

Why has VK's share price declined while revenue and user numbers grew? An analysis of external and internal factors, 2021–2026.

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Abstract

In Russia, with the current market conditions, people wishing to invest in social media companies have found it difficult to identify potential favorites. This research paper has analyzed the company's development history, financial indicators and challenges relating to VK from December 2021 to August 2026. The company's competitors and their strengths and weaknesses were also examined in comparison with VK. During the research, it was found that VK's share price plummeted by 83.95 percent in four years and eight months, from 980 (December 2021) rubles to 160.95 (10.08.2026) rubles, with a minimum of 120.5 rubles (17.07.2026), following the imposition of sanctions against the company, whilst VK's revenue grew from 97.8 billion rubles to 160, taking into account the complete absence of dividend payments throughout the entire period. The results of the analysis show that the change in share prices during the reporting period was due to the impact of external and internal factors on the company.

Keywords: VK, shares, social network, VKCO, digital ecosystem, investments, reports

Introduction

Regarding VK, this company began its way 20 years ago, in 2006, in Saint Petersburg. It started when Pavel Durov, Vyacheslav Mirilashvili, and Lev Leviev (the company's three founding shareholders) decided to create a social media comparable to Facebook, which had worldwide popularity. In the early 2000s, this project was a momentous event, as there had never been any such fundamental local messaging apps before. Around that time, VK offered a whole list of cutting-edge features: group chats, private messaging, games, the ability to upload videos and photos, and much more. The website's and app's traffic kept growing, and it ranked among the most visited social media in many CIS (Commonwealth of Independent States) countries. From 2018, VK began integrating financial features: payment collections, its own VK Shop, and the release of the VK Pay platform, which enabled small businesses to grow not only through advertising on the site but also by operating directly on the platform. In 2019, Mail.ru Group, MegaFon, USM, the Russian Direct Investment Fund (RDIF), and Ant Group announced that they were creating a unified payment system based on VK Pay. The next big step happened in the company's financial system in 2021, when VK Pay began collaborating with one of Russia's largest banks, VTB; a new feature was introduced: BNPL (buy now, pay later). However, 2021 also saw substantial transformations within the company. The majority of the company's shares went to the state, represented by "Gazprombank" and "Sogaz", which provoked a mixed reaction from the public. Some people feared that this decision would lead to tighter state regulation. The next important period of the app was 2022 – 2024. In 2022, for the first time in VK's history, the App Store removed the app but subsequently returned it to the gallery. Over the course of two years, most of the updates were focused on developing AI to increase content moderation and filtering capabilities. In July 2026, the European Union implemented new sanctions against the VK holding company, which includes VK itself,

Odnoklassniki, and MAX. The app was subsequently removed from the App Store and other international app stores, made it impossible to download or update the existing app. Push notifications began malfunctioning. All these factors have a fundamental impact on the value of the company's shares and its future development. (Double24.ru., 2026)

Literature review

In today's world, social media has become an essential part of people's lives across the globe. It serves as a vital platform for communication, commerce, and entertainment. Social media has become a new sphere of people's lives; many large companies are no longer just a place for people to communicate – many of them have transformed into real digital ecosystems with their own mini-apps, payment systems, and entertainment platforms. VK is no exception; over the years, it has grown from a typical messaging app into a digital giant.

Aksenova and Bondaletov present VKontakte as a crucial component in the development of Russian online communication and examine it from the perspective of a social network for interpersonal communication. The article aims to describe the platform's early years and is valuable for understanding its influence on communication between people and content creation within the Russian digital environment. The study provides detailed data on the number of users, gender distribution, countries from which VK is accessed, and much more, enabling an assessment of the network's popularity and the stages of its development during the period under review.

More recent sources indicate that, over the years it has been in operation, VK has significantly altered its functions compared with its original focus. VK currently positions itself as a cutting-edge technology and media ecosystem offering a wide range of services and functions. Meanwhile, for investors, it offers various FinTech projects and AI developments (VK, n.d.). Thus, VKontakte's evolution involves a transformation from a communication-only platform to a broad digital ecosystem with its own portfolio of services designed to meet the various digital needs and interests of the public (Double24.ru, 2026).

Brand Analytics (2025) provides evidence of VK's strong position amongst the country's other social media platforms and demonstrates that domestic platforms hold leading positions in the Russian market. Elama.ru (2026) also classifies VK as one of Russia's main social networks. This indicates that VKontakte has a significant base of domestic users, despite the growing external influence on the company and the country's digital environment as a whole. Geopolitics has had a significant impact on the competitive environment in Russia. Many platforms have been banned or restricted in their operations within the country. VK has also been affected by sanctions. CNews (2022) reports that the US has imposed sanctions against the company's leaders, followed by the EU imposing sanctions against the platform itself. These events have had a major impact on the company's development trajectory and its position in the country's rankings. (RBC, 2026)

Molodtsov et al. (2025) examine the accounting practices of modern media companies, using Netflix and VK as examples. They analyze the companies' publicly available financial statements. The value of their research lies in considering VK not only as a social network but

also as a separate media organization. The value of which depends on a combination of many factors: digital assets, services, users, financial indicators, etc.

The financial indicators of VK should be considered separately, distinguishing its popularity from its financial situation. The share price is influenced by various economic factors, financial indicators, and market conditions (Sberbank, n.d.; Upravlyaem.ru, 2025). Smart-Lab provides reports on various economic indicators: debt, debt-to-EBITDA ratio, P/E, etc.—which are a key component of company analysis for investors. Kommersant (2026) reported that VK's share price had hit a record low, highlighting the discrepancy between user popularity and shareholder value.

WeChat and VK have both developed far beyond the traditional concepts of social media and the classic digital ecosystem. Tang emphasizes that the business's success was linked to the integration of digital payments and e-commerce. This example highlights an interesting feature of the economic dimension of platforms: economic value can be enhanced by introducing several services together, which can encourage users to remain on the platform. Wise (2024) also describes WeChat as a multifunctional digital ecosystem that combines personal messaging with other services. Zhang (2023) studied the international Weixin/WeChat service and highlighted the role of adaptation and expansion strategies. The Nanjing Marketing Group (2025) and Resourcera (2026a) provide further information on user demographics, WeChat's age distribution, and other market characteristics, enabling a more detailed examination of the platform. The expansion of the digital ecosystem is nothing new for the Russian market. The examples of WeChat and VK demonstrate that both platforms share a similar tendency to integrate services – communication, e-commerce, digital services, and media content – into a single environment. However, WeChat is more focused on international expansion and rapprochement with other major Chinese services. VK, for its part, shows a stronger connection to the domestic market.

Telegram is an important platform for comparison, as, in contrast to VK, Telegram focuses more on traditional communication between people and the creation of content via channels. RBC (2026, July 1) provides information on the app's history and the restrictions on its operation. Sinch (2025) also emphasizes the platform's focus on the exchange of private messages across various national markets. When comparing the two platforms, it is evident that, as opposed to Telegram, VK is focused on a broader digital environment, which includes media content, digital services, and social networks. This comparison also demonstrates that the scale and popularity of a platform do not, in themselves, determine its strategy or direction of development.

Methodology

The key strategy to follow when analyzing a company and its shares is to conduct an in-depth analysis of the subject under consideration, taking into account all changes from December 2021 to August 2026—for VK, these include sanctions, the presence of competitors, and internal changes, such as audience figures, etc.—that have occurred within the company

and on the global market during the period when the share price fluctuated: the imposition of sanctions, internal changes, a change in the shareholders, and etc. (to this end, the company's official reports, share prices, and official news relating to the holding company were utilized). Furthermore, it is important to compare and identify which factors have the greatest impact on the company, as the anticipated trajectory of changes depends on the direction of that influence; in the case of VK, the changes are linked to external factors (sanctions and removal from app stores), so it is necessary to focus on the global arena. Another important step is to analyze competitors: telegram, WeChat, and Dzen. It is crucial to understand competitors' strengths and weaknesses, such as number of users per month, target audience, demographic segment, revenue, and compare them with the company under consideration. The company was compared with three major platforms, both in the local market and internationally, to assess the necessary benchmarks for development. The strengths and weaknesses of other companies can help to identify the underlying causes of changes in share prices. Another important criterion is understanding global trends, such as artificial intelligence, post types, subscriptions, and much more that is relevant to the use of the app (the company's reports on the implementation and development of artificial intelligence and other features were analyzed). The analysis of 'VKontakte' employs both empirical and theoretical methods, namely comparison, document analysis, synthesis, horizontal (Comparison of indicators for different time periods to assess the dynamics), etc.

Problem statement

Obviously, the factors affecting company share prices are extremely wide-ranging. For most companies, regardless of their sector, country of operation, or scale, the following key influencing elements can be highlighted: financial results, namely, whether the actual outcome exceeded or fell short of expected figures; business indicators – changes in profit, customer number, debt, etc.; raw material prices; incidents and force majeure events. Furthermore, if we explore the causes of price fluctuations in depth, we can distinguish between external factors (inflation, natural disasters, crises, force majeure, etc.) and internal factors (demand, changes in profit, debt, etc.); microeconomic (direction and level of development) and macroeconomic (government policy, actions of global and national institutions) indicators (Sberbank, n.d.; Indeks.ru., n.d.). In terms of VK, it is a major holding company that benefits from strong government support. In 2025 alone, the state invested 43.5 billion rubles in the platform (Sostav.ru., 2026). In addition to financial stability, the number of users has multiplied since 2022, while debt levels have remained stable (Smart-lab, n.d.). To answer this, we need to look at the company's performance figures for this period.

Table 1

Comparison of VK figures over the years (VK company, 2022-2026; Smart-lab, 2022-2026)

Year/ indicator	2022	2023	2024	2025	2026 Q1
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Revenue, billions RUB	97.8	133	148	160	26.1
Number of users, per month in millions RUB	79.5 – Vk	87.7 – Vk	91.2 – Vk	93 – Vk	94+ – VK
Force majeure	The imposition of the first sanctions	–	–	–	Deletion from the app gallery
Dividends	No decision was made to pay dividends	No decision was made to pay dividends	No decision was made to pay dividends	No decision was made to pay dividends	–
EBITDA, billions RUB	14.9	0,5	-4.90	22.6	14
Net income/lose, Billions RUB	-27.2	-34.3	-95.5	-22	-
Additional issue	-	-	-	345 029 240	-
P/E	-3.6	-3.7	-0.8	-8.0	-7.36
Debt /EBITDA RUB	5.08	233.8	-35.6	3.63	0
Debt, billions RUB	124.5	168.2	202.7	114.8	-

Based on the data, it is clear that revenue and user numbers were growing; however, net profit and the P/E ratio were negative, indicating that the business was operating at a loss. Furthermore, the company has not decided to pay dividends, which had a negative impact on the share price trend. Moreover, in 2025, the company issued 345 million new shares, thereby reducing each shareholder's percentage and lowering the share price (Interfax, 2025). Consequently, since the sanctions were imposed, the company's share price has been on a downward trend, and this trend continues to this day. It can therefore be said that the changes in the share price are linked to both external and internal factors. The weaker VKontakte's position on the global stage became, the more users it attracted and the higher its revenue growth was. The change in the share price is also linked to the gradual reduction in the number of competitors in the market. Apps from foreign companies are no longer permitted to operate within the country, so the majority of users have switched to a new domestic messaging service—VKontakte. Also, in 2021, the company experienced changes in its shareholder structure: 45 percent of the shares are now owned by Sogaz, 36 percent by Gazprombank and 10 percent by Rostec.

Company analysis

In terms of the Russian messaging app market, by 2026 the landscape had been through numerous changes that also affected the VK holding company. Over the past years, more than ten of the largest platforms have either been banned or have had their operations restricted. Services such as WhatsApp, Instagram, Facebook and others have been targeted. Consequently, several foreign companies that were not affected by the restrictions remained on the market – for example, KakaoTalk, Bip, WeChat and so on – but the main players became the VK Group's products: VKontakte, Odnoklassniki, MAX, Mail.ru and others, making the VK Group the key player. Based on VK's data, the platform features a number of modern trends. The platform is a vast digital ecosystem where users can find both AI technologies and everyday aspects of life: messaging, interest-based channels, a marketplace for goods and services, music, videos and much more that may be useful to the average user. VK also offers opportunities for bloggers and entrepreneurs. That said, there are still some issues relating to the platform's operation. Since the summer of 2026, notifications to the app have been arriving intermittently, but this has not affected the app's overall performance, according to VK representatives. The app is therefore quite competitive, as it includes the basic and essential features required to operate in the modern technology market.

