

**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, 2022

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, 2022, announcing the Company’s results for the fourth quarter and the full year ended December 31, 2021.

Also furnished as Exhibit 99.2 to this Report on Form 6-K is a Letter to Shareholders related to the fourth quarter and the full year ended December 31, 2021.

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, 2022

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, 2022, announcing results for the fourth quarter and the full year ended December 31, 2021.
99.2	Letter to Shareholders.

Yandex Announces Fourth Quarter and Full-Year 2021 Financial Results

MOSCOW and AMSTERDAM, the Netherlands, February 15, 2022 -- Yandex (NASDAQ and MOEX: YNDX), one of Europe's largest internet companies and the leading search and ride-hailing provider in Russia, today announced its unaudited financial results for the fourth quarter and the full year ended December 31, 2021.

Q4 and FY 2021 Financial and Operational Highlights^{1,2}

In RUB millions		Three months ended December 31,			Twelve months ended December 31,		
		2020	2021	Change	2020	2021	Change
Total Group on a like-for-like basis including Yandex Market in 2020	Total Revenues	71,599	110,328	54%	231,825	356,171	54%
	Online Ad Revenues	38,402	48,431	26%	130,987	166,618	27%
	Online Ad Revenues Ex-TAC	32,486	41,269	27%	110,609	140,949	27%
	Total Adjusted EBITDA	13,768	9,720	-29%	45,176	32,143	-29%
	Total Adjusted EBITDA margin, %	19.2%	8.8%	-10.4 pp	19.5%	9.0%	-10.5 pp
	Net income/(loss)	(95)	(2,861)	n/m	20,309	(14,653)	n/m
	Adjusted Net Income	5,846	2,645	-55%	17,963	8,005	-55%
Search and Portal	Share of Russian search market, %	59.7%	60.2%	0.5 pp	59.2%	59.8%	0.6 pp
	Search share on Android, %	58.6%	59.2%	0.6 pp	57.6%	59.2%	1.6 pp
	Search share on iOS, %	41.6%	44.0%	2.4 pp	41.8%	42.8%	1.0 pp
	Revenues	36,648	47,955	31%	124,810	165,235	32%
	Revenues Ex-TAC	30,386	40,023	32%	102,883	136,276	32%
	Adjusted EBITDA	18,132	23,485	30%	60,719	79,579	31%
	Adjusted EBITDA margin, %	49.5%	49.0%	-0.5 pp	48.6%	48.2%	-0.4 pp
MLU (Taxi)³	Revenues	22,251	42,878	93%	67,955	131,571	94%
	Rides YoY growth in the Ride-hailing service, %	17.0%	48.0%	31.0 pp	18.0%	50.0%	32.0 pp
	GMV ⁴ of Ride-hailing	100,999	170,750	69%	327,442	574,052	75%
	GMV of FoodTech	12,913	26,446	105%	37,147	80,101	116%
	GMV ⁵ of Logistics	4,165	11,296	171%	8,578	29,456	243%
	Total MLU Adjusted EBITDA	1,767	5,441	208%	3,437	11,972	248%
	Ride-hailing Adjusted EBITDA margin (as % of GMV)	3.2%	4.4%	1.2 pp	3.0%	3.9%	0.9 pp
Yandex Market	Total E-Commerce GMV ⁶	20,154	58,769	192%	55,861	160,444	187%
	Yandex Market marketplace GMV	14,692	46,208	215%	43,612	122,188	180%
	Yandex Market Adjusted EBITDA	(3,036)	(12,372)	n/m	(8,293)	(40,451)	n/m
Media Services	Yandex Plus subscribers, MM	6.7	12.0	79%	6.7	12.0	79%
Zen	Zen DAU, MM	20.3	22.3	10%	20.3	22.3	10%
	Share of video as % of time spent on Zen	23.0%	37.0%	14.0 pp	23.0%	37.0%	14.0 pp

(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 74.2926 to \$1.00, the official exchange rate quoted as of December 31, 2021 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, adjusted net income, and financial results on a like-for-like basis including Yandex Market in 2020. 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) The MLU (Taxi) segment composition is relevant for 4Q 2021 and it does not take into account the completed restructuring of our joint ventures with Uber in December 2021, which will affect the segment composition starting Q1 2022.

(4) GMV (or gross merchandise value) is the value of orders delivered (and settled by customers) recognized on the date of delivery at their final prices, including VAT.

(5) GMV of Yandex Delivery (Logistics) is defined as total transaction amounts paid by individual users and B2B clients for a last-mile delivery service, including VAT and excluding any adjustment for consumer discounts and refunds, partner (Driver / Courier) earnings and partner incentives.

(6) E-Commerce GMV is defined as the value of all merchandise sold through our Yandex Market marketplace and Yandex Lavka as well as the value of grocery products sold through Yandex Eats (delivered and paid for) including VAT.

Financial outlook

Based on recent performance, we expect our total group revenues to be between RUB 490 billion and RUB 500 billion for the full year 2022.

