Report, it can be concluded that VK mainly invests in property and equipment and in associates and joint ventures which is a good sign, as the Company has the funds to invest in long-term assets. This indicates the company's long-term development focus policy. Also, the Company had a positive financial cash flow, which means that more money flows into the company than flows out. However, most of the money comes to the company through loans. This is most likely because the Company needed

money due to the suspension of trading on the London Stock Exchange in 2022 and due to the coronavirus pandemic in 2020 when VK had the highest financial cash flow.

4.4.2 Vertical Analysis of the Financial Position and Performance, VK

Table 21 Vertical Analysis of the Balance Sheet for 2019-2022 (Assets), VK

(in millions of Russian Roubles)	2022	%	2021	%	2020	%	2019	%
Assets								
Non-current								
Investments in equity accounted associates and joint ventures	4,585 P	1.27%	48,921 P	16.43%	41,948 P	14%	49,834 P	20%
Goodwill	157,111 P	43.53%	138,414 P	46.49%	135,670 P	47%	141,285 P	55%
Right-of-use assets	9,519 P	2.64%	14,643 P	4.99%	15,618 P	5%	5,009 P	2%
Other intangible assets	22,249 P	6.16%	18,324 P	6.15%	19,623 P	7%	19,971 P	8%
Property and equipment	39,250 P	10.88%	15,798 P	5.31%	11,651 P	4%	8,712 P	3%
Financial assets at fair value through profit or loss	350 P	0.10%	6,903 P	2.32%	2,305 P	1%	1,749 P	1%
Deferred income tax assets	2,293 P	0.64%	5,157 P	1.73%	2,924 P	1%	2,078 P	1%
Other financial assets	2,158 P	0.60%	69 P	0.02%	422 P	0%	286 P	0%
Advance under office lease contracts	437 P	0.12%	462 P	0.16%	249 P	0%	120 P	0%
Total non-current assets	237,952 P	65.93%	248,891 P	83.59%	230,410 P	79%	229,044 P	90%
Current assets								
Trade accounts receivable	20,533 P	5.69%	20,688 P	6.95%	16,707 P	6%	12,658 P	5%
Accounts receivable from the sale of subsidiary	43,739 P	12.12%	- P	0.00%	- P	0%	- P	0%
Prepaid income tax	262 P	0.07%	359 P	0.12%	358 P	0%	148 P	0%
Prepaid expenses and advances to suppliers	1,965 P	0.54%	2,353 P	0.79%	853 P	0%	978 P	0%
Loans issued	2,982 P	0.83%	109 P	0.04%	2,441 P	1%	655 P	0%
Inventories	226 P	0.06%	157 P	0.05%	98 P	0%	- P	0%
Other current assets	4,205 P	1.17%	1,445 P	0.49%	1,247 P	0%	1,317 P	1%
Cash and cash equivalents	48,759 P	13.51%	23,737 P	7.97%	39,297 P	13%	9,825 P	4%
Assets held for sale	292 P	0.08%	- P	0.00%	- P	0%	- P	0%
Total current assets	122,963 P	34.07%	48,848 P	16.41%	61,001 P	21%	25,671 P	10%
Total assets	360,915 P	100.00%	297,739 P	100.00%	291,411 P	100%	254,715 P	100%

Source: own processing based on the Consolidated Statement of Financial Position - the Balance Sheet of VK, 2019-2022

Based on a vertical analysis of the balance sheet in Table 21, it was noticed that the percentage of non-current assets to total assets was mainly decreasing. Namely, non-current assets accounted for 90% and 79% in 2019 and 2020, respectively. Non-current assets increased to 84% in 2021 and fell again to 66% in 2022. The largest decline occurred in investments in equity accounted associates and joint ventures in 2022, when it fell to just 1.27% of the Company's total assets. In comparison in 2021, this category was estimated at 15.43%. In terms of current assets, the largest growth was recorded in 2022. For example, cash and cash equivalents increased by 34.07% compared to 16.41% in 2021, and accounts receivable from the sale of a subsidiary appeared and accounted for 12.12%. This growth is due to the sale of MMO games segment to Aleksander Chachava, Managing Partner at LETA Capital.

Table 22 Vertical Analysis of the Balance Sheet for 2019-2022 (Equity and Liabilities), VK

(in millions of Russian Roubles)	2022	%	2021	%	2020	%	2019	%
Equity attributable to equity holders of the parent								
Issued capital								
Share premium	81,872 P	22.68%	79,397 P	26.67%	77,101 P	26%	60,286 P	24%
Treasury shares	- 1,039 P	-0.29%	- 1,044 P	-0.35%	- 1,071 P	0%	- 1,152 P	0%
Retained earnings	86,841 P	24.06%	89,985 P	30.22%	103,103 P	35%	125,351 P	49%
Foreign currency translation reserve	2,585 P	0.72%	1,578 P	0.53%	1,195 P	0%	170 P	0%
Total equity attributable to equity holders of the parent	170,259 P	47.17%	169,916 P	57.07%	180,328 P	62%	184,655 P	72%
Non-controlling interests	- 2,147 P	-0.59%	346 P	0.12%	1,663 P	1%	809 P	0%
Total equity	168,112 P	46.58%	170,262 P	57.18%	181,991 P	62%	185,464 P	73%
Non-current liabilities								
Deferred income tax liabilities	2,107 P	0.58%	1,228 P	0.41%	1,379 P	0%	2,286 P	1%
Deferred revenue	793 P	0.22%	1,455 P	0.49%	1,871 P	1%	1,737 P	1%
Non-current lease liabilities	7,292 P	2.02%	11,327 P	3.80%	11,338 P	4%	1,568 P	1%
Non-current financial liabilities at fair value through profit or loss	3,982 P	1.10%	879 P	0.30%	3,506 P	1%	- P	0%
Long-term interest-bearing loans and bonds	35,775 P	9.91%	50,810 P	17.07%	41,497 P	14%	19,474 P	8%
Other non-current liabilities	572 P	0.18%	522 P	0.18%	265 P	0%	- P	0%
Total non-current liabilities	50,521 P	14.00%	66,221 P	22.24%	59,856 P	21%	25,065 P	10%
Current liabilities								
Trade accounts payable	17,121 P	4.74%	14,541 P	4.88%	10,923 P	4%	8,030 P	3%
Income tax payable	2,689 P	0.75%	3,208 P	1.08%	2,673 P	1%	481 P	0%
VAT and other taxes payable	5,183 P	1.44%	4,391 P	1.47%	2,259 P	1%	2,086 P	1%
Deferred revenue and customer advances	8,428 P	2.34%	17,794 P	5.98%	16,912 P	6%	10,920 P	4%
Short-term portion of long-term interest-bearing loans and bonds	88,742 P	24.59%	7,078 P	2.38%	3,718 P	1%	4,044 P	2%
Current lease liabilities	3,216 P	0.89%	4,121 P	1.38%	3,861 P	1%	3,218 P	1%
Current financial liabilities at fair value through profit or loss	4,806 P	1.33%	- P	0.00%	- P	0%	- P	0%
Other payables and accrued expenses	11,810 P	3.27%	10,123 P	3.40%	9,218 P	3%	15,407 P	6%
Liabilities directly associated with assets held for sale	287 P	0.08%	- P	0.00%	- P	0%	- P	0%
Total current liabilities	142,282 P	39.42%	61,256 P	20.57%	49,564 P	17%	44,186 P	17%
Total liabilities	192,803 P	53.42%	127,477 P	42.82%	109,420 P	38%	69,251 P	27%
Total equity and liabilities	360,915 P	100.00%	297,739 P	100.00%	291,411 P	100%	254,715 P	100%

Source: own processing based on the Consolidated Statement of Financial Position- the Balance Sheet of VK, 2019-2022

Table 22 shows the Company's liabilities and equity. During the entire analyzed period, there was an increase in the total liabilities of the company from the total equity and liabilities. The company's total liabilities amounted to 53.42% in 2022 compared to 42.82% in 2021. The growth was mainly due to an increase in current liabilities. Current liabilities amounted to 20.57% in 2021 when they became 39.42% in 2022. This growth was mainly due to the short-term portion of long-term interest-bearing loans and bonds increase, which amounted to 24.59% in 2022 and in it was only 2.38% in 2021. Also, since 2020, the Company has had a decline in their equity. Equity amounted to 73% of the total liabilities and equity in 2019. Equity has already amounted to 62% in 2020 and even 57% in 2021 of total liabilities and equity. The worst situation came in 2022 when equity was only 46.5%. A vertical analysis of the company's balance sheet shows that the company's liabilities were growing and the company's equity was falling, this can be explained by the pandemic in 2020 and the sanctions imposed in 2022, as well as the suspension of trading on the London Stock Exchange, when the company faced unforeseen circumstances and needed increased funding.

Table 23 Vertical Analysis of the Income Statement for 2019-2022, VK

(in millions of Russian Roubles)	2022	%	2021	%	2020	%	2019	%
Online advertising	59,956 P	46%	48,686 P	39%	39,008 P	39%	56,571 P	38%
MMO games	28,314 P	22%	38,327 P	30%	32,769 P	33%	36,417 P	38%
Community IVAS	17,456 P	13%	18,387 P	15%	18,215 P	18%	15,763 P	16%
Education technology services	11,190 P	9%	10,651 P	8%	- P	0%	- P	0%
Other revenue	13,109 P	10%	10,010 P	8%	10,550 P	10%	7,480 P	8%
Total revenue	130,025 P	100%	126,061 P	100%	100,542 P	100%	96,231 P	100%
Net gain/(loss) on venture capital investments	- P	0%	- P	0%	46 P	0%	139 P	0%
Personnel expenses	- 45,352 P	-35%	- 34,864 P	-28%	- 27,023 P	-27%	- 21,507 P	-22%
Agent/partner fees	- 31,929 P	-25%	- 33,680 P	-27%	- 29,001 P	-29%	- 25,030 P	-26%
Marketing expenses	- 25,413 P	-20%	- 20,706 P	-16%	- 19,994 P	-20%	- 16,422 P	-17%
Office rent and maintenance	- P	0%	- P	0%	- 422 P	0%	- 246 P	0%
Server hosting expenses	- 858 P	-1%	- 853 P	-1%	- 777 P	-1%	- 675 P	-1%
Professional services	- 1,436 P	-1%	- 1,501 P	-1%	- 973 P	-1%	- 785 P	-1%
Other operating income/(expenses)	- 5,031 P	-4%	- 5,010 P	-4%	- 3,073 P	-3%	- 3,371 P	-4%
Total operating expenses, net	- 110,029 P	-85%	- 96,614 P	-77%	- 81,263 P	-81%	- 68,036 P	-71%
Depreciation and amortisation	- 20,074 P	-15%	- 18,371 P	-15%	- 15,138 P	-15%	- 12,771 P	-13%
Impairment of intangible assets	- 1,052 P	-1%	- 1,714 P	-1%	- 285 P	0%	- 832 P	-1%
Share of loss of equity accounted associates and joint ventures	- 16,994 P	-13%	- 21,167 P	-17%	- 19,892 P	-20%	- 1,691 P	-2%
Finance income	6,668 P	5%	969 P	1%	336 P	0%	585 P	1%
Finance expenses	- 12,388 P	-10%	- 4,253 P	-3%	- 2,969 P	-3%	- 1,459 P	-2%
Other non-operating gain/loss	210 P	0%	197 P	0%	490 P	0%	148 P	0%
Gain on joint ventures formation	- P	0%	- P	0%	- P	0%	15,855 P	16%
Goodwill impairment	- 9,681 P	-7%	- P	0%	- 7,050 P	-7%	- 4,380 P	-5%
Net(loss) gain on financial assets and liabilities at fair value through profit or loss	- 11,067 P	-9%	2,700 P	2%	5,235 P	5%	- 758 P	-1%
Net gain on disposal of subsidiaries	- 27,143 P	-21%	- P	0%	1,437 P	1%	- P	0%
Impairment of equity accounted associates and joint ventures	- 13,973 P	-11%	- 559 P	0%	- 260 P	0%	- 60 P	0%
Loss on remeasurement of assets held for sale	- 283 P	0%	- P	0%	- 4,519 P	-4%	- P	0%
Gain on remeasurement of previously held interest in joint ventures and equity account	24,360 P	19%	305 P	0%	46 P	0%	324 P	0%
Net loss on disposal of intangible assets	- P	0%	- P	0%	- 124 P	0%	- 418 P	0%
Loss on remeasurement of financial instruments	- 420 P	0%	- 843 P	-1%	- P	0%	- P	0%
Expected credit loss allowance on restricted cash	- 3,475 P	-3%	- P	0%	- P	0%	- P	0%
Net foreign exchange gain (loss)	9,391 P	7%	943 P	-1%	436 P	0%	980 P	-1%
Loss before income tax expense	- 1,639 P	-1%	- 14,626 P	-12%	- 19,393 P	-19%	22,279 P	23%
Income tax expense	- 2,271 P	-2%	- 1,071 P	-1%	- 1,833 P	-2%	- 3,428 P	-4%
Net profit/ loss	- 3,910 P	-3%	- 15,697 P	-12%	- 21,226 P	-21%	18,851 P	20%

Source: own processing based on the Consolidated Statement of Financial Performance - the Income Statement of VK, 2019-2022

After conducting a vertical analysis of the Income Statement, it was noted that most of the Company's revenue was received through online advertising during the entire analyzed period. Revenue from online advertising accounted for 38-39% of the Company's total revenue between 2019-2021, and it grew to 46% in 2022. Also, a significant revenue the Company received from MMO games during the period 2019-2022. The maximum percentage of MMO games was observed and amounted to 38% in 2019. Then, the revenue from this sector began to decline every year. Revenue from MMO games was 33%, 30%, and only 22% in 2020, 2021, 2022, respectively. This number for 2022 is explained by the sale of the project. The largest items of the company's expenses for 2022 were personal costs and agent/partner fees. Personal expenses accounted for 35% in 2022, compared to 28% in 2021, and 27% and 22% in 2020 and 2019, respectively. Agent/Partner fees throughout the analyzed period ranged from a minimum of 25% in 2022 to a maximum of 29% in 2020. The Company's total operating expenses ranged from a minimum of 71% in 2019 to a maximum of 85% in 2022. Although the Company's operating expenses do not exceed its revenues, the company has had a negative profit since 2020. This is mainly due to the coronavirus pandemic in 2020, as well as the sanctions imposed and the suspension of trading on the stock exchange in 2022, when the company faced other unforeseen expenses.

4.4.3 Ratio Analysis, VK

Table 24 Ratio Analysis for 2019-2022, VK

Financial ratio	Formula	2019	2020	2021	2022
Current ratio	Current Assets/Current Liabilities	0.58	1.23	0.80	0.86
ROA (Return on Assets ratio)	Net income/Total Assets	7.40%	-7.28%	-5.27%	-1.08%
ROE (Return on Equity ratio)	Net income/Total Shareholder's Equity	10.16%	-11.66%	-9.22%	-2.33%
Debt-to-equity	Total Liabilities/Total Shareholder's Equity	0.37	0.60	0.75	1.15
	Current Assets	25,671 P	16,707 P	48,848 P	122,963 P
	Current Liabilities	44,186 P	49,564 P	61,256 P	142,282 P
	Net Income	18,851 P	- 21,226 P	- 15,697 P	- 3,910 P
	Total Assets	254,715 P	291,411 P	297,739 P	360,915 P
	Total Shareholder's Equity	185,464 P	181,991 P	170,262 P	168,112 P
	Total Liabilities	69,251 P	109,420 P	127,477 P	192,803 P

Source: own processing based on the Consolidated Statements of Financial Position and Performance of VK, 2019-2022

Relying on the current ratio analysis shown in Table 24, it can be concluded that during the period under review, the Company had more debts than current assets, except 2020, when the current ratio was 1.23. This situation is not good, as liquid assets are not enough to repay all liabilities. Analyzing the company's ROE, it is important to mention that the company had a satisfactory ROE only in 2019 when the indicator was at around 10.16%. Then the company began to have a negative indicator as a result of negative net income. After analyzing the ROA from 2019 to 2022, the author can conclude that the company effectively used its assets only in 2019, when the indicator was 7.40%. Since 2020, the Company has had a negative ROA. However, starting in 2021, it began to reduce losses. The company's debt-to-equity ratio did not exceed the mark of 1.14 throughout the analyzed period, which is good. However, there is a growth in this ratio every year, which may further affect the financial well-being of the Company.

5 Results and Discussion

The results and discussion include the assessment of the financial position and performance of the chosen companies and the most significant factors influencing the profit, based on the practical part and additional information from the annual reports of the company.

5.1 Assessment of the Financial Position of the VK Company Limited

After conducting a financial analysis of the company, the author can put forward the results and discuss them.

The most important point that needs to be paid attention to is the predominance of current liabilities over the company's current assets in the amount of 19,319 million Russian Rubles. This realizes that liquid assets are not enough to pay current liabilities and indicates serious difficulties and a negative Financial position of the Company. This situation was mainly because trading of VK GDRs on the London Stock Exchange was suspended on March 3, 2022, due to the military conflict in Ukraine and subsequently imposed sanctions, the company must buy back foreign bonds for which the company does not have enough funds and needs additional loans. For example, it is confirmed by an 1154% increase in the short-term portion of long-term interest-bearing loans and bonds that are shown in Table 18.

Also, due to the uncertain economic situation in the world, VK recognized an impairment loss including impairment of goodwill on AliExpress Russia (JV), online service Citymobil and Haslop Company Limited (Cyprus), and Uchi.ru LLC (Russia). The company also showed an increase in cash and cash equivalents from total assets by 105% in 2021, but this is not good news for the company since the growth was achieved through the sale of the MMO sector, which brought in a fairly large amount of the Company's profit. The drop in the company's non-current assets is also noticeable. Although it is not too large and is 4% compared to 2021. Nevertheless, the company is still trying to invest in property and equipment. This category grew by 148% in 2022. The company's difficulties are also confirmed by the declining equity of the total liabilities and equity. For example, it amounted to 46.68% in 2022, while it was 57.18% in 2021.

Thus, one of the largest Russian companies in the field of social media is exposed to risks to its existence in the future. The Company will need to properly analyze the risks and put forward a strategy to overcome the difficulties.

5.2 Assessment of the Financial Performance of the VK Company Limited

After conducting a vertical and horizontal analysis of the Income statement, it was found that the company has negative net income since 2020. This indicates that the Company's expenses are rising and the company is not managing its income effectively. Thus, the assessment of the company's financial performance is negative

The increase affected all categories of operating expenses in 2020. The company explains this by saying that due to the coronavirus pandemic and the subsequent lockdown, people around the world began to spend most of their time on the Internet, which has a positive impact. on companies in the social media sector, in connection with that Company decided to allocate additional funds to marketing, which led to expenses being 22% higher than in 2019, and personnel costs increasing by 26% due to an increase in the number of employees; agency/affiliate fees also increased by 16%, driven by higher revenue collection costs, advertising commissions and outsourcing fees that are shown in Table 19. However, this did not bring significant success and the Company's revenue fell by 18 percent in 2021. However, despite this, the company managed to reduce the net loss by 16% due to reduced expenses. In 2022, the Company managed to reduce its net loss by 75%. This was mainly due to a 19% increase in the Company's revenues, in particular, from the online advertising sector. It accounted for 46% of the company's revenue in 2022. For comparison, it was 38-39% between 2019-2021. The net loss also reduced due gain on remeasurement of previously held interest in joint ventures and equity accounted associate increased by 7,887%. Thus, the Company is on the way to recovering from the loss of 2020, but it should not be forgotten that at the moment the Company has problems related to the redemption of the bonds on the London Stock Exchange, which in the future may have a negative impact on the economic situation of VK too.

5.3 Comparison of Financial Position and Performance of VK Company Limited, Meta Platforms Inc., and Snap Inc.

Comparing VK with its competitors in terms of financial position and performance, it is possible to summarize that in 2022, each of the companies had problems because of the economic uncertainty in the world, as well as the recently ended coronavirus pandemic. However, the best position according to the results of the analysis was taken by Meta. Meta

was the only company that did not have a negative profit during the entire analyzed period. It is shown in Table 3. However, its income was also reduced by 20% compared to 2021. This was due to the difficult economic situation in the world, as well as to challenges from Apple's updated privacy policy and increased competition from TikTok. However, in general, this company looks quite healthy in terms of its financial position too. The Company's current ratio was 2.2. It means that the Company's current assets exceed its liabilities. Having analyzed Snap's financial performance, it is possible to conclude that Company is in a difficult situation since it had a negative profit throughout the entire period. In 2022, Company's operating expenses amounted to 130% of revenue which is an indicator of the inefficiency of the Company's management. The Company has research and development expenses exceed other expenses, which is not so bad. However, in the current financial situation of the company, this is not appropriate as the Company needs to offer every opportunity to reduce the net loss. Summing up the assessment of the company's current financial position, it is necessary to conclude that it is assessed as satisfactory, as the company has an advantage of current assets over current liabilities, its current ratio was 4.32 in 2022. However, due to the analysis of the Cash Flow Statement, it was revealed that the financing of the Company's current liabilities is mainly achieved through permanent short-term loans, which indicates that the company does not have enough funds for self-existence and is forced to borrow a lot.

Summing up, it can be noted that VK occupies a satisfactory position relative to its competitors in the world in terms of financial position and performance at the moment, and if the Company can cope with temporary difficulties, growth and development await in the future.

5.4 The most significant factors influencing the profit of analyzing companies

The last few years have been quite difficult for the economy around the world. Particular difficulties for companies were associated with the coronavirus epidemic in 2020, when companies faced unexpected expenses, for example, related to administrative activities. Also, for the social media industry, this situation had a positive impact on income, since during the lockdown people spent more time on the Internet and used the services of social media companies more than in the pre-Covid times. However, for example, VK invested additional funds in marketing for the development of the company and influenced

the negative net revenue of the company in 2020. In addition, each of the companies faced competition and its subsequent impact on revenue. For example, Snap cannot cope with competition from TikTok and Instagram. In addition, military conflicts in the world have not been spared. For example, due to the conflict in Ukraine, trading of VK bonds on the London Stock Exchange was suspended and the company was forced to borrow additional funds to repurchase bonds. Also, Meta was recognized as a banned terrorist organization in the Russian Federation. Thus, businesses had to adapt to new conditions, which affected the ability to generate profit as usual.

6 Conclusion

The author of this thesis has assessed the performance and position of VK, as well as its competitors Meta and Snap, using vertical, horizontal, and ratio analysis for years 2019 - 2022. The assessment of each of the competitors' companies was obtained and compared with the main analyzed company VK. In this way, the author can summarize the information.

The author of this bachelor concluded that VK's assessment is satisfactory in comparison to the financial performance and positions of other companies. However, the company needs to analyze all the risks associated with sanctions and economic instability in the Russian Federation, as well as in the world. The company needs to develop the right strategy to cope with the net loss as well as the excess current liabilities over the company's assets. Also, VK needs to make the right decision with the repurchase of the Company's bonds on the London Stock Exchange, because at the moment this is the key issue of the company, which can affect its well-being in the future.