Market & Competition analysis

Many of VK's financial indicators have changed as the platform has developed, as shown by the data in Table 1. These changes have been positive, with profits rising and the number of users increasing, which points to the company's fairly stable growth and to consumer interest in and demand for this app.

Table 2

Company / category	Telegram	WeChat	Dzen	VK
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Target audience	12–34 years – 50%	51+ years – 22.8% Above 24 years – 22,3%	55+ years – 34% 35–44 years – 22%	35–44 years – 31% 25–34 years – 22%
Users per month	95+ millions in Russia	1.4+ billions Around the world	66+ millions In Russia	94+ millions In Russia
Demographic segmentation	56.8% – men 43.2% – women	53% – men 47% – women	53% – women 47% – men	Equally

Comparison of competitors (Elama.ru., 2026)

Telegram

Telegram is a major player in the Russian internet landscape, as its core user base consists of young people, IT professionals, and entrepreneurs. The platform offers a range of modern features related to content sharing: groups, stories, channels, status updates, and so on. Telegram also provides the ability to use interactive features such as polls and chatbots. Another important feature is the mini apps, where people can sign up for services or offer their own services. Compared to VK, the two apps have a lot in common. On VK, users can also send groups, create communities, and sell services, but VK is a more comprehensive platform with its own games, videos, music, and other features (Elama.ru., 2026; Resourcera, 2026).

WeChat

WeChat differs significantly from many other servers. It offers more than just basic features such as messaging, advertising, channels, and mini apps. WeChat provides an extensive range of services. The platform has its own payment system, which users can use to pay for goods and services, send red envelopes, and much more. The service also provides food delivery, taxi booking, and other goods. WeChat also features mini-games, streaming services, news, and video calls. In this respect, WeChat is as close as possible to VK in terms of its structure and capabilities (Tang et al., 2021; Zhang, 2023; Nanjing Marketing group, 2025; Wise, 2024).

Dzen

Dzen is one of the top five platforms on the Russian internet. The platform allows users to post photos, videos, news and articles. It also offers the option to create a profile that people can follow. Furthermore, users can place advertisements on the platform and monetize it based on the number of followers they have.

Thus, a comparison with competitors shows that VK possesses the capabilities and technologies of the modern age. Consequently, the platform's growing popularity is evident; moreover, the new technologies being introduced by the company are helping it to sustain profit growth (Elama.ru., 2026).

Table 3 Competitors' financial result

	Telegram	WeChat	Dzen
Revenue	\$1 billion (in 2024)	\$109 billion (in 2025) ¹	–
Number of users	One billion (in 2025)	1.41 billion (in 2025)	66+ million users (in 2025)
Strengths	1. Privacy 2. Rapid technological development 3. Popularity among entrepreneurs	1. The availability of a wide range of finance-related functions 2. A full replacement for traditional text messages and phone calls	1. A wide range of opportunities for new entrepreneurs 2. Low content marketing costs
Weaknesses	1. Weak censorship 2. Poor technical support	1. Strong dependence on the Chinese ecosystem	1. Strict moderation