In Search & Portal, we expect ruble-based revenue to grow in the mid-to-high teens for the full year 2022 compared with 2021. We target Adjusted EBITDA margin to remain stable for the full year 2022 vs. full year 2021.

In Mobility, we estimate GMV to be in the range of RUB 700 billion to RUB 720 billion for the full year 2022, which implies slight acceleration of growth on a normalised two-year stack basis (compensating for the impact of the Covid-19 pandemic). We expect Adjusted EBITDA margin for the mobility business to improve by up to 50 bps as a percentage of GMV compared with 2021.

We expect our total E-Commerce GMV (including GMV of Yandex Market marketplace, our e-grocery business Yandex Lavka and grocery-originated GMV of Yandex Eats) to double for the full year 2022 compared with 2021.

Our outlook reflects our current view, based on the trends that we have seen in 2021, and may change subject to developments in market conditions, including impacts due to concerns over the current economic outlook and the coronavirus pandemic.

Corporate and Subsequent Events

- On December 6, 2021, Yandex announced a lock-up of all Class B shares held by Arkady Volozh (via his Family Trust) through December 31, 2023
 - On December 21, 2021, Yandex announced the completion of the restructuring of the Company's joint venture with Uber, MLU B.V. Following closing, Yandex owns 100% of each of the Yandex Eats, Yandex Lavka and Yandex Delivery (Logistics), and approximately 71% of newly structured MLU B.V. (consisting of mobility businesses post-restructuring, i.e. ride-hailing and car-sharing). In the first stage completed in September 2021 Yandex also acquired the entire Uber's 18.2% interest in Self Driving Group and as a result owns 100% of the business. The total consideration of the transactions was \$1.0 billion in cash
 - Yandex repurchased 645,191 Class A shares in open market repurchases in Q4 2021, for total consideration of \$50.1 million, as part of the Company's ongoing share repurchase program. We intend to hold such shares in treasury for use under the Yandex equity incentive plan
 - Yandex was assigned three high credit ratings, including investment grade level 'BBB' with a Stable Outlook from Fitch and 'BBB-' with a Stable Outlook from S&P Global Ratings, as well as 'AA+(RU)' with a Stable Outlook from ACRA in December 2021 and January 2022
 - On January 21, 2022, Yandex has reached a settlement with the Federal Antimonopoly Service of Russia (FAS) and a consortium of Russian Internet companies in connection with an antitrust claim related to the placement of enriched search results. The settlement agreement confirms that Yandex has complied with all requirements of the warning, sets forth certain additional obligations of Yandex to support competition and terminates the case without any fines. The case is pending a formal termination of proceedings by FAS.
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Consolidated Results

The following table provides a summary of our key **consolidated financial** results for the three and twelve month periods ended December 31, 2020 and 2021, which includes the results of Yandex Market from July 24, 2020 (the date of consolidation):

<i>In RUB millions</i>	Three months ended December 31,			Twelve months ended December 31,		
	2020	2021	Change	2020	2021	Change
Revenues	71,599	110,328	54%	218,344	356,171	63%
Ex-TAC revenues	65,683	103,166	57%	198,398	330,502	67%
Income/(loss) from operations	4,108	(2,603)	n/m	15,671	(13,277)	n/m
Adjusted EBITDA	13,768	9,720	-29%	49,348	32,143	-35%
Net income/(loss)	(95)	(2,861)	n/m	23,350	(14,653)	n/m
Adjusted net income	5,846	2,645	-55%	20,398	8,005	-61%

The table below provides a summary of our key **financial results** on a like-for-like basis (including Yandex Market for the full year 2020) for the twelve months ended December 31, 2020 and 2021:

<i>In RUB millions</i>	Twelve months ended December 31,		
	2020	2021	Change
Revenues	231,825	356,171	54%
Ex-TAC revenues	211,447	330,502	56%
Income/(loss) from operations	9,542	(13,277)	n/m
Adjusted EBITDA	45,176	32,143	-29%
Net income/(loss)	20,309	(14,653)	n/m
Adjusted net income	17,963	8,005	-55%

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

Cash, cash equivalents and term deposits as of December 31, 2021:

- RUB 102.7 billion (\$1,382.3 million) on a consolidated basis
- In December 2021, Yandex paid RUB 14.9 billion* (\$200 million) in cash, the remaining consideration upon the completion of the joint venture restructuring transaction with Uber

*at the exchange rate as of payment date.

Segment financial results

Search & Portal

Our Search and Portal segment includes Search, Geo, Yandex 360, Weather, News, Travel, 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 60.2% in Q4 2021, up from 59.7% in Q4 2020 and 59.3% in Q3 2021, according to Yandex Radar
- **Search share on Android** in Russia was 59.2% in Q4 2021, up from 58.6% in Q4 2020 and 58.9% in Q3 2021, according to Yandex Radar
- **Search share on iOS** in Russia was 44.0% in Q4 2021, up from 41.6% in Q4 2020 and 42.8% in Q3 2021, according to Yandex Radar
- **Mobile search traffic** was 64.4% of our total search traffic in Q4 2021. Mