

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 6-K

**Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

February 15, 2023

YANDEX N.V.

**Schiphol Boulevard 165
1118 BG, Schiphol, the Netherlands.
Tel: +31 202 066 970**

(Address, Including ZIP Code, and Telephone Number,
Including Area Code, of Registrant's Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Furnished as Exhibit 99.1 to this Report on Form 6-K is a press release of Yandex N.V. (the “Company”) dated February 15, 2023, announcing the Company’s results for the fourth quarter and full year ended December 31, 2022.

Furnished as Exhibit 99.2 to this Report on Form 6-K is a letter to the shareholders of the Company dated February 15, 2023, to accompany the Company’s press release announcing the results for the fourth quarter and full year ended December 31, 2022.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

YANDEX N.V.

Date: February 15, 2023

By: /s/ SVETLANA DEMYASHKEVICH

Svetlana Demyashkevich

Chief Financial Officer

INDEX TO EXHIBITS

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99.1 | Press release of Yandex N.V. dated February 15, 2023, announcing results for the fourth quarter and full year ended December 31, 2022. |
| 99.2 | Letter to the shareholders of the Company dated February 15, 2023, to accompany the Company's press release announcing the results for the fourth quarter and full year ended December 31, 2022. |

Yandex Announces Fourth Quarter and Full-Year 2022 Financial Results

MOSCOW and AMSTERDAM, the Netherlands, February 15, 2023 -- Yandex (NASDAQ and MOEX: YNDX), a Dutch public limited company and one of Europe's largest internet businesses, today announced its unaudited financial results for the fourth quarter and the full year ended December 31, 2022.

Q4 and FY 2022 Financial and Operational Highlights^{1,2}

| In RUB millions | | Three months ended December 31 | | | Twelve months ended December 31, | | |
|--|---|--------------------------------|----------|--------|----------------------------------|----------|--------|
| | | 2021 | 2022 | Change | 2021 | 2022 | Change |
| Total Group | Total Revenues | 110,328 | 164,778 | 49% | 356,171 | 521,699 | 46% |
| | Total Adjusted EBITDA | 9,720 | 17,173 | 77% | 32,143 | 64,140 | 100% |
| | <i>Total Adjusted EBITDA margin, %</i> | 8.8% | 10.4% | 1.6 pp | 9.0% | 12.3% | 3.3 pp |
| | Net income/(loss) | (2,861) | 7,055 | n/m | (14,653) | 47,615 | n/m |
| | <i>Including one-off non-cash gains as a result of the News and Zen deconsolidation and restructuring of convertible debt</i> | - | - | n/m | - | 47,356 | n/m |
| | Adjusted Net Income | 2,645 | 747 | -72% | 8,005 | 10,765 | 34% |
| Search and Portal | Share of Russian search market, % | 60.2% | 62.6% | 2.4 pp | 59.8% | 61.9% | 2.1 pp |
| | Search share on Android, % | 59.2% | 62.0% | 2.8 pp | 59.2% | 61.4% | 2.2 pp |
| | Search share on iOS, % | 44.0% | 48.0% | 4.0 pp | 42.8% | 47.6% | 4.8 pp |
| | Revenues | 47,258 | 69,680 | 47% | 162,715 | 224,669 | 38% |
| | Ex-TAC revenues | 39,326 | 56,978 | 45% | 133,755 | 187,079 | 40% |
| | Adjusted EBITDA | 23,921 | 36,048 | 51% | 80,735 | 116,877 | 45% |
| | <i>Adjusted EBITDA margin, %</i> | 50.6% | 51.7% | 1.1 pp | 49.6% | 52.0% | 2.4 pp |
| E-Commerce, Mobility and Delivery | Revenues | 52,590 | 85,732 | 63% | 166,459 | 260,787 | 57% |
| | GMV of Mobility ³ | 174,729 | 218,427 | 25% | 588,846 | 762,848 | 30% |
| | GMV of E-commerce ⁴ | 58,908 | 112,098 | 90% | 160,227 | 307,711 | 92% |
| | GMV of other O2O services ⁵ | 41,965 | 66,660 | 59% | 126,499 | 192,130 | 52% |
| | Total Adjusted EBITDA | (7,262) | (10,557) | 45% | (30,167) | (19,058) | -37% |
| Plus and Entertainment Services | Yandex Plus subscribers ⁶ , MM | 11.6 | 19.3 | 66% | 11.6 | 19.3 | 66% |

(1) Pursuant to SEC rules regarding convenience translations, Russian ruble (RUB) amounts have been translated into U.S. dollars in this release at a rate of RUB 70.3375 to \$1.00, the official exchange rate quoted as of December 31, 2022 by the Central Bank of the Russian Federation.

(2) The following measures presented in this release are "non-GAAP financial measures": ex-TAC revenues, adjusted EBITDA, adjusted EBITDA margin and adjusted net income. Please see the section "Use of Non-GAAP Financial Measures" below for a discussion of how we define these measures, as well as reconciliations at the end of this release of each of these measures to the most directly comparable U.S. GAAP measures.

(3) GMV (or gross merchandise value) of Mobility is defined as the total amount paid by customers for ride-hailing, car-sharing and scooters rent services booked through our platform, including VAT.

(4) GMV of E-commerce is defined as the value of all merchandise sold through our Yandex Market marketplace and Yandex Lavka as well as the value of products sold through Yandex Eats and Delivery Club grocery service (delivered and paid for), including VAT.

(5) GMV of other O2O (online-to-offline) services includes the total amount paid by customers and partner businesses for Yandex Delivery and Yandex Fuel services, the value of orders, delivered through the Yandex Eats and Delivery Club Food Delivery services, Lavka Israel, and several other smaller O2O experiments, including VAT.

(6) Starting from June 2022 we made several adjustments to our methodology of subscribers calculation, in particular: included the mobile operators' subscribers who do not have Yandex account, and improved the quality of counting unique users who have multiple Plus subscriptions. As a result previous numbers for 2021-2022 were restated.

Financial outlook

Given that uncertainty concerning future geopolitical developments and the macro environment remains high, our visibility over the short- and medium-term is limited and we remain unable to provide any forward-looking expectations at this stage. We aim to remain transparent about the performance and key trends across our businesses with our quarterly Letter to Shareholders.

Corporate and Subsequent Events

- On November 25, 2022, Yandex N.V. announced that the Board of Directors had commenced a strategic process to review options to restructure the Yandex Group's ownership and governance. A special committee of the Board has been charged with exploring a variety of potential scenarios and steps, including the development of the international divisions of certain services (including self-driving technologies, cloud computing, data labeling, and ed-tech) independently from Russia, as well as divestment of Yandex N.V.'s ownership and control of all other businesses in the Yandex Group (including search and advertising, mobility, e-commerce, food-delivery, delivery, entertainment services and others in Russia and international markets), including transferring certain elements of governance to management. Any corporate restructuring will be subject to shareholder approval.
- In January 2023, Yandex reported that certain fragments of its program code have been discovered in the public domain. The published fragments of the code are outdated and differ from the version currently used by its services, while some of the published fragments were never actually used in operations. The company is taking this matter extremely seriously and has initiated a thorough investigation into the cause, content and implications of the leak. Based on the results of our ongoing investigation, we will take all possible measures to strengthen our policies and enforce greater effectiveness of the management and oversight systems to ensure such issues are not repeated.
- As of the date of this press release, trading in our Class A shares on Nasdaq remains suspended. There is still no clarity on when and whether trading on Nasdaq may be resumed. Trading on the Moscow Exchange continues, however the international settlement systems remain closed for trading in rubles and in securities of Russian businesses. The liquidity of our shares on the Moscow Exchange remains limited to the number of shares held in the Russian clearing system.
- Neither Yandex N.V. nor any of its group companies is a target of sanctions in the United States, European Union, Switzerland or United Kingdom, and the Yandex group is not owned or controlled by any persons who have been designated under such sanctions. Yandex continues to closely monitor developments in this regard.

Impact of the current geopolitical crisis

Current geopolitical tensions and their impact on the Russian and global economy have created an exceptionally challenging environment for our business, team and shareholders.

These developments have adversely impacted (and may in the future materially adversely impact) the macroeconomic climate in Russia, resulting in volatility of the ruble, currency controls, materially increased interest rates and inflation and a potential contraction in consumer spending, as well as the withdrawal of foreign businesses and suppliers from the Russian market. In addition, laws or regulations may be adopted that may adversely affect our non-Russian shareholders and the value of the shares they hold in our company. We provided detailed information on our risk exposure and possible adverse impacts on our businesses in our Annual Report on Form 20-F for the year ended December 31, 2021, which was filed on April 20, 2022.

We continue to provide services to our users and partners with no interruptions. We are taking appropriate measures to conserve cash and to consider our capital allocation and budget appropriately during this period of uncertainty, while remaining committed to continue investing in the development of our key businesses and services. We are closely monitoring sanctions and export control developments as well as the macroeconomic climate and consumer sentiment in Russia and we are assessing contingency plans to address potential developments. Our Board and management are focused on the

wellbeing of our approximately 21,000 employees in Russia and abroad, while doing everything we can to safeguard the interests of our shareholders and other stakeholders.

Consolidated Results

The following table provides a summary of our key **consolidated financial** results for the three and twelve month periods ended December 31, 2021 and 2022:

| <i>In RUB millions</i> | Three months ended December 31, | | | Twelve months ended December 31, | | |
|-------------------------------|---------------------------------|---------|--------|----------------------------------|---------|--------|
| | 2021 | 2022 | Change | 2021 | 2022 | Change |
| Revenues | 110,328 | 164,778 | 49% | 356,171 | 521,699 | 46% |
| Ex-TAC revenues | 103,166 | 152,791 | 48% | 330,502 | 487,007 | 47% |
| Income/(loss) from operations | (2,603) | 6,127 | n/m | (13,277) | 13,236 | n/m |
| Adjusted EBITDA | 9,720 | 17,173 | 77% | 32,143 | 64,140 | 100% |
| Net income/(loss) | (2,861) | 7,055 | n/m | (14,653) | 47,615 | n/m |
| Adjusted net income | 2,645 | 747 | -72% | 8,005 | 10,765 | 34% |

Our segment disclosure is provided in the Segment financial results section below.

Cash, cash equivalents and term deposits as of December 31, 2022:

- RUB 83.3 billion (\$1,184.1 million) on a consolidated basis.

Segment financial results

Search & Portal

Our Search and Portal segment includes Search, Geo, Yandex 360, Weather, News (up to September 12, 2022 when the deconsolidation transaction was completed), Alice voice assistant and a number of other services offered in Russia, Belarus and Kazakhstan.

Key operational trends:

- **Share of Russian search market**, including mobile, averaged 62.6% in Q4 2022, up 2.4 pp from 60.2% in Q4 2021 and an improvement from 62.0% in Q3 2022, according to Yandex Radar
- **Search share on Android** in Russia was 62.0% in Q4 2022, up 2.8 pp from 59.2% in Q4 2021 and almost flat compared to 61.9% in Q3 2022, according to Yandex Radar
- **Search share on iOS** in Russia was 48.0% in Q4 2022, up 4.0 pp from 44.0% in Q4 2021 and relatively stable compared to 48.3% in Q3 2022, according to Yandex Radar
- **Mobile search traffic** was 67.7% of our total search traffic in Q4 2022. Mobile revenues represented 59.6% of our search revenues in Q4 2022

| <i>In RUB millions</i> | Three months ended December 31, | | | Twelve months ended December 31, | | |
|------------------------|---------------------------------|--------|--------|----------------------------------|---------|--------|
| | 2021 | 2022 | Change | 2021 | 2022 | Change |
| Revenues | 47,258 | 69,680 | 47% | 162,715 | 224,669 | 38% |
| Ex-TAC revenues | 39,326 | 56,978 | 45% | 133,755 | 187,079 | 40% |
| Adjusted EBITDA | 23,921 | 36,048 | 51% | 80,735 | 116,877 | 45% |
| Adjusted EBITDA margin | 50.6% | 51.7% | 1.1 pp | 49.6% | 52.0% | 2.4 pp |

Revenues increased by 47% and Ex-TAC revenues grew by 45% year-on-year in Q4 2022 on the back of strong trends in the Yandex Advertising Network (led primarily by partner apps as well as websites) and solid growth in our Search ad revenues. This dynamic was driven by ongoing investments in the development of our ad technologies and products (with a particular focus on the e-commerce sector, SMB clients and iOS share), which translated into market share gains amid changes in the competitive landscape. SMB remained the key contributor to our revenue growth.

Adjusted EBITDA margin came to 51.7% in Q4 2022 compared with 50.6% in Q4 2021. The increase resulted mainly from the positive operating leverage effect driven by solid trends in advertising revenue, cost optimization (primarily marketing) as well as benefits from the segregation of corporate overheads to our Other Business Units and Initiatives segment. All these factors helped to offset an adverse impact from the growth of personnel costs on the back of the changes in our compensation scheme, and the resulting inclusion in adjusted EBITDA of stock-based compensation expenses related to RSU equity awards of our employees settled in cash.

E-commerce, Mobility and Delivery

The E-commerce, Mobility and Delivery segment includes our transactional online-to-offline (O2O) businesses, which consist of (i) the mobility businesses, including ride-hailing in Russia and other countries across CIS and EMEA, Yandex Drive, our car-sharing business for both B2C and B2B and scooters; (ii) the E-commerce businesses in Russia and CIS, including Yandex Market, our multi-category e-commerce marketplace, Yandex Lavka Russia, our hyperlocal convenience store delivery service, and the grocery delivery services of Yandex Eats and Delivery Club (since September 8, 2022, when the acquisition was completed); and (iii) our other O2O businesses, including Yandex Delivery, our last-mile logistics solution for individuals, enterprises and SMB (small and medium business); Yandex Eats and Delivery Club Food Delivery, our ready-to-eat delivery services from restaurants; Lavka Israel, our hyperlocal convenience store delivery service; and Yandex Fuel, our contactless payment service at gas stations and several smaller experiments.

Key operational trends:

- Total **E-Commerce GMV** increased by 90% year-on-year in Q4 2022

Yandex Market

- The share of **GMV sold by third-party sellers** on our Yandex Market marketplace was 81% in Q4 2022 compared to 82% in Q4 2021
- **Marketplace's assortment** was 41.7 million SKUs as of the end of Q4 2022, up from 20.6 million SKUs as of the end of Q4 2021, and further expanded to 47 million SKUs as of the end of January 2023
- **The number of active buyers**⁷ on the Yandex Market marketplace increased by 43% year-on-year and reached 14.0 million as of the end of Q4 2022
- **The number of active sellers**⁸ on Yandex Market marketplace increased by 83% year-on-year and reached 43,700 as of the end of Q4 2022

Mobility

- The number of **rides in the Mobility services** increased by 17% compared to Q4 2021
- **GMV of the Mobility services** grew 25% compared to Q4 2021

(7) An active buyer is a buyer who made at least 1 purchase in the last 12 months prior to the reporting date.

(8) An active seller is a seller who made at least 1 sale in the last 1 month prior to the reporting date.

| <i>In RUB millions</i> | Three months ended December 31, | | | Twelve months ended December 31, | | |
|---|---------------------------------|---------|--------|----------------------------------|---------|--------|
| | 2021 | 2022 | Change | 2021 | 2022 | Change |
| GMV: | | | | | | |
| Mobility | 174,729 | 218,427 | 25% | 588,846 | 762,848 | 30% |
| E-Commerce | 58,908 | 112,098 | 90% | 160,227 | 307,711 | 92% |
| First party (1P) business model | 16,638 | 30,050 | 81% | 56,498 | 86,481 | 53% |
| Third party (3P) commission business model | 42,270 | 82,048 | 94% | 103,729 | 221,230 | 113% |
| Other O2O services | 41,965 | 66,660 | 59% | 126,499 | 192,130 | 52% |
| Revenues: | | | | | | |
| Mobility | 26,708 | 34,392 | 29% | 85,340 | 121,906 | 43% |
| E-Commerce | 18,576 | 37,310 | 101% | 60,561 | 101,228 | 67% |
| Revenues from sale of goods (1P) ⁹ | 13,779 | 23,465 | 70% | 46,690 | 69,107 | 48% |

| | | | | | | |
|---|----------------|-----------------|------------|-----------------|-----------------|-------------|
| Commission and other e-commerce revenues ¹⁰ | 4,797 | 13,845 | 189% | 13,871 | 32,121 | 132% |
| Other O2O services | 8,738 | 16,284 | 86% | 23,264 | 43,876 | 89% |
| Eliminations | (1,432) | (2,254) | 57% | (2,706) | (6,223) | 130% |
| Total revenues | 52,590 | 85,732 | 63% | 166,459 | 260,787 | 57% |
| Adjusted EBITDA E-commerce, Mobility and Delivery: | (7,262) | (10,557) | 45% | (30,167) | (19,058) | -37% |

(9) Revenues related to sales of goods include revenues from Yandex Market 1P sales, revenues from Yandex Lavka 1P sales in Russia, where we use a first-party (1P) business model and act as a direct retailer, and exclude delivery fee revenues related to these businesses.

(10) Commission and other e-commerce revenues include Yandex Market marketplace (3P) commission, delivery, service fee and advertising revenues of grocery delivery services of Yandex Eats and Delivery Club, as well as delivery fee and advertising revenue of Yandex Lavka in Russia and other revenues.

The growth in GMV of Mobility reached 25% year-on-year in Q4 2022, driven by an increase in the number of rides on the back of growth of our rider base and order frequency. The growth in GMV of E-commerce accelerated to 90% year-on-year in Q4 2022 (including 86% year-on-year growth in Yandex Market GMV) from 73% in Q3 2022 supported by an addition of a unique assortment of stock (consisting primarily of the remaining inventory of IKEA's Russia division), as well as efficient pricing strategies and marketing campaigns before the high season period. GMV of other O2O services grew 59% year-on-year in Q4 2022, with Yandex Delivery and Yandex Food Delivery services including Delivery Club, being the largest contributors, with the growth of 98% year-on-year.

E-commerce, Mobility and Delivery segment revenues increased by 63% year-on-year in Q4 2022, mainly driven by E-commerce services (where Yandex Market was the largest contributor to growth, followed by Yandex Lavka) and Mobility. Mobility revenues increased by 29%, driven by solid growth in rides and GMV in ride-hailing. E-commerce revenues increased by 101%. The faster-than-GMV revenue growth is primarily explained by the normalization of the 1P/3P GMV mix in Yandex Market (the share of 1P GMV slightly increased to 19% in Q4 2022 compared with 18% in Q4 2021) and improvement of 3P take rates. 1P revenues grew 70% year-on-year in Q4 2022 supported by the growth of Yandex Lavka (Yandex Lavka year-on-year growth was primarily driven by further increase in items per order, positively affecting the average check) and Yandex Market 1P sales (as a result of a growth of GMV and the business as a whole, as well as the purchase of IKEA stock). Commission and other E-Commerce revenues grew by 189% due to 3P GMV growth and an improved effective take rate in Yandex Market. Other O2O services revenues delivered solid 86% year-on-year growth primarily driven by the growth of Yandex Delivery and Yandex Food Delivery, as well as the acquisition of Delivery Club.

Eliminations related to the E-commerce, Mobility and Delivery segment represent the eliminations of intercompany revenues between different businesses within the segment. The year-on-year dynamic was mainly attributed to expansion of intercompany synergies with a higher volume of E-commerce and Food Delivery orders fulfilled by our Yandex Delivery business compared to a year ago.

Adjusted EBITDA loss of E-commerce, Mobility and Delivery was RUB 10,557 million in Q4 2022 compared to an adjusted EBITDA loss of RUB 7,262 million in Q4 2021, while Adjusted EBITDA margin improved as % of revenue. The increase in losses in absolute terms was primarily driven by the growth of the scale of E-commerce businesses and the addition of Delivery Club business.

Plus and Entertainment Services

The Plus and Entertainment Services segment includes our subscription service Yandex Plus, Yandex Music, Kinopoisk, Yandex Afisha and our production center Yandex Studio.

Key operational trends:

- Number of **Yandex Plus subscribers** reached 19.3 million as of the end of Q4 2022, up 66% from the end of Q4 2021

| In RUB millions | Three months ended December 31, | | | Twelve months ended December 31, | | |
|-----------------|---------------------------------|------|--------|----------------------------------|------|--------|
| | 2021 | 2022 | Change | 2021 | 2022 | Change |

| | | | | | | |
|------------------------|---------|--------|-------|---------|---------|---------|
| Revenues | 6,517 | 11,984 | 84% | 18,408 | 31,782 | 73% |
| Adjusted EBITDA | (1,886) | (585) | -69% | (6,464) | (7,849) | 21% |
| Adjusted EBITDA margin | -28.9% | -4.9% | 24 pp | -35.1% | -24.7% | 10.4 pp |

Plus and Entertainment Services revenues grew 84% in Q4 2022 compared with Q4 2021. The increase was primarily driven by the growth of subscription revenue on the back of the expanding base of paid subscribers and changes in tariff mix, as well as solid trends in other revenue streams, including advertising and Afisha. Adjusted EBITDA improved significantly, to a loss of only RUB 0.6 billion from a loss of RUB 1.9 billion in Q4 2021 driven by a positive operating leverage effect on the back of the subscription revenue growth.