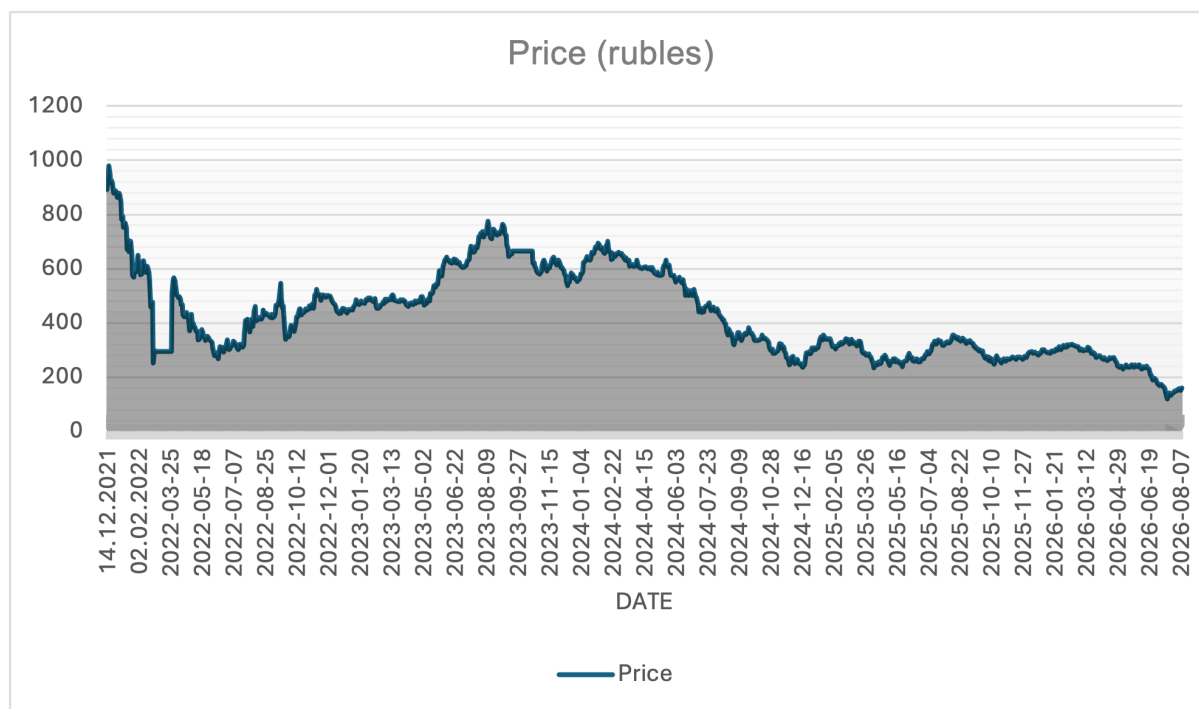
Financial risks

The final stage of the company analysis involves examining its share statistics and turnover. Analyzing the share price over the last four years and eight months, one can observe price volatility during the period 2021–2022, followed by an upturn in early 2023 that continued until the summer of 2024. From autumn 2024 onwards, a trend of a gradual decline in share prices can be observed. The highest share price during the period under review was recorded on 16 December 2021 and was 980 rubles, while the low was 120.5 rubles (17. 07. 2026) rubles per share, four days after the sanctions were imposed (VK shares, n.d.).