Meta's financial performance and position are assessed as healthy, but the company also needs to follow the right strategy to maintain this situation in the future, as some deterioration is already noticeable in comparison with past years.

Snap's financial position and performance are assessed as unsatisfactory since the company has never shown a positive profit in the years of its existence. According to the author, the company faces serious problems in the future.

The author hopes for an improvement in the economic situation in the world and the ability of each of the companies to prosper.

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8.4 List of abbreviations

RAS – Russian Accounting Standards
GAAP – Generally Accepted Accounting
IFRS – International Financial Reporting Standards
ROA – Return on Assets
ROE – Return on Equity
PBU – Accounting Regulations

Appendix

Table 25 Consolidated Statement of Financial Position – the Balance Sheet, VK, 2023

Consolidated Statement of Financial Position

As of December 31, 2022
(in millions of Russian Rubles)

	Notes	As of December 31, 2022	As of December 31, 2021 (restated) Note 12.6
Assets			
Non-current assets			
Investments in equity accounted associates and joint ventures	11	4,585	48,921
Goodwill	8	157,111	138,414
Right-of-use assets	6	9,519	14,843
Other intangible assets	7	22,249	18,324
Property and equipment	9	39,250	15,798
Financial assets at fair value through profit or loss	24	350	6,903
Deferred income tax assets	20	2,293	5,157
Other financial assets	24	2,158	69
Advance under office lease contracts		437	462
Total non-current assets		237,952	248,891
Current assets			
Trade accounts receivable	14	20,533	20,688
Accounts receivable from the sale of a subsidiary	13.1	43,739	-
Prepaid income tax		262	359
Prepaid expenses and advances to suppliers		1,965	2,353
Loans issued	24	2,982	109
Inventories		226	157
Other current assets	16	4,205	1,445
Cash and cash equivalents	15	48,759	23,737
Assets held for sale	13.3	292	-
Total current assets		122,963	48,848
Total assets		360,915	297,739
Equity and liabilities			
Equity attributable to equity holders of the parent			
Issued capital		-	-
Share premium		81,872	79,397
Treasury shares		(1,039)	(1,044)
Retained earnings		86,841	89,985
Foreign currency translation reserve		2,585	1,578
Total equity attributable to equity holders of the parent		170,259	169,916
Non-controlling interests	17.4	(2,147)	346
Total equity		168,112	170,262
Non-current liabilities			
Deferred income tax liabilities	20	2,107	1,228
Deferred revenue		793	1,455
Non-current lease liabilities	6	7,292	11,327
Non-current financial liabilities at fair value through profit or loss	24	3,982	879
Long-term interest-bearing loans and bonds	24	35,775	50,810
Other non-current liabilities		572	522
Total non-current liabilities		50,521	66,221
Current liabilities			
Trade accounts payable	24	17,121	14,541
Income tax payable		2,689	3,208
VAT and other taxes payable		5,183	4,391
Deferred revenue and customer advances		8,428	17,794
Short-term portion of long-term interest-bearing loans and bonds	24	88,742	7,078
Current lease liabilities	6	3,216	4,121
Current financial liabilities at fair value through profit or loss	24	4,806	-
Other payables and accrued expenses	16	11,810	10,123
Liabilities directly associated with assets held for sale	13.3	287	-
Total current liabilities		142,282	61,256
Total liabilities		192,803	127,477
Total equity and liabilities		360,915	297,739

Source: (VK Company Limited, 2023)

Table 26 Consolidated Statement of Financial Performance – the Income Statement, VK, 2023

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2022
(in millions of Russian Roubles)

	Notes	2022	2021
Continuing operations			
Online advertising		56,917	44,066
Community IVAS		17,008	17,924
Education technology services		11,190	10,651
Other revenue		12,655	9,341
Total revenue	18	97,770	81,982
Personnel expenses			
Agent/partner fees	25	(38,847)	(27,928)
Marketing expenses		(23,988)	(22,943)
Marketing expenses		(14,018)	(8,903)
Server hosting expenses		(636)	(520)
Professional services		(1,229)	(1,135)
Other operating income		792	570
Other operating expenses	26	(5,055)	(4,879)
Total operating expenses, net		(82,981)	(65,738)
Depreciation and amortisation	6, 7, 9	(18,113)	(16,131)
Impairment of intangible assets	7	(1,052)	(1,714)
Share of loss of equity accounted associates and joint ventures	11	(16,994)	(21,167)
Finance income	24.3	6,561	951
Finance expenses	19	(12,379)	(4,229)
Other non-operating gain/loss	6	187	(182)
Goodwill impairment	8	(9,681)	-
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	24	(10,486)	2,755
Net gain on disposal of subsidiaries	13.2	13	-
Impairment of equity accounted associates and joint ventures	11	(13,973)	(559)
Loss on remeasurement of assets held for sale	13.3	(283)	-
Gain on remeasurement of previously held interest in joint ventures and equity accounted associate	11.2	24,360	305
Loss on remeasurement of financial instruments		(123)	(819)
Expected credit loss allowance on restricted cash		(2,190)	-
Net foreign exchange gain/(loss)		9,867	(1,042)
Loss before income tax expense from continuing operations		(29,497)	(25,588)
Income tax expense	20	(3,149)	(757)
Loss from continuing operations		(32,646)	(26,345)
Discontinued operations			
Profit from discontinued operations	13	28,736	10,648
Net loss		(3,910)	(15,697)
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Effect of translation to presentation currency of Group's joint ventures		1,002	132
Exchange difference on translation of foreign operations		(26)	251
Total other comprehensive loss that may be reclassified to profit or loss in subsequent periods		976	383
Total other comprehensive loss net of tax effect of 0		976	383
Total comprehensive loss, net of tax		(2,934)	(15,314)