Classifieds

The Classifieds segment includes Auto.ru, Yandex Realty, Yandex Rent and Yandex Travel.

| <i>In RUB millions</i> | Three months ended December 31, | | | Twelve months ended December 31, | | |
|------------------------|---------------------------------|-------|----------|----------------------------------|--------|----------|
| | 2021 | 2022 | Change | 2021 | 2022 | Change |
| Revenues | 2,553 | 3,938 | 54% | 9,217 | 12,287 | 33% |
| Adjusted EBITDA | 440 | 208 | -53% | 1,864 | 1,111 | -40% |
| Adjusted EBITDA margin | 17.2% | 5.3% | -11.9 pp | 20.2% | 9.0% | -11.2 pp |

Classifieds revenues increased by 54% in Q4 2022 compared with Q4 2021. The revenue growth was supported by the solid performance of Yandex Travel and Yandex Realty as a result of increased demand for our services and a changing competitive landscape on the domestic market since Q2 2022. However, solid growth was offset by the adverse impact in service revenue on our auto classifieds business due to the ongoing contraction of supply of new cars in the market. Adjusted EBITDA amounted to RUB 0.2 billion in Q4 2022 compared with RUB 0.4 billion in Q4 2021 as a result of the growth of advertising and marketing expenses, investments in our new businesses such as Yandex Rent as well as personnel costs to support the services development.

Other Business Units and Initiatives

The Other Business Units and Initiatives category includes our self-driving vehicles business (Yandex SDG), Yandex Cloud, Yandex Education, Devices, FinTech, Toloka, RouteQ and number of other experiments as well as unallocated corporate expenses.

| <i>In RUB millions</i> | Three months ended December 31, | | | Twelve months ended December 31, | | |
|------------------------|---------------------------------|---------|---------|----------------------------------|----------|---------|
| | 2021 | 2022 | Change | 2021 | 2022 | Change |
| Revenues | 8,685 | 17,604 | 103% | 24,432 | 45,248 | 85% |
| Adjusted EBITDA | (5,573) | (7,576) | 36% | (14,171) | (26,806) | 89% |
| Adjusted EBITDA margin | -64.2% | -43.0% | 21.2 pp | -58.0% | -59.2% | -1.2 pp |

Other Business Units and Initiatives revenues increased 103% year-on-year in Q4 2022, driven mainly by Devices, Yandex Cloud and Yandex Education. Devices revenue increased 189% year-on-year to RUB 11.7 billion in Q4 2022: the business managed to overcome temporary supply issues experienced in Q3 2022 and benefited from a solid demand for our smart devices as well as deeper cross-service cooperation with Yandex Market and Yandex Plus. Yandex Cloud revenue grew 136% year-on-year, supported by product portfolio expansion as well as improvement in our market share on the back of increasing demand for our services.

The adjusted EBITDA loss amounted to RUB 7.6 billion (including RUB 1.8 billion of investments into Yandex SDG), an increase in absolute terms compared to RUB 5.6 billion in Q4 2021 despite a doubling of the segment's revenue. The improvement of relative losses as a percentage of revenue was primarily driven by solid performance in Devices (which has remained profitable for the third quarter in a row), improved operational efficiency in Cloud and Practicum as well as a positive effect of Zen deconsolidation and an optimization of investments in certain experiments (e.g. the closure of Lavka Overseas). These improvements helped to offset continuing investments in Yandex SDG, development of our FinTech vertical and

segregation of unallocated corporate expenses from reportable segments' adjusted EBITDA and their inclusion in the Other Business Units and Initiatives category (since Q3 2022).

Eliminations

Eliminations related to our revenues represent the elimination of transactions between the reportable segments, including advertising revenues, intercompany revenues related to brand royalties, data centers, devices intercompany sales and others.

| <i>In RUB millions</i> | Three months ended December 31, | | | Twelve months ended December 31, | | |
|-------------------------|---------------------------------|----------|--------|----------------------------------|----------|--------|
| | 2021 | 2022 | Change | 2021 | 2022 | Change |
| Revenues: | | | | | | |
| Segment revenues | 117,603 | 188,938 | 61% | 381,231 | 574,773 | 51% |
| Eliminations | (7,275) | (24,160) | 232% | (25,060) | (53,074) | 112% |
| Total revenues | 110,328 | 164,778 | 49% | 356,171 | 521,699 | 46% |
| Adjusted EBITDA: | | | | | | |
| Segment adjusted EBITDA | 9,640 | 17,538 | 82% | 31,797 | 64,275 | 102% |
| Eliminations | 80 | (365) | n/m | 346 | (135) | n/m |
| Total adjusted EBITDA | 9,720 | 17,173 | 77% | 32,143 | 64,140 | 100% |

Eliminations related to our revenues increased 232% in Q4 2022 compared with Q4 2021. The increase was mainly attributed to the increased intercompany revenue between our businesses (related to cross service advertising and marketing activities, intercompany device sales, the usage of data centers and other IT infrastructure and other centralized services by all business units), which grow as the whole group grows and integration between services expands.

Consolidated Operating Costs and Expenses

Our operating costs and expenses consist of cost of revenues, product development expenses, sales, general and administrative expenses (SG&A), and depreciation and amortization expenses (D&A). Apart from D&A, each of the above expense categories include personnel-related costs and expenses, relevant office space rental, and related share-based compensation expenses. Increases across all cost categories reflect investments in overall growth. In Q4 2022, our headcount increased by 916 full-time employees. The total number of full-time employees was 20,850 as of December 31, 2022, up by 5% compared with September 30, 2022, and up 16% from December 31, 2021, which was primarily driven by the accelerated pace of hiring in Search and Portal (mainly in product development and sales) and Mobility, as well as by the fast growth of Cloud, Delivery, Plus and Entertainment Services and other businesses.

Operating Expenses

| <i>In RUB millions</i> | Three months ended December 31, | | | Twelve months ended December 31, | | |
|--|---------------------------------|----------------|------------|----------------------------------|----------------|------------|
| | 2021 | 2022 | Change | 2021 | 2022 | Change |
| Cost of revenues | 52,465 | 77,833 | 48% | 173,952 | 233,219 | 34% |
| <i>Cost of revenues as a % of revenues</i> | 47.6% | 47.2% | -0.4 pp | 48.8% | 44.7% | -4.1 pp |
| including TAC | 7,162 | 11,987 | 67% | 25,669 | 34,692 | 35% |
| <i>TAC as a % of revenues</i> | 6.5% | 7.3% | 0.8 pp | 7.2% | 6.6% | -0.6 pp |
| Product development | 13,996 | 19,233 | 37% | 48,461 | 72,278 | 49% |
| <i>As a % of revenues</i> | 12.7% | 11.7% | -1 pp | 13.6% | 13.9% | 0.3 pp |
| Sales, general and administrative | 39,392 | 53,359 | 35% | 122,924 | 172,092 | 40% |
| <i>As a % of revenues</i> | 35.7% | 32.4% | -3.3 pp | 34.5% | 33.0% | -1.5 pp |
| Depreciation and amortization | 7,078 | 8,226 | 16% | 24,111 | 30,874 | 28% |
| <i>As a % of revenues</i> | 6.4% | 5.0% | -1.4 pp | 6.8% | 5.9% | -0.9 pp |
| Total operating expenses | 112,931 | 158,651 | 40% | 369,448 | 508,463 | 38% |
| <i>As a % of revenues</i> | 102.4% | 96.3% | -6.1 pp | 103.7% | 97.5% | -6.2 pp |

Total operating expenses increased 40% in Q4 2022 compared with Q4 2021. The increase was mainly due to the cost of revenues related to E-commerce, Mobility and Delivery businesses, Plus and Entertainment services and Devices, and

growth of headcount and related personnel expenses across most of our business units due to the overall increase of the businesses.

TAC grew 67% in Q4 2022 compared with Q4 2021 and represented 7.3% of total revenues, higher 78 basis points compared with Q4 2021. The year-on-year growth of TAC as a share of revenue was primarily driven by TAC related to our distribution partners.

| <i>In RUB millions</i> | Three months ended December 31, | | | Twelve months ended December 31, | | |
|---|---------------------------------|--------------|----------------|----------------------------------|---------------|----------------|
| | 2021 | 2022 | Change | 2021 | 2022 | Change |
| SBC expense included in cost of revenues | 112 | 144 | 29% | 479 | 593 | 24% |
| SBC expense included in product development | 2,736 | 2,594 | -5% | 11,504 | 13,831 | 20% |
| SBC expense included in SG&A | 2,180 | 2,077 | -5% | 8,846 | 9,614 | 9% |
| Total SBC expense | 5,028 | 4,815 | -4% | 20,829 | 24,038 | 15% |
| <i>As a % of revenues</i> | <i>4.6%</i> | <i>2.9%</i> | <i>-1.7 pp</i> | <i>5.8%</i> | <i>4.6%</i> | <i>-1.2 pp</i> |

Total SBC expenses decreased 4% in Q4 2022 compared with Q4 2021. The decrease was primarily related to the replacement of new grants in 2022 by an increase in salaries and bonuses as well as material depreciation of the U.S. dollar against the Russian ruble in Q4 2022 compared to Q4 2021. This effect is partly offset by the settlement of Business Unit Equity Awards in cash, which led to additional costs recognized in Q4 2022. In light of the current geopolitical and macroeconomic crisis and the ongoing suspension of trading in our Class A shares on Nasdaq, during the whole of 2023 participants will continue to receive cash compensation on the vesting dates of the relevant RSU equity awards, in an amount equal to the target value of each tranche of such awards. In Q4 2022, RUB 2.0 billion of the total RUB 4.8 billion in SBC expenses related to RSU equity awards settled in cash were recorded as part of personnel expenses, which reduced consolidated adjusted EBITDA.

Income/(loss) from operations

| <i>In RUB millions</i> | Three months ended December 31, | | | Twelve months ended December 31, | | |
|-------------------------------|---------------------------------|-------|------------|----------------------------------|--------|------------|
| | 2021 | 2022 | Change | 2021 | 2022 | Change |
| Income/(loss) from operations | (2,603) | 6,127 | <i>n/m</i> | (13,277) | 13,236 | <i>n/m</i> |

Income from operations amounted to RUB 6.1 billion in Q4 2022 compared to a loss from operations of RUB 2.6 billion in Q4 2021. The growth was mainly driven by the continuing improvement of our Search and Portal and Devices segment profitability.