Figure 1 Share price

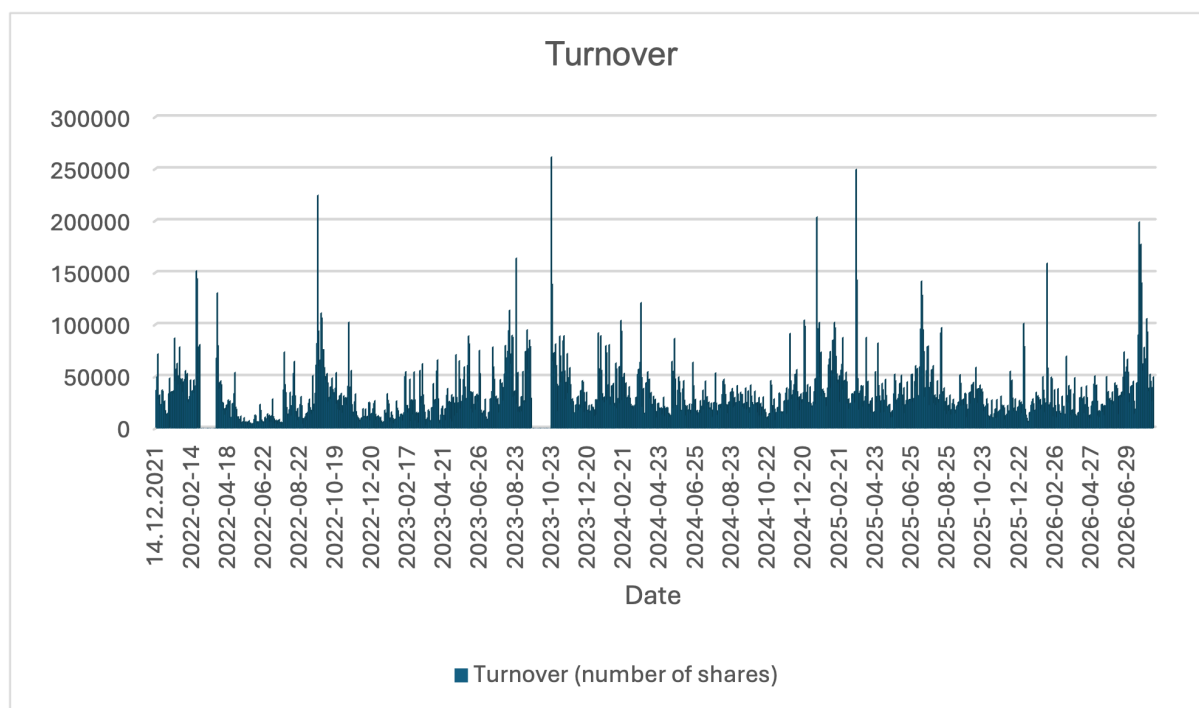
Changes in VK's share price over the last 4 years 8 months from 2021 to 2026 (VK company, 2021-2026)

¹ WeChat's parent company is Tencent. Tencent does not publish a separate financial statement showing revenue from WeChat; it only reports the company's total revenue.



It is also worth noting the size of the share turnover.

Figure 2 The turnover of VK shares for the period 2021–2026 (VK company 2021-2026)



According to the data, the first significant price slump occurred in 2022, when the US imposed sanctions against the holding company's general director, and a month later the EU and the UK

approved similar sanctions. However, following this spike, the shares began to recover their value, a trend that continued until 2023. Subsequently, as the initial agitation surrounding the sanctions subsided, the price began to fall and has continued to do so ever since. Another, the most significant fluctuation was triggered by the EU sanctions imposed on 13 July 2026. Statistics show that share turnover does not follow a trend similar to that of the share price; it fluctuates constantly and does not show a consistent upward or downward trend. Based on the data, it can be said that, despite the fall in share prices, trading volume is not showing a downward trend. Furthermore, based on the data provided in the company's reports, it can be noted that the fall in share prices is not linked to the company's development or popularity in the market, as the previously analyzed information about the platform confirms that VK meets modern technological requirements and user needs. The platform remains highly popular and continues to grow, so it can be assumed that the share price is influenced by external factors unrelated to the company's internal processes.

Discussion

In conclusion, VK is a leading platform in Russia in the fields of technology, business, advertising, and communication. The company has a wide range of opportunities within the Russian internet's digital ecosystem. The platform is popular amongst various age groups and, most importantly, amongst young people. This suggests that VK has a large base of potential users who will utilize the platform for business and marketing purposes, as well as to purchase the company's shares. However, the results of the research show that the company is greatly affected by external factors. Sanctions imposed by other countries significantly reduce the company's share price, which may lead to a decline in the return on these shares for their holders; the return on the shares was also affected by the issue of more than 340 million shares, which reduced the ownership stake and voting weight of existing shareholders. Furthermore, VK did not make any decisions regarding dividend payments throughout the entire period under review. When it comes to potential investors, it is most important for them to pay attention to changes in external trends and company's internal processes, as they both have the greatest impact on asset values.

Limitation

This work is based on secondary sources; furthermore, access to internal reports is not available. All quotations were taken from a single source – the VK reports.

Conclusion

The analysis demonstrates that share price movements during the period under review were influenced by external events, whilst operating performance shows positive dynamics. This discrepancy requires a separate explanation. This work is of an academic and research nature and does not represent investment advice.

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