Source: (VK Company Limited, 2023)

Table 27 Consolidated Statement of Cash Flow, VK, 2023

Consolidated Statement of Cash Flows

For the year ended December 31, 2022

(in millions of Russian Roubles)

	Notes	2022	2021
Cash flows from operating activities			
Loss before income tax from continuing operations		(29,497)	(25,588)
Profit before income tax from discontinued operations		27,858	10,962
Loss before income tax		(1,639)	(14,626)
<i>Adjustments to reconcile loss before income tax to cash flows</i>			
Depreciation and amortisation	6, 7, 9	20,074	18,371
Impairment of intangible assets	7	1,052	1,714
Share of loss of equity accounted associates and joint ventures	11	16,994	21,167
Finance income		(6,668)	(969)
Finance expenses	19	12,388	4,253
Expected credit loss allowance on trade receivables	14, 26	89	418
Expected credit loss allowance on restricted cash		2,911	-
Goodwill impairment	8	9,681	-
Net loss/(gain) on financial assets and liabilities at fair value through profit or loss	24	11,067	(2,700)
Net gain on disposal of subsidiaries	13	(27,143)	-
Impairment of equity accounted associates and joint ventures	11	13,973	559
Loss on remeasurement of assets held for sale		283	-
Gain on remeasurement of previously held interest in equity accounted associates	11.2	(24,360)	(305)
Loss on remeasurement of financial instruments		420	843
Net foreign exchange (gain)/loss		(9,391)	943
Cash settled and equity settled share-based payments	28	2,480	2,091
Other non-cash items		(82)	227
<i>Change in operating assets and liabilities</i>			
Increase in accounts receivable		(5,792)	(3,912)
Increase in prepaid expenses and advances to suppliers		(3,462)	(1,512)
Increase in inventories and other assets		(2,863)	(960)
Increase in accounts payable and accrued expense		9,604	5,700
Decrease in other non-current assets		25	205
(Decrease)/increase in deferred revenue and customer advances		(285)	86
Increase in financial assets at fair value through profit or loss		(570)	(5,129)
Operating cash flows before interest and income taxes		18,786	26,464
Interest received		724	393
Interest paid	6, 24.3	(4,969)	(2,977)
Income tax paid	20	(1,992)	(2,968)
Net cash provided by operating activities		12,549	20,912
Cash flows from investing activities			
Cash paid for property and equipment from continuing operations	9	(14,143)	(8,640)
Cash paid for intangible assets from continuing operations	7	(6,189)	(4,017)
Cash paid for property and equipment from discontinued operations		(126)	(127)
Cash paid for intangible assets from discontinued operations		(2,132)	(2,329)
Dividends received from equity accounted associates	11	76	891
Loans issued		(8,713)	(15,959)
Loans collected		165	348
Cash paid for acquisitions of subsidiaries, net of cash acquired	12	3,302	(3,503)
Cash outflow from sale of subsidiary	13	(1,743)	-
Cash paid for investments in equity accounted associates and joint ventures	11	(2,834)	(11,767)
Net cash used in investing activities		(32,337)	(45,103)

Source: (VK Company Limited, 2023)

Table 28 Discontinued operations in 2021-2022, VK

The financial results related to the Disposal Group (discontinued operations) are presented below:

	2022*	2021
Online advertising	3,039	4,620
MMO games	28,314	38,327
Community IVAS	448	463
Other revenue	454	669
Total revenue	32,255	44,079
Personnel expenses	(6,505)	(6,936)
Agent/partner fees	(7,941)	(10,737)
Marketing expenses	(11,395)	(11,803)
Server hosting expenses	(232)	(333)
Professional services	(207)	(366)
Other operating expenses	(768)	(701)
Total operating expenses, net	(27,048)	(30,876)
Depreciation and amortisation	(1,961)	(2,240)
Finance income	107	18
Finance expenses	(9)	(24)
Other non-operating gain/(loss)	23	(15)
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(581)	(55)
Gain from the disposal of subsidiary	27,130	-
Loss on remeasurement of financial instruments	(297)	(24)
Expected credit loss allowance on restricted cash	(1,285)	-
Net foreign exchange gain	(476)	99
Profit/(loss) before income tax expense from discontinued operations	27,858	10,962
Income tax expense	878	(314)
Net profit/(loss) from discontinued operations	28,736	10,648

Source: (VK Company Limited, 2023)

Table 29 Consolidated Statement of Financial Position – the Balance Sheet, Meta, 2023

		December 31,	
		2022	2021
Assets			
Current assets:			
Cash and cash equivalents	\$	14,681	\$ 16,601
Marketable securities		26,057	31,397
Accounts receivable, net		13,466	14,039
Prepaid expenses and other current assets		5,345	4,629
Total current assets		59,549	66,666
Non-marketable equity securities		6,201	6,775
Property and equipment, net		79,518	57,809
Operating lease right-of-use assets		12,673	12,155
Intangible assets, net		897	634
Goodwill		20,306	19,197
Other assets		6,583	2,751
Total assets	\$	185,727	\$ 165,987
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$	4,990	\$ 4,083
Partners payable		1,117	1,052
Operating lease liabilities, current		1,367	1,127
Accrued expenses and other current liabilities		19,552	14,873
Total current liabilities		27,026	21,135
Operating lease liabilities, non-current		15,301	12,746
Long-term debt		9,923	—
Other liabilities		7,764	7,227
Total liabilities		60,014	41,108
Commitments and contingencies			
Stockholders' equity:			
Common stock, \$0.000006 par value; 5,000 million Class A shares authorized, 2,247 million and 2,328 million shares issued and outstanding, as of December 31, 2022 and 2021, respectively; 4,141 million Class B shares authorized, 367 million and 413 million shares issued and outstanding, as of December 31, 2022 and 2021, respectively		—	—
Additional paid-in capital		64,444	55,811
Accumulated other comprehensive loss		(3,530)	(693)
Retained earnings		64,799	69,761
Total stockholders' equity		125,713	124,879
Total liabilities and stockholders' equity	\$	185,727	\$ 165,987