Other income/(loss), net for Q4 2022 was income of RUB 9,873 million, up from loss of RUB 2,048 million in Q4 2021. Other income/(loss), net includes foreign exchange gains in the amount of RUB 9,382 million and RUB 149 million in Q4 2022 and Q4 2021 respectively. The increase of foreign exchange gains reflects the depreciation of the Russian ruble against the US dollar by 18% and 2% during Q4 2022 and Q4 2021, respectively.

Income tax expense for Q4 2022 was RUB 9,666 million, up from RUB 2,028 million in Q4 2021. Our effective tax rate in Q4 2022 was positive of 57.8% compared to negative tax rate of 243.5% in Q4 2021. If we remove the effects of deferred tax asset valuation allowance, SBC expense, effect of change in tax rates, tax provisions recognized and gains/(losses) on equity method investments, our effective tax rate for Q4 2022 was 22.0%, compared to 17.3% for Q4 2021 as adjusted for similar effects and contribution to the Russian Fund for the Development of Information Technologies. The change in the tax rates without above-mentioned effects was primarily driven by the permanent differences between US GAAP and tax accounting as well as reduced tax rates of certain our subsidiaries.

Net income was RUB 7.1 billion in Q4 2022, compared with net loss of RUB 2.9 billion in Q4 2021. The changes in net income were mainly attributable to growth of operational income and foreign exchange gains in Q4 2022, partly offset by the gain on the revaluation of our equity method investment in the amount of RUB 3.5 billion in Q4 2021.

Cash used in operating activities was RUB 1.6 billion and cash paid for property and equipment, intangible assets and assets to be leased was RUB 21.7 billion for Q4 2022.

The **total number of shares issued and outstanding** as of December 31, 2022 was 361,482,282, including 325,783,607 Class A shares, 35,698,674 Class B shares, and one Priority share and excluding 558,663 Class A shares held in treasury and all Class C shares outstanding solely as a result of the conversion of Class B shares into Class A shares. Any such Class C shares will be cancelled.

There were also employee share options outstanding to purchase up to an additional 2.9 million shares, at a weighted average exercise price of \$44.32 per share, 2.2 million of which were fully vested; equity-settled share appreciation rights (SARs) for 0.1 million shares, at a weighted average measurement price of \$32.85, all of which were fully vested; restricted share units (RSUs) covering 11.9 million shares, of which RSUs to acquire 6.2 million shares were fully vested; and performance share units (PSUs) for 0.2 million shares. In addition, we have outstanding equity-linked awards in respect of our various Business Units, including options and synthetic options, for 4.5 million shares, 2.2 million of which were fully vested and may be settled in equity of our Business Units, cash or Yandex Class A shares.

Goodwill and non-current assets

With regards to our financial position as of December 31, 2022, we have concluded that the current geopolitical crisis and macro environment have not had any material impact on goodwill and non-current assets.

ABOUT YANDEX

Yandex (NASDAQ and MOEX: YNDX) is a technology company registered in the Netherlands that builds intelligent products and services powered by machine learning. Our goal is to help consumers and businesses better navigate the online and offline world. Since 1997, we have delivered world-class, locally relevant search and navigation products, while also expanding into mobility, e-commerce, online entertainment, cloud computing and other markets to assist millions of consumers in Russia and a number of international markets. More information on Yandex can be found at <https://ir.yandex/>.

FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements that involve risks and uncertainties. All statements contained in this press release other than statements of historical facts, including, without limitation, statements regarding our future financial and business performance, our business and strategy and the impact of the current geopolitical and macroeconomic developments on our industry, business and financial results, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “guide,” “intend,” “likely,” “may,” “will” and similar expressions and their negatives are intended to identify forward-looking statements. Actual results may differ materially from the results predicted or implied by such statements, and our reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from the results predicted or implied by such statements include, among others, macroeconomic and geopolitical developments affecting the Russian economy or our business, changes in the political, legal and/or regulatory environment and regulatory and business responses to that crisis, including international economic sanctions and export controls, competitive pressures, changes in advertising patterns, changes in user preferences, technological developments, and our need to expend capital to accommodate the growth of the business, as well as those risks and uncertainties included under the captions “Risk Factors” and “Operating and Financial Review and Prospects” in our Annual Report on Form 20-F for the year ended December 31, 2021 and “Risk Factors” in the Shareholder Circular filed as Exhibit 99.2 to our Current Report on Form 6-K, which were filed with the U.S. Securities and Exchange Commission (SEC) on April 20, 2022 and November 18, 2019, respectively, and are available on our investor relations website at <https://ir.yandex/sec-filings> and on the SEC website at <https://www.sec.gov/>. All information in this release and in the attachments is as of February 15, 2023, and Yandex undertakes no duty to update this information unless required by law.

USE OF NON-GAAP FINANCIAL MEASURES

To supplement the financial information prepared and presented in accordance with U.S. GAAP, we present the following non-GAAP financial measures: ex-TAC revenues, Adjusted EBITDA, Adjusted EBITDA margin and Adjusted net income. The presentation of these financial measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP. For more information on these non-GAAP financial measures, please see the tables captioned "Reconciliations of non-GAAP financial measures to the nearest comparable U.S. GAAP measures", included following the accompanying financial tables. We define the various non-GAAP financial measures we use as follows:

- **Ex-TAC revenues** means U.S. GAAP revenues less total traffic acquisition costs (TAC).
- **Adjusted EBITDA** means U.S. GAAP net income/(loss) plus (1) depreciation and amortization, (2) certain SBC expense, (3) interest expense, (4) income tax expense, (5) expenses related to the contingent compensation payable to employees in connection with certain business combinations, and (6) impairment of goodwill and other intangible assets, less (1) interest income, (2) other income/(loss), net, (3) gain on restructuring of convertible debt, and (4) effect of the News and Zen deconsolidation and (5) income/(loss) from equity method investments.
- **Adjusted EBITDA margin** means adjusted EBITDA divided by U.S. GAAP revenues.
- **Adjusted net income** means U.S. GAAP net income/(loss) plus (1) certain SBC expense, (2) expenses related to the contingent compensation payable to certain employees in connection with certain business combinations, (3) amortization of debt discount and issuance costs related to our convertible debt adjusted for the related income tax effect, (4) one-off restructuring and other expenses, and (5) impairment of goodwill and other intangible assets adjusted for the related income tax effect, less (1) foreign exchange (gains)/losses adjusted for the related income tax effect, (2) gain on restructuring of convertible debt adjusted for the related income tax effect, and (3) effect of the News and Zen deconsolidation.

These non-GAAP financial measures are used by management for evaluating financial performance as well as decision-making. Management believes that these metrics reflect the organic, core operating performance of the company, and therefore are useful to analysts and investors in providing supplemental information that helps them understand, model and forecast the evolution of our operating business.

Although our management uses these non-GAAP financial measures for operational decision-making and considers these financial measures to be useful for analysts and investors, we recognize that there are a number of limitations related to such measures. In particular, it should be noted that several of these measures exclude some recurring costs, particularly share-based compensation. In addition, the components of the costs that we exclude in our calculation of the measures described above may differ from the components that our peer companies exclude when they report their results of operations.

Below we describe why we make particular adjustments to certain U.S. GAAP financial measures:

TAC

We believe that it may be useful for investors and analysts to review certain measures both in accordance with U.S. GAAP and net of the effect of TAC, which we view as comparable to sales bonuses but, unlike sales bonuses, are not deducted from U.S. GAAP revenues. By presenting revenue, net of TAC, we believe that investors and analysts are able to obtain a clearer picture of our business without the impact of the revenues we share with our partners.

SBC

SBC is a significant expense item, and an important part of our compensation and incentive programs. As it is highly dependent on our share price at the time of equity award grants, we believe that it is useful for investors and analysts to see certain financial measures excluding the impact of these charges in order to obtain a clearer picture of our operating performance. However, because we settled the RSU equity awards of our employees in cash during 2022, starting from Q3 2022 we no longer eliminate the relevant SBC expense corresponding to the cash payment from adjusted EBITDA and adjusted net income.

Foreign exchange gains/(losses)

Because we hold significant assets and liabilities in currencies other than our Russian ruble operating currency, and because foreign exchange fluctuations are outside of our operational control, we believe that it is useful to present adjusted EBITDA, adjusted net income and related margin measures excluding these effects, in order to provide greater clarity regarding our operating performance.

Amortization of debt discount and issuance costs

We also adjust net income/(loss) for interest expense representing amortization of the debt discount related to our convertible senior notes due 2025 issued in Q1 2020. We have eliminated this expense from adjusted net income as it is non-cash in nature and is not indicative of our ongoing operating performance. We have repurchased substantially all of the outstanding notes to date.

Expenses related to contingent consideration

We may incur expenses in connection with acquisitions that are not indicative of our recurring core operating performance. In particular, we are required under U.S. GAAP to accrue as an expense the contingent compensation that is payable to certain employees in connection with certain business combinations. We eliminate these acquisition-related expenses from adjusted EBITDA and adjusted net income to provide management and investors a tool for comparing on a period-to-period basis our operating performance in the ordinary course of operations.

Goodwill and other intangible assets impairment

Adjusted net income and adjusted EBITDA for the year ended December 31, 2022 exclude a loss from intangible assets impairment related to E-commerce, Mobility and Delivery business of RUB 2,740 million (the amount of excess of fair value of intangible assets over its carrying value) and related income tax gain of RUB 548 million.

Gain on restructuring of convertible debt

Adjusted net income, adjusted EBITDA and related margin measures exclude gain on restructuring of our convertible debt. Adjusted net income and its margin measures also exclude income tax attributable to this gain. In June 2022, Yandex completed the purchase of 93.2% in aggregate principal amount of its \$1.25 billion 0.75% Convertible Notes due 2025. Yandex has to date purchased more than 99% in aggregate principal amount of the Notes originally issued. As a result of the restructuring, a gain in the amount of RUB 9,305 million and a related income tax expense in the amount of RUB 751 million were recognized.

Effect of the News and Zen deconsolidation

We have adjusted net income, EBITDA and related margin measures for the one-off gain as a result of the News and Zen deconsolidation completed in Q3 2022, in the amount of RUB 38,051 million. We have eliminated this gain from adjusted net income and adjusted EBITDA as we believe that it is useful to present adjusted net income, adjusted EBITDA and related margins measures excluding impacts not related to our operating activities.

One-off restructuring and other expenses

We believe that it is useful to present adjusted net income, adjusted EBITDA and related margin measures excluding impacts not related to our operating activities. Adjusted net income and adjusted EBITDA exclude expenses related to the restructuring of our corporate governance approved by our shareholders in December 2019 and other similar one-off expenses.

The tables at the end of this release provide detailed reconciliations of each non-GAAP financial measure we use from the most directly comparable U.S. GAAP financial measure.

YANDEX N.V.
Unaudited Condensed Consolidated Balance Sheets
(in millions of Russian rubles and U.S. dollars, except share and per share data)

| | As of | | |
|---|-----------------------|----------------------|----------------------|
| | December 31, 2021* | December 31, 2022 | December 31, 2022 |
| | RUB | RUB | \$ |
| ASSETS | | | |
| Cash and cash equivalents | 79,275 | 83,131 | 1,181.9 |
| Term deposits | 23,415 | 154 | 2.2 |
| Investments in marketable equity securities | 4,049 | - | - |
| Funds receivable | 6,180 | 8,290 | 117.9 |
| Accounts receivable | 43,568 | 58,014 | 824.8 |
| Sales financing receivable | 266 | 5,738 | 81.6 |
| Inventory | 9,587 | 28,220 | 401.2 |
| Prepaid expenses | 12,663 | 16,968 | 241.3 |
| VAT reclaimable | 13,498 | 22,602 | 321.3 |
| Other current assets | 7,474 | 16,817 | 239.0 |
| Total current assets | 199,975 | 239,934 | 3,411.2 |
| Goodwill | 117,864 | 143,778 | 2,044.1 |
| Property and equipment | 98,325 | 127,706 | 1,815.6 |
| Intangible assets | 22,359 | 31,766 | 451.6 |
| Content assets | 13,767 | 16,844 | 239.5 |
| Operating lease right-of-use assets | 36,245 | 28,646 | 407.3 |
| Investments in non-marketable equity securities | 790 | 6,746 | 95.9 |
| Equity method investments | 9,425 | 2,118 | 30.1 |
| Long-term prepaid expenses | 3,278 | 3,998 | 56.8 |
| Deferred tax assets | 5,625 | 3,904 | 55.5 |
| Other non-current assets | 7,843 | 11,279 | 160.4 |
| Total non-current assets | 315,521 | 376,785 | 5,356.8 |
| TOTAL ASSETS | 515,496 | 616,719 | 8,768.0 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Accounts payable, accrued and other liabilities | 81,555 | 122,816 | 1,746.1 |
| Debt, current portion | 2,940 | 21,306 | 302.9 |
| Income and non-income taxes payable | 16,196 | 28,137 | 400.0 |
| Deferred revenue | 10,415 | 15,585 | 221.6 |
| Total current liabilities | 111,106 | 187,844 | 2,670.6 |
| Debt, non-current portion | 85,835 | 29,885 | 424.9 |
| Finance lease liabilities | 15,350 | 21,185 | 301.2 |
| Operating lease liabilities | 24,642 | 17,609 | 250.4 |
| Deferred tax liabilities | 2,989 | 5,473 | 77.8 |
| Other accrued liabilities | 2,649 | 16,545 | 235 |
| Total non-current liabilities | 131,465 | 90,697 | 1,289.5 |
| Total liabilities | 242,571 | 278,541 | 3,960.1 |
| Redeemable noncontrolling interests | 869 | - | - |
| Shareholders' equity: | | | |
| Priority share: €1 par value; 1 share authorized, issued and outstanding | - | - | - |
| Ordinary shares: par value (Class A €0.01, Class B €0.10 and Class C €0.09); shares authorized (Class A: 500,000,000, Class B: 37,138,658 and Class C: 37,748,658); shares issued (Class A: 323,800,479 and 326,342,270, respectively, Class B: 35,698,674, and Class C: 10,000); shares outstanding (Class A: 323,004,678 and 325,783,607, respectively, Class B: 35,698,674 and Class C: nil) | 281 | 282 | 4.0 |
| Treasury shares at cost (Class A: 795,801 and 558,663, respectively) | (2,728) | (1,393) | (19.8) |
| Additional paid-in capital | 112,942 | 119,464 | 1,698.4 |
| Accumulated other comprehensive income | 16,193 | 24,258 | 344.9 |
| Retained earnings | 131,488 | 173,697 | 2,469.5 |
| Total equity attributable to Yandex N.V. | 258,176 | 316,308 | 4,497.0 |
| Noncontrolling interests | 13,880 | 21,870 | 310.9 |
| Total shareholders' equity | 272,056 | 338,178 | 4,807.9 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 515,496 | 616,719 | 8,768.0 |

* Derived from audited consolidated financial statements

YANDEX N.V.

Unaudited Condensed Consolidated Statements of Operations

(in millions of Russian rubles and U.S. dollars, except share and per share data)

| | Three months ended December 31 | | | Twelve months ended December 31, | | |
|---|--------------------------------|---------------|--------------|----------------------------------|---------------|----------------|
| | 2021 | 2022 | 2022 | 2021 | 2022 | 2022 |
| | RUB | RUB | \$ | RUB | RUB | \$ |
| Revenues | 110,328 | 164,778 | 2,342.7 | 356,171 | 521,699 | 7,417.1 |
| Operating costs and expenses: | | | | | | |
| Cost of revenues ⁽¹⁾ | 52,465 | 77,833 | 1,106.6 | 173,952 | 233,219 | 3,315.7 |
| Product development ⁽¹⁾ | 13,996 | 19,233 | 273.4 | 48,461 | 72,278 | 1,027.6 |
| Sales, general and administrative ⁽¹⁾ | 39,392 | 53,359 | 758.6 | 122,924 | 172,092 | 2,446.7 |
| Depreciation and amortization | 7,078 | 8,226 | 117.0 | 24,111 | 30,874 | 438.9 |
| Total operating costs and expenses | 112,931 | 158,651 | 2,255.6 | 369,448 | 508,463 | 7,228.9 |
| Income/(loss) from operations | (2,603) | 6,127 | 87.1 | (13,277) | 13,236 | 188.2 |
| Interest income | 1,112 | 1,197 | 17.0 | 4,615 | 4,723 | 67.1 |
| Interest expense | (1,119) | (888) | (12.6) | (3,711) | (3,396) | (48.3) |
| Gain on restructuring of convertible debt | - | - | - | - | 9,305 | 132.3 |
| Effect of the News and Zen deconsolidation | - | - | - | - | 38,051 | 541.0 |
| Income/(loss) from equity method investments | 3,825 | 412 | 5.9 | 6,367 | (929) | (13.2) |
| Other income/(loss), net | (2,048) | 9,873 | 140.3 | (1,217) | 9,359 | 133.1 |
| Net income/(loss) before income taxes | (833) | 16,721 | 237.7 | (7,223) | 70,349 | 1,000.2 |
| Income tax expense | 2,028 | 9,666 | 137.4 | 7,430 | 22,734 | 323.2 |
| Net income/(loss) | (2,861) | 7,055 | 100.3 | (14,653) | 47,615 | 677.0 |
| Net income attributable to noncontrolling interests | (1,567) | (2,101) | (29.9) | (16) | (8,150) | (115.9) |
| Net income/(loss) attributable to Yandex N.V. | (4,428) | 4,954 | 70.4 | (14,669) | 39,465 | 561.1 |
| Net income/(loss) per Class A and Class B share: | | | | | | |
| Basic | (12.19) | 13.36 | 0.19 | (40.48) | 107.24 | 1.52 |
| Diluted | (12.19) | 13.31 | 0.19 | (40.48) | 82.53 | 1.17 |
| Weighted average number of Class A and Class B shares used in per share computation | | | | | | |
| Basic | 363,263,671 | 370,834,903 | 370,834,903 | 362,386,669 | 368,020,254 | 368,020,254 |
| Diluted | 363,263,671 | 372,168,458 | 372,168,458 | 362,386,669 | 377,020,285 | 377,020,285 |

(1) These balances exclude depreciation and amortization expenses, which are presented separately, and include share-based compensation expenses of:

| | | | | | | |
|-----------------------------------|-------|-------|------|--------|--------|-------|
| Cost of revenues | 112 | 144 | 2.0 | 479 | 593 | 8.4 |
| Product development | 2,736 | 2,594 | 36.9 | 11,504 | 13,831 | 196.6 |
| Sales, general and administrative | 2,180 | 2,077 | 29.6 | 8,846 | 9,614 | 136.8 |

YANDEX N.V.

Unaudited Condensed Consolidated Statements of Cash Flows

(in millions of Russian rubles and U.S. dollars)

| | Three months ended December 31, | | |
|--|---------------------------------|-----------------|----------------|
| | 2021 | 2022 | 2022 |
| | RUB | RUB | \$ |
| CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES: | | | |
| Net income/(loss) | (2,861) | 7,055 | 100.3 |
| Adjustments to reconcile net income/(loss) to net cash provided by operating activities: | | | |
| Depreciation of property and equipment | 5,443 | 5,964 | 84.8 |
| Amortization of intangible assets | 1,635 | 2,262 | 32.2 |
| Amortization of content assets | 941 | 2,267 | 32.2 |
| Operating lease right-of-use assets amortization and the lease liability accretion | 3,183 | 3,304 | 47.0 |
| Amortization of debt discount and issuance costs | 516 | - | - |
| Share-based compensation expense (excluding cash settled awards of nil and RUB 2,163, respectively) | 5,028 | 2,726 | 38.8 |
| Deferred income tax expense | 240 | 3,170 | 45.1 |
| Foreign exchange gains | (149) | (9,382) | (133.4) |
| Income from equity method investments | (3,825) | (412) | (5.9) |
| Provision for expected credit losses | 263 | 1,030 | 14.6 |
| Other | (714) | (893) | (12.7) |
| <i>Changes in operating assets and liabilities excluding the effect of acquisitions:</i> | | | |
| Accounts receivable | (11,837) | (11,609) | (165.0) |
| Prepaid expenses | 120 | 663 | 9.4 |
| Inventory | (2,499) | (10,784) | (153.3) |
| Accounts payable, accrued and other liabilities and non-income taxes payable | 12,793 | 26,828 | 381.4 |
| Deferred revenue | 2,633 | 3,600 | 51.2 |
| Other assets | 163 | (9,660) | (137.3) |
| VAT reclaimable | (1,373) | (7,245) | (103.0) |
| Funds receivable | (3,483) | (3,904) | (55.5) |
| Sales financing receivable | (256) | (3,687) | (52.4) |
| Content assets | (2,137) | (3,271) | (46.5) |
| Content liabilities | (421) | 379 | 5.4 |
| Net cash provided by/(used in) operating activities | 3,403 | (1,599) | (22.6) |
| CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES: | | | |
| Purchases of property and equipment and intangible assets | (18,879) | (20,248) | (287.9) |
| Purchase of assets to be leased | - | (1,408) | (20.0) |
| Investments in marketable equity securities | (735) | - | - |
| Proceeds from sale of marketable equity securities | 511 | - | - |
| Investments in non-marketable equity securities | (2,485) | (129) | (1.8) |
| Proceeds from investments in non-marketable equity securities | 944 | - | - |
| Investments in term deposits | (23,475) | (160) | (2.3) |
| Maturities of term deposits | 53,443 | 1,235 | 17.6 |
| Loans granted | (443) | (1,055) | (15.0) |
| Proceeds from repayments of loans | 390 | - | - |
| Other investing activities | (15) | 15 | 0.2 |
| Net cash provided by/(used in) investing activities | 9,256 | (21,750) | (309.2) |
| CASH FLOWS USED IN FINANCING ACTIVITIES: | | | |
| Proceeds from issuance of debt | - | 438 | 6.2 |
| Repayment of convertible debt | - | (196) | (2.8) |
| Proceeds from overdraft borrowings | 2,941 | - | - |
| Purchase of non-redeemable noncontrolling interests | (14,714) | - | - |
| Payment of contingent consideration and holdback amount | (569) | (440) | (6.3) |
| Repurchases of ordinary shares | (3,436) | - | - |
| Proceeds from exercise of share options | 114 | - | - |
| Payment for finance leases | (301) | (506) | (7.2) |
| Other financing activities | (141) | - | - |
| Net cash used in financing activities | (16,106) | (704) | (10.1) |
| Effect of exchange rate changes on cash and cash equivalents, and restricted cash and cash equivalents | 1,359 | 7,477 | 106.2 |
| Net change in cash and cash equivalents, and restricted cash and cash equivalents | (2,088) | (16,576) | (235.7) |
| Cash and cash equivalents, and restricted cash and cash equivalents, beginning of period | 81,487 | 101,016 | 1,436.2 |
| Cash and cash equivalents, and restricted cash and cash equivalents, end of period | 79,399 | 84,440 | 1,200.5 |
| Reconciliation of cash and cash equivalents, and restricted cash and cash equivalents: | | | |
| Cash and cash equivalents, beginning of period | 81,425 | 99,866 | 1,419.8 |
| Restricted cash and cash equivalents, beginning of period | 62 | 1,150 | 16.4 |
| Cash and cash equivalents, and restricted cash and cash equivalents, beginning of period | 81,487 | 101,016 | 1,436.2 |
| Cash and cash equivalents, end of period | 79,275 | 83,131 | 1,181.9 |
| Restricted cash and cash equivalents, end of period | 124 | 1,309 | 18.6 |
| Cash and cash equivalents, and restricted cash and cash equivalents, end of period | 79,399 | 84,440 | 1,200.5 |

YANDEX N.V.

Unaudited Condensed Consolidated Statements of Cash Flows

(in millions of Russian rubles and U.S. dollars)

| | Twelve months ended December 31, | | |
|--|----------------------------------|-----------------|----------------|
| | 2021 | 2022 | 2022 |
| | RUB | RUB | \$ |
| CASH FLOWS PROVIDED BY OPERATING ACTIVITIES: | | | |
| Net income/(loss) | (14,653) | 47,615 | 677.0 |
| Adjustments to reconcile net income/(loss) to net cash provided by operating activities: | | | |
| Depreciation of property and equipment | 18,162 | 23,243 | 330.4 |
| Amortization of intangible assets | 5,949 | 7,631 | 108.5 |
| Amortization of content assets | 6,386 | 8,944 | 127.2 |
| Operating lease right-of-use assets amortization and the lease liability accretion | 11,223 | 14,391 | 204.6 |
| Amortization of debt discount and issuance costs | 2,070 | 585 | 8.3 |
| Share-based compensation expense (excluding cash settled awards of nil and RUB 17,041, respectively) | 20,829 | 6,996 | 99.5 |
| Deferred income tax expense/(benefit) | (5,163) | 4,569 | 65.0 |
| Foreign exchange gains | (235) | (9,393) | (133.5) |
| Loss/(income) from equity method investments | (6,367) | 929 | 13.2 |
| Effect of the News and Zen deconsolidation | - | (38,051) | (541.0) |
| Gain on restructuring of convertible debt | - | (9,305) | (132.3) |
| Impairment of long-lived assets | - | 3,644 | 51.8 |
| Provision for expected credit losses | 1,249 | 2,799 | 39.8 |
| Other | (458) | (92) | (1.3) |
| <i>Changes in operating assets and liabilities excluding the effect of acquisitions:</i> | | | |
| Accounts receivable | (19,260) | (15,905) | (226.1) |
| Prepaid expenses | (8,344) | (4,466) | (63.6) |
| Inventory | (4,756) | (18,310) | (260.3) |
| Accounts payable, accrued and other liabilities and non-income taxes payable | 22,641 | 49,698 | 706.5 |
| Deferred revenue | 3,806 | 5,254 | 74.7 |
| Other assets | (3,736) | (9,092) | (129.2) |
| VAT reclaimable | (5,865) | (9,228) | (131.2) |
| Funds receivable | (3,890) | (2,246) | (31.9) |
| Sales financing receivable | (266) | (5,472) | (77.8) |
| Content assets | (11,740) | (11,989) | (170.4) |
| Content liabilities | 1,711 | (1,061) | (15.1) |
| Net cash provided by operating activities | 9,293 | 41,688 | 592.8 |
| CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES: | | | |
| Purchases of property and equipment and intangible assets | (44,621) | (50,544) | (718.6) |
| Purchase of assets to be leased | - | (1,408) | (20.0) |
| Acquisitions of businesses, net of cash acquired | (8,236) | (820) | (11.7) |
| Net cash acquired as a result of the News and Zen deconsolidation and our acquisition of Delivery Club | - | 1,795 | 25.5 |
| Investments in non-marketable equity securities | (3,143) | (649) | (9.2) |
| Proceeds from investments in non-marketable equity securities | 944 | 21 | 0.3 |
| Investments in marketable equity securities | (10,604) | - | - |
| Proceeds from sale of marketable equity securities | 6,163 | 5,859 | 83.3 |
| Investments in term deposits | (264,151) | (3,395) | (48.3) |
| Maturities of term deposits | 345,474 | 27,004 | 383.9 |
| Loans granted | (1,546) | (1,224) | (17.3) |
| Proceeds from repayments of loans | 1,667 | 480 | 6.8 |
| Other investing activities | 47 | 143 | 2.0 |
| Net cash provided by/(used in) investing activities | 21,994 | (22,738) | (323.3) |
| CASH FLOWS USED IN FINANCING ACTIVITIES: | | | |
| Proceeds from issuance of debt | - | 50,666 | 720.3 |
| Repayment of convertible debt | - | (49,560) | (704.6) |
| Proceeds from overdraft borrowings | 2,941 | - | - |
| Repayments of overdraft borrowings | (397) | (2,940) | (41.8) |
| Purchase of non-redeemable noncontrolling interests | (73,077) | - | - |
| Payment of contingent consideration and holdback amount | (6,073) | (635) | (9.0) |
| Repurchases of ordinary shares | (6,966) | - | - |
| Proceeds from exercise of share options | 1,153 | - | - |
| Payment for finance leases | (737) | (1,660) | (23.6) |
| Other financing activities | (1,689) | (1,390) | (19.7) |
| Net cash used in financing activities | (84,845) | (5,519) | (78.4) |
| Effect of exchange rate changes on cash and cash equivalents, and restricted cash and cash equivalents | 511 | (8,390) | (119.4) |
| Net change in cash and cash equivalents, and restricted cash and cash equivalents | (53,047) | 5,041 | 71.7 |
| Cash and cash equivalents, and restricted cash and cash equivalents, beginning of period | 132,446 | 79,399 | 1,128.8 |
| Cash and cash equivalents, and restricted cash and cash equivalents, end of period | 79,399 | 84,440 | 1,200.5 |
| Reconciliation of cash and cash equivalents, and restricted cash and cash equivalents: | | | |
| Cash and cash equivalents, beginning of period | 132,398 | 79,275 | 1,127.1 |
| Restricted cash and cash equivalents, beginning of period | 48 | 124 | 1.7 |
| Cash and cash equivalents, and restricted cash and cash equivalents, beginning of period | 132,446 | 79,399 | 1,128.8 |
| Cash and cash equivalents, end of period | 79,275 | 83,131 | 1,181.9 |
| Restricted cash and cash equivalents, end of period | 124 | 1,309 | 18.6 |
| Cash and cash equivalents, and restricted cash and cash equivalents, end of period | 79,399 | 84,440 | 1,200.5 |



YANDEX N.V.

RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES
TO THE NEAREST COMPARABLE U.S. GAAP MEASURES

Reconciliation of Ex-TAC Revenues to U.S. GAAP Revenues

| <i>In RUB millions</i> | Three months ended December 31, | | | Twelve months ended December 31, | | |
|---------------------------------------|---------------------------------|---------|--------|----------------------------------|---------|--------|
| | 2021 | 2022 | Change | 2021 | 2022 | Change |
| Total revenues | 110,328 | 164,778 | 49% | 356,171 | 521,699 | 46% |
| Less: traffic acquisition costs (TAC) | 7,162 | 11,987 | 67% | 25,669 | 34,692 | 35% |
| Ex-TAC revenues | 103,166 | 152,791 | 48% | 330,502 | 487,007 | 47% |

Reconciliation of Adjusted EBITDA to U.S. GAAP Net Income/(loss)

| <i>In RUB millions</i> | Three months ended December 31, | | | Twelve months ended December 31, | | |
|---|---------------------------------|---------|--------|----------------------------------|----------|--------|
| | 2021 | 2022 | Change | 2021 | 2022 | Change |
| Net income/(loss) | (2,861) | 7,055 | n/m | (14,653) | 47,615 | n/m |
| Add: depreciation and amortization | 7,078 | 8,226 | 16% | 24,111 | 30,874 | 28% |
| Add: certain SBC expense | 5,028 | 2,820 | -44% | 20,829 | 17,317 | -17% |
| Add: one-off restructuring and other expenses | 9 | - | n/m | 9 | - | n/m |
| Add: compensation expense related to contingent consideration | 208 | - | n/m | 471 | (27) | n/m |
| Less: gain on restructuring of convertible debt | - | - | n/m | - | (9,305) | n/m |
| Less: effect of the News and Zen deconsolidation | - | - | n/m | - | (38,051) | n/m |
| Less: interest income | (1,112) | (1,197) | 8% | (4,615) | (4,723) | 2% |
| Add: interest expense | 1,119 | 888 | -21% | 3,711 | 3,396 | -8% |
| Less: income/(loss) from equity method investments | (3,825) | (412) | -89% | (6,367) | 929 | n/m |
| Less: other income/(loss), net | 2,048 | (9,873) | n/m | 1,217 | (9,359) | n/m |
| Add: impairment of goodwill and other intangible assets | - | - | n/m | - | 2,740 | n/m |
| Add: income tax expense | 2,028 | 9,666 | 377% | 7,430 | 22,734 | 206% |
| Adjusted EBITDA | 9,720 | 17,173 | 77% | 32,143 | 64,140 | 100% |

Reconciliation of Adjusted Net Income to U.S. GAAP Net Income/(loss)

| <i>In RUB millions</i> | Three months ended December 31, | | | Twelve months ended December 31, | | |
|---|---------------------------------|---------|------------|----------------------------------|----------|------------|
| | 2021 | 2022 | Change | 2021 | 2022 | Change |
| Net income/(loss) | (2,861) | 7,055 | <i>n/m</i> | (14,653) | 47,615 | <i>n/m</i> |
| Add: certain SBC expense | 5,028 | 2,820 | -44% | 20,829 | 17,317 | -17% |
| Add: compensation expense related to contingent consideration | 208 | - | <i>n/m</i> | 471 | (27) | <i>n/m</i> |
| Less: foreign exchange gains/(losses) | (149) | (9,382) | <i>n/m</i> | (235) | (9,393) | <i>n/m</i> |
| Add: income tax attributable to foreign exchange gains/(losses) | 22 | 254 | <i>n/m</i> | 31 | (906) | <i>n/m</i> |
| Add: one-off restructuring and other expenses | 9 | - | <i>n/m</i> | 9 | - | <i>n/m</i> |
| Less: effect of the News and Zen deconsolidation | - | - | <i>n/m</i> | - | (38,051) | <i>n/m</i> |
| Less: gain on restructuring of convertible debt | - | - | <i>n/m</i> | - | (9,305) | <i>n/m</i> |
| Add: income tax attributable to gain on restructuring of convertible debt | - | - | <i>n/m</i> | - | 752 | <i>n/m</i> |
| Add: impairment of goodwill and other intangible assets | - | - | <i>n/m</i> | - | 2,740 | <i>n/m</i> |
| Less: income tax attributable to impairment of goodwill and other intangible assets | - | - | <i>n/m</i> | - | (548) | <i>n/m</i> |
| Add: amortization of debt discount and issuance costs | 516 | - | <i>n/m</i> | 2,070 | 585 | -72% |
| Less: income tax attributable to amortization of debt discount and issuance costs | (128) | - | <i>n/m</i> | (517) | (14) | -97% |
| Adjusted net income | 2,645 | 747 | <i>n/m</i> | 8,005 | 10,765 | 34% |

Contacts:

Investor Relations
Yulia Gerasimova
Phone: +7 495 974-35-38
E-mail: askIR@yandex-team.ru

Media Relations
Ilya Grabovskiy
Phone: +7 495 739-70-00
E-mail: pr@yandex-team.ru

Exhibit 99.2

February 15, 2023

Yandex Q4 2022 and Full Year 2022 Earnings: Letter to Shareholders

1. Introduction and Overview

- The ongoing geopolitical tension, its impact on the Russian and global economy, and related pressure on the broader social and business environment, created unprecedented challenges for our business in 2022. Throughout the year we have been primarily focused on the stability of our operations and financial position, safeguarding the interests of our stakeholders and ensuring the well-being of our employees.
- Business-wise, we have concentrated on improving operational efficiency, enhancing our products and services to withstand accelerated competition with local players and to position ourselves for market share gains, as well as rebuilding our supply chains to continue meeting the needs of our users for on-line and off-line services.
- In 2023, we plan to maintain our focus on financial discipline and operational efficiency, while also hoping to increase our emphasis on growth in certain key businesses, including E-commerce.
- One of our key strategic projects this year will be to successfully complete our proposed corporate restructuring. As we have announced in our press release in November 2022, the Board of Directors has commenced a strategic process to review options to restructure the group's ownership and governance. The key goal of this restructuring is to ensure the sustainable development and success of our diverse portfolio of businesses over the longer term, to restore liquidity for our shareholders and to preserve opportunities for our employees. The restructuring is complex, but we are working on it actively and will update the market as and when we have further information in this regard.
- Despite all the challenges of the previous year, we have been able to increase our headcount by 16% year-on-year to almost 21 thousand full-time employees as of the end of December 2022 (which is also an increase of 5% during Q4 2022 alone). We have put a lot of effort into retaining our key personnel, which among other things has included changes to our compensation scheme, allocating additional financial resources to support them on the back of macroeconomic instability (in total RUB 18.5 billion were spent in the form of one-off salary payments in March 2022 and cash payments throughout the year as a substitute for regular equity grant vesting). We believe these measures, among others, helped us to maintain a generally stable staff turnover level in 2022 compared to 2021.
- As of the date of this press release, trading in our Class A shares on Nasdaq remains suspended. We still have no visibility on when and whether trading on Nasdaq may be resumed. Trading on the Moscow Exchange continues; however, the international settlement systems remain closed for trading in rubles and in securities of Russian businesses. The liquidity of our shares on the Moscow Exchange remains limited to the number of shares held in the Russian National Stock Depository (NSD) system.
- Neither Yandex N.V. nor any of its group companies is a target of sanctions in the United States, European Union, Switzerland or United Kingdom, and the Yandex group is not owned or controlled by any persons who have been designated under such sanctions. Yandex continues to closely monitor developments in this regard.
- Below are additional comments on our Q4 2022 results by the key businesses. Overall, our group revenue increased by 49% year-on-year and reached RUB 164.8 billion. The company's adjusted EBITDA reached RUB 17.2 billion, bringing the margin to 10.4%, and our adjusted Net Income amounted to RUB 0.7 billion.

2. Search & Portal and Advertising

- Search & Portal revenues increased by 47% year-on-year in Q4 2022 on the back of strong trends in the Yandex Advertising Network (led primarily by partner apps as well as websites) and solid growth in our Search ad revenues. This dynamic was driven by ongoing investments in the development of our ad technologies and products (with a particular focus on the e-commerce sector, SMB clients and iOS share). This translated into market share gains amid changes in the competitive landscape: while some of international companies left, competition with local players (marketplaces, classifieds and others) is intensifying. SMB remained the key contributor to our revenue growth.
 - While solid trends in advertising revenue continued in January 2023, we expect growth rates to gradually normalize in the coming months once the effect of last year's changes in the ad market competitive landscape annualizes.
-

- In Q4, all ad categories were in positive territory with Finance & Insurance, Real Estate, Education & Employment, Entertainment & Media, Home & Garden leading the year-on-year growth. Similar trends have continued in January 2023.
- In Q4, our total search share reached 62.6%, up 2.4 pp on a year-on-year basis mainly driven by our distribution activities and product improvements (including search by objects, aggregated search history by topics, further improvements of video translation and the launch of kids accounts). Our search share on iOS reached 48.0% in Q4 2022, increasing 4.0 pp compared to a year ago, while on Android our search share amounted to 62.0%, up 2.8 pp compared to Q4 2021.
- The development and improvement of our technologies remains one of our top priorities. Over 2022, we were able to increase the efficiency of our entire advertising system (in terms of conversions weighted with advertisers' income) by 47% across the Yandex Advertising Network and by 24% in Search. Our conversion-oriented strategies (aimed at better customization and higher ad efficiency for our clients) contributed 49% to Search & Portal ad revenue and 68% to Yandex's ad network revenue as of the end of Q4 2022 (up 1 pp and 5 pp from the end of Q3 2022 respectively).
- Our simple and efficient advertising solutions for SMB and e-commerce clients have gained further traction in both categories. In 2022, clients of Yandex Business (our easy-to-use monthly subscription for SMB) increased the average check by 22% year-on-year, while the number of Yandex Business clients grew 41% year-on-year in December. As for e-commerce, we finished the year with double the number of clients in this segment compared to a year ago. As of December 2022, every fifth e-commerce client has used the Product campaign, an automated advertising instrument to promote goods and online stores, which we launched in beta testing in Q1 2022 and released from beta in November 2022. Another example is Carousel, the set of clickable product cards embedded within a video ad, which lead the customer to a web page with a certain product. During the first months of beta testing, the Carousel demonstrated strong demand from clients and delivered solid dynamics in CTR (click-through-rate) and CR (conversion rate).

3. Mobility

- Our Mobility business performed well in Q4 2022, driven by continuous growth of demand for ride-hailing services. In Q4 2022, Mobility trips grew 17% year-on-year. The growth was fueled by growth in the CIS and EMEA, while our key mature market, Russia, continued to slow down and grew 8% year-on-year in Q4 2022, compared to 16% in Q3 2022. The slowdown of growth in Russia was due to a significant drop in new car arrivals in Russia and price-per-car growth.
- GMV of our Mobility business grew 25% to RUB 218 billion in Q4 2022, while for the full year 2022 total Mobility GMV, which includes our ride-hailing, scooters and car-sharing businesses, reached RUB 763 billion and was up 30% year-on-year.
- We continued to focus on the well-being of our partners throughout the year. Earnings of our ride-hailing partners totaled RUB 664 billion in 2022. Earnings per active driver grew 8% year-on-year across all of our geographies and 14% in Russia. This growth was driven by further improvements in marketplace efficiency, which led to a 6% year-over-year increase of rides per active driver in total and to 8% growth in Russia. Along with growing efficiency, we have also slightly increased driver incentives (as percentage of GMV on a year-on-year basis) in our mature markets. These measures allowed us to efficiently grow our partner earnings. In December 2022, the number of drivers totaled 1.4 million worldwide and was 15% higher compared to the previous year.
- We continued to see a solid inflow of active users, driven by increasing demand for our services. We ended the quarter with 40.2 million active customers in our Yandex Go app, up 14% year-over-year and up 10% quarter-on-quarter. The user base growth was mostly driven by the fast-growing CIS region as well as launches in EMEA. User frequency continued to grow, although primarily driven by seasonality. In December 2022, an average rider took 7.9 trips per month and 7.6 in December 2021. Rider frequency was primarily driven by the CIS reaching peak levels, approaching 10 trips per rider per month, while in EMEA maintained a level of 5 orders per rider, despite launches in two new countries in Q4 2022.
- Trips growth was driven by the EMEA region, which grew 3.3 times year-on-year, followed by growth levels in the CIS in the mid-thirties. The total share of trips outside of Russia reached approximately 30% in December compared to 25% a year ago.
- Our car-sharing Drive business operated 13 thousand cars at the end of the year – down by 26% year-on-year. GMV decreased by 16% year-on-year due to fleet reduction.