Source: (Meta Platforms, 2023)

Table 30 Consolidated Statement of Financial Performance – the Income Statement, Meta, 2023

META PLATFORMS, INC.			
CONSOLIDATED STATEMENTS OF INCOME			
<i>(In millions, except per share amounts)</i>			
	Year Ended December 31,		
	2022	2021	2020
Revenue	\$ 116,609	\$ 117,929	\$ 85,965
Costs and expenses:			
Cost of revenue	25,249	22,649	16,692
Research and development	35,338	24,655	18,447
Marketing and sales	15,262	14,043	11,591
General and administrative	11,816	9,829	6,564
Total costs and expenses	87,665	71,176	53,294
Income from operations	28,944	46,753	32,671
Interest and other income (expense), net	(125)	531	509
Income before provision for income taxes	28,819	47,284	33,180
Provision for income taxes	5,619	7,914	4,034
Net income	\$ 23,200	\$ 39,370	\$ 29,146
Earnings per share attributable to Class A and Class B common stockholders:			
Basic	\$ 8.63	\$ 13.99	\$ 10.22
Diluted	\$ 8.59	\$ 13.77	\$ 10.09
Weighted-average shares used to compute earnings per share attributable to Class A and Class B common stockholders:			
Basic	2,687	2,815	2,851
Diluted	2,702	2,859	2,888
Share-based compensation expense included in costs and expenses:			
Cost of revenue	\$ 768	\$ 577	\$ 447
Research and development	9,361	7,106	4,918
Marketing and sales	1,004	837	691
General and administrative	859	644	480
Total share-based compensation expense	\$ 11,992	\$ 9,164	\$ 6,536

Source: (Meta Platforms, 2023)

Table 31 Consolidated Statement of Cash Flow, Meta, 2023

	Year Ended December 31,		
	2022	2021	2020
Cash flows from operating activities			
Net income	\$ 23,200	\$ 39,370	\$ 29,146
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	8,686	7,967	6,862
Share-based compensation	11,992	9,164	6,536
Deferred income taxes	(3,286)	609	(1,192)
Impairment charges for leases and leasehold improvements	2,218	—	—
Abandonment charges for data center assets	1,341	—	—
Fair value adjustments for non-marketable securities	463	(232)	33
Other	178	105	85
Changes in assets and liabilities:			
Accounts receivable	231	(3,110)	(1,512)
Prepaid expenses and other current assets	162	(1,750)	135
Other assets	(106)	(349)	(34)
Accounts payable	210	1,436	(17)
Partners payable	90	(12)	178
Accrued expenses and other current liabilities	4,210	3,544	(946)
Other liabilities	886	941	(527)
Net cash provided by operating activities	50,475	57,683	38,747
Cash flows from investing activities			
Purchases of property and equipment	(31,431)	(18,690)	(15,163)
Proceeds relating to property and equipment	245	123	48
Purchases of marketable debt securities	(9,626)	(30,407)	(33,930)
Sales of marketable debt securities	11,083	31,671	11,787
Maturities of marketable debt securities	2,075	10,915	13,984
Purchases of non-marketable equity securities	(5)	(47)	(6,361)
Acquisitions of businesses and intangible assets	(1,312)	(851)	(388)
Other investing activities	1	(284)	(36)
Net cash used in investing activities	(28,970)	(7,570)	(30,059)
Cash flows from financing activities			
Taxes paid related to net share settlement of equity awards	(3,595)	(5,515)	(3,564)
Repurchases of Class A common stock	(27,956)	(44,537)	(6,272)
Proceeds from issuance of long-term debt, net	9,921	—	—
Principal payments on finance leases	(850)	(677)	(604)
Other financing activities	344	1	148
Net cash used in financing activities	(22,136)	(50,728)	(10,292)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(638)	(474)	279
Net decrease in cash, cash equivalents, and restricted cash	(1,269)	(1,089)	(1,325)
Cash, cash equivalents, and restricted cash at beginning of the period	16,865	17,954	19,279
Cash, cash equivalents, and restricted cash at end of the period	\$ 15,596	\$ 16,865	\$ 17,954
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets			
Cash and cash equivalents	\$ 14,681	\$ 16,601	\$ 17,576
Restricted cash, included in prepaid expenses and other current assets	294	149	241
Restricted cash, included in other assets	621	115	137
Total cash, cash equivalents, and restricted cash	\$ 15,596	\$ 16,865	\$ 17,954

Source: (Meta Platforms, 2023)

Table 32 Consolidated Statement of Financial Position – the Balance Sheet, Snap, 2023

	December 31,	
	2022	2021
Snap Inc.		
Consolidated Balance Sheets		
<i>(in thousands, except par value)</i>		
Assets		
Current assets		
Cash and cash equivalents	\$ 1,423,121	\$ 1,993,809
Marketable securities	2,516,003	1,699,076
Accounts receivable, net of allowance	1,183,092	1,068,873
Prepaid expenses and other current assets	134,431	92,244
Total current assets	5,256,647	4,854,002
Property and equipment, net	271,777	202,644
Operating lease right-of-use assets	370,952	322,252
Intangible assets, net	204,480	277,654
Goodwill	1,646,120	1,588,452
Other assets	279,562	291,302
Total assets	<u>\$ 8,029,538</u>	<u>\$ 7,536,306</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 181,774	\$ 125,282
Operating lease liabilities	46,485	52,396
Accrued expenses and other current liabilities	987,340	674,108
Total current liabilities	1,215,599	851,786
Convertible senior notes, net	3,742,520	2,253,087
Operating lease liabilities, noncurrent	386,271	325,509
Other liabilities	104,450	315,756
Total liabilities	<u>5,448,840</u>	<u>3,746,138</u>
Commitments and contingencies (Note 8)		
Stockholders' equity		
Class A non-voting common stock, \$0.00001 par value. 3,000,000 shares authorized, 1,371,242 shares issued, 1,319,930 shares outstanding at December 31, 2022 and 3,000,000 shares authorized, 1,364,887 shares issued and outstanding at December 31, 2021.	13	14
Class B voting common stock, \$0.00001 par value. 700,000 shares authorized, 22,529 shares issued and outstanding at December 31, 2022 and 700,000 shares authorized, 22,769 shares issued and outstanding at December 31, 2021.	—	—
Class C voting common stock, \$0.00001 par value. 260,888 shares authorized, 231,627 shares issued and outstanding at December 31, 2022 and 260,888 shares authorized, 231,627 shares issued and outstanding at December 31, 2021.	2	2
Treasury stock, at cost. 51,312 shares of Class A non-voting common stock at December 31, 2022.	(500,514)	—
Additional paid-in capital	13,309,828	12,069,097
Accumulated deficit	(10,214,657)	(8,284,466)
Accumulated other comprehensive income (loss)	(13,974)	5,521
Total stockholders' equity	<u>2,580,698</u>	<u>3,790,168</u>
Total liabilities and stockholders' equity	<u>\$ 8,029,538</u>	<u>\$ 7,536,306</u>

Source: (Snap Inc., 2023)

Table 33 Consolidated Statement of Financial Performance – the Income Statement, Snap, 2023

		Year Ended December 31,		
		2022	2021	2020
Revenue		\$ 4,601,847	\$ 4,117,048	\$ 2,506,626
Costs and expenses:				
Cost of revenue		1,815,342	1,750,246	1,182,505
Research and development		2,109,800	1,565,467	1,101,561
Sales and marketing		1,118,746	792,764	555,468
General and administrative		953,265	710,640	529,164
Total costs and expenses		5,997,153	4,819,117	3,368,698
Operating loss		(1,395,306)	(702,069)	(862,072)
Interest income		58,597	5,199	18,127
Interest expense		(21,459)	(17,676)	(97,228)
Other income (expense), net		(42,529)	240,175	14,988
Loss before income taxes		(1,400,697)	(474,371)	(926,185)
Income tax benefit (expense)		(28,956)	(13,584)	(18,654)
Net loss		\$ (1,429,653)	\$ (487,955)	\$ (944,839)
Net loss per share attributable to Class A, Class B, and Class C common stockholders (Note 3):				
Basic		\$ (0.89)	\$ (0.31)	\$ (0.65)
Diluted		\$ (0.89)	\$ (0.31)	\$ (0.65)
Weighted average shares used in computation of net loss per share:				
Basic		1,608,304	1,558,997	1,455,693
Diluted		1,608,304	1,558,997	1,455,693

Source: (Snap Inc., 2023)

Table 34 Consolidated Statement of Cash Flow, Snap, 2023

	Year Ended December 31,		
	2022	2021	2020
Cash flows from operating activities			
Net loss	\$ (1,429,653)	\$ (487,955)	\$ (944,839)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	202,173	119,141	86,744
Stock-based compensation	1,387,787	1,092,135	770,182
Amortization of debt discount and issuance costs	6,865	4,311	81,401
Losses (gains) on debt and equity securities, net	36,838	(289,052)	(10,250)
Induced conversion expense related to convertible notes	—	41,538	—
Other	15,596	8,643	2,963
Change in operating assets and liabilities, net of effect of acquisitions:			
Accounts receivable, net of allowance	(119,780)	(332,967)	(255,818)
Prepaid expenses and other current assets	(40,917)	(26,607)	(14,587)
Operating lease right-of-use assets	71,441	47,258	38,940
Other assets	(504)	(10,916)	(11,442)
Accounts payable	46,492	53,579	20,374
Accrued expenses and other current liabilities	71,706	117,092	108,601
Operating lease liabilities	(68,886)	(49,294)	(49,730)
Other liabilities	5,456	5,974	9,817
Net cash provided by (used in) operating activities	184,614	292,880	(167,644)
Cash flows from investing activities			
Purchases of property and equipment	(129,306)	(69,875)	(57,832)
Purchases of strategic investments	(26,346)	(41,160)	(111,586)
Sales of strategic investments	63,276	36,777	—
Cash paid for acquisitions, net of cash acquired	(67,067)	(310,915)	(168,850)
Purchases of marketable securities	(3,485,638)	(2,438,983)	(3,524,599)
Sales of marketable securities	75,716	379,555	389,974
Maturities of marketable securities	2,525,215	2,536,725	2,737,523
Other	(18,125)	(1,897)	5,506
Net cash provided by (used in) investing activities	(1,062,275)	90,227	(729,864)
Cash flows from financing activities			
Proceeds from issuance of convertible notes, net of issuance costs	1,483,500	1,137,227	988,582
Purchase of capped calls	(177,000)	(86,825)	(100,000)
Proceeds from the exercise of stock options	4,272	14,671	34,209
Payments of debt issuance costs	(3,006)	—	—
Repurchases of Class A non-voting common stock	(1,001,052)	—	—
Net cash provided by (used in) financing activities	306,714	1,065,073	922,791
Change in cash, cash equivalents, and restricted cash	(570,947)	1,448,180	25,283
Cash, cash equivalents, and restricted cash, beginning of period	1,994,723	546,543	521,260
Cash, cash equivalents, and restricted cash, end of period	\$ 1,423,776	\$ 1,994,723	\$ 546,543
Supplemental disclosures			
Cash paid for income taxes, net	\$ 12,087	\$ 25,333	\$ 3,692
Cash paid for interest	\$ 8,873	\$ 10,887	\$ 12,019

Source: (Snap Inc., 2023)