4. E-commerce

- E-commerce GMV growth accelerated in Q4 2022 to 90% from 73% in the previous quarter, bringing the total full year growth to 92% and 2022 absolute GMV to RUB 308 billion. Growth in the fourth quarter was supported by a combination of factors, including efficient promotion tactics and campaigns during the high sales season, assortment diversification
-

(including unique IKEA stock, private labels, among others), expansion of our proprietary BNPL product (Split) as well as deeper integration with Yandex's other services. The dynamic was partly offset by severe weather conditions in our main areas of sales in the highest weeks of December, which affected service quality throughout the whole market.

- GMV growth further accelerated in January 2023 (compared to Q4 2022), though we expect it to normalize towards the end of the quarter on the back of the high base of March 2022.
- Our marketplace, Yandex Market, increased GMV by 86% in Q4 2022, an acceleration from 79% in Q3 2022. The share of 3P GMV remained broadly stable at 81% in Q4 2022 compared to 82% for the same quarter of 2021. Lavka GMV increased by 51% year-on-year in Q4 2022, while our grocery vertical (including the effect of consolidation of Delivery Club) grew by 183% year-on-year for the same period.
- We see encouraging results on the dynamic of new customers from deeper integration with other Yandex services, which increased by 1.4-1.5 times quarter-on-quarter in Q4 2022. This growth was primarily driven by the development of new user acquisition mechanics through our Yandex Plus subscription program (Plus City game, etc.), synergies from Delivery Club integration, as well as development of the dark store model in the regions where Yandex Market operates. The latter turned out to be a successful marketing tool, which generated 60% of total orders and 25% of GMV for Yandex Market in the regions of presence.
- Unit economics remained one of our key strategic focus areas during the fourth quarter of 2022. In Yandex Market we have achieved a solid improvement by 7.5 percentage points in Q4 2022 compared to Q4 2021 and an even greater improvement of 13 percentage points when comparing December 2022 with January 2022. The key factors contributing to this were optimization of delivery costs (primarily due to expansion of our branded pick-up points network by more than 1.7 times in Q4 2022 compared to the previous quarter and by 2.8 times compared to Q4 2021) and fulfillment (higher productivities at our fulfillment centers) as well as optimization of 3P commissions, higher contribution from advertising revenue and careful curation of promotion budgets.
- Yandex Market was the main contributor to our unit economics improvements. Our Eats grocery vertical (excluding Delivery Club) also improved by 6 percentage points year-on-year in Q4 2022 despite expensive logistics on the back of difficult weather conditions. Lavka Russia posted positive high single digit unit economics in Q4 for the fifth quarter in a row, which we believe is one of the best results globally in hyperlocal grocery delivery. The efficiency of both Eats grocery and Lavka benefited from growing density and smart batching, as well as higher frequency and larger basket size.
- The development of advertising solutions is another important focus area. In Q4 2022 we integrated the Yandex Market advertising platform with Yandex Direct: this bundled product allowed us to improve the breadth of ad instruments and enable higher spending by merchants. We have also concentrated on developing automatization tools enabling a wider range of merchants to work with our platform. These advertising solutions have already helped us to improve efficiency in the last quarter of 2022 and we see significant further potential for in-marketplace ads revenue to grow.
- Among other developments, we note the following:
 - The number of active sellers increased by 83% year-on-year in Q4 2022 to 43.7 thousand, while the number of total unique sellers listed on our platform reached 65 thousand. In Q4 we have introduced a number of improvements to our B2B tariffs and products, including the implementation of fixed fees for low-value items, the launch of loyalty and referral programs for sellers, further simplification of auto strategies for price management and improvements to our support services for merchants.
 - The number of SKUs more than doubled on a year-on-year basis to 42 million and further increased to 47 million in January 2023. We continue to focus on filling assortment gaps (categories like Fashion, Kids, Beauty), building a reliable direct import channel, developing private labels and resale platform to maintain a wide selection of goods.
 - The number of active buyers grew by 43% to 14 million which was supported by enhancements in product offering and user experience (including improved recommendations, faster search and easier-to-navigate check-out processes). We also continue to leverage Yandex Plus capabilities, cross-pollination between offline businesses as well as our FinTech solutions to further improve our distribution and retention strategies.

5. Other O2O services:

- In Q4 2022, GMV of other O2O services grew 59% year-on-year in Q4 2022, with Yandex Delivery and Yandex Food Delivery services including Delivery Club, being the largest contributors, with the combined growth of 98% year-on-year.
 - Yandex Food Delivery benefited from the successful integration with Delivery Club, which we fully completed before year end. Couriers of Delivery Club were switched to the Yandex Pro supply platform, which allowed us to dispatch orders
-

more efficiently, while partnering restaurants and users were connected to our Go technological platform. Along with integration, we continued to focus on improving operational efficiency: despite severe weather conditions in our key regions of operations and doubling share of batched orders we managed to reduce click-to-eat time by 10% year-on-year. All of these efforts have resulted in an orders-per-hour increase by 20+% year-on-year in Q4 2022, which in turn allowed our partnering couriers to earn more on a per-hour basis and provided our restaurant partners with incremental orders.

- Our last-mile Delivery business accelerated parcel growth rates in Q4 2022 compared to the previous quarter on the back of growing penetration of e-commerce and food delivery. GMV grew slower than the number of parcels in Q4 2022, at 57% year-on-year, as a result of increased share of batched orders and growing share of next-day-delivery (NDD) and same-day-delivery (SDD) services. Batching, NDD and SDD have been our focus throughout 2022, allowing us to lower delivery fees and have increased availability of last-mile delivery services, which are essential for the further development of Yandex e-commerce and food delivery services, as well as for development of the e-commerce market overall.

6. Additional comments on other fast-growing businesses:

- The revenues of **Plus and Entertainment Services** increased by 84% year-on-year, which was mainly driven by the growth of subscription revenue (grew 89% year-on-year) on the back of the expanding base of paid subscribers and changes in tariff mix, as well as solid trends in other revenue streams, including advertising and Afisha. The number of Yandex Plus subscribers reached 19.3 million (up 66% year-on-year) as of the end of Q4 2022. Average revenue per paying subscriber in December 2022 increased by 34% year-on-year.
- During Q4 2022, we launched “Plus City”, a casual mobile game on iOS and Android. The game quickly gained popularity: it reached 1st place on the App Store after the launch and crossed 1 million installs. In addition, the game became an efficient user acquisition tool as well as marketing instrument to promote Yandex Plus as well as other Yandex services.
- On average Plus subscribers demonstrate 33% higher frequency and up to 86% higher spending compared to non-Plus users across our key transactional services as well as better retention. Plus subscribers continued to generate a substantial part of GMV for our E-commerce and Food Delivery services: on average more than 55% of GMV for Market, Eats and Lavka.
- Kinopoisk maintains its top position on the video-on-demand market based on the total number of subscribers, as well as paid subscribers, according to a GfK report for Q4 2022. The number of monthly viewing subscribers has reached 8.4 million. We continued to focus on original content: our Plus Studio announced 9 new projects (including “Unprincipled in the Village”, “End of the World”, “Monastery”) and the plans to build franchises around well-known series “Silver Spoon”, “Trigger”, “Major Grom” and others. Outside Kinopoisk and the filmmaking industry, Plus Studio collaborates with Yandex Afisha which launched its line-up of original events, including its first musical. The musical has become the best-selling play of the month in Russia by the end of December.
- Yandex Music continues to lead among music streaming services in terms of the number of subscribers (both total and paid subscribers), according to a GfK report for Q4 2022. We are focused on developing the system of personalized recommendations and expanding our Yandex Music library (in particular, the number of podcasts and audiobook episodes available has already almost doubled in Q4 2022 compared to Q3 2022 and has now exceeded 1 million).
- **Cloud** revenues increased 136% year-on-year in Q4 2022 supported by product portfolio expansion as well as an improvement in our market share on the back of increasing demand for our services. Yandex Cloud has confirmed a high level of reliability of personal data storage and processing, renewing and extending its certificates as a regular part of Yandex Cloud’s compliance program.
- **Devices** revenue increased by 189% year-on-year to RUB 11.7 billion in Q4 2022. The business managed to overcome temporary supply issues it had been experiencing in Q3 2022 and benefited from solid demand for our smart devices supported by effective promotional activities, as well as deeper cross-service cooperation with Yandex Market and Yandex Plus. Since the launch of our first smart device in late 2018, we have sold more than 5 million items.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts, including, without limitation, statements regarding our future financial and business performance, our

business and strategy and the impact of the current geopolitical and macroeconomic developments on our industry, business and financial results, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “guide,” “intend,” “likely,” “may,” “will” and similar expressions and their negatives are intended to identify forward-looking statements. Actual results may differ materially from the results predicted or implied by such statements, and our reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from the results predicted or implied by such statements include, among others, macroeconomic and geopolitical developments affecting the Russian economy or our business, changes in the political, legal and/or regulatory environment and regulatory and business responses to that crisis, competitive pressures, changes in advertising patterns, changes in user preferences, technological developments, and our need to expend capital to accommodate the growth of the business, as well as those risks and uncertainties included under the captions “Risk Factors” and “Operating and Financial Review and Prospects” in our Annual Report on Form 20-F for the year ended December 31, 2021 and “Risk Factors” in the Shareholder Circular filed as Exhibit 99.2 to our Current Report on Form 6-K, which were filed with the U.S. Securities and Exchange Commission (SEC) on April 20, 2022 and November 18, 2019, respectively, and are available on our investor relations website at <https://ir.yandex/sec-filings> and on the SEC website at <https://www.sec.gov/>. All information in this document is as of February 15, 2023, and Yandex undertakes no duty to update this information unless required by law.

USE OF NON-GAAP FINANCIAL MEASURES

To supplement the financial information prepared and presented in accordance with U.S. GAAP, we present the following non-GAAP financial measures: adjusted EBITDA, adjusted EBITDA margin and adjusted Net income. The presentation of these financial measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP. These non-GAAP financial measures are used by management for evaluating financial performance as well as decision-making. Management believes that these metrics reflect the organic, core operating performance of the company, and therefore are useful to analysts and investors in providing supplemental information that helps them understand, model and forecast the evolution of our operating business. For more information on these non-GAAP financial measures, please see the tables captioned “Reconciliations of non-GAAP financial measures to the nearest comparable U.S. GAAP measures”, included in Yandex’s press release dated February 15, 2023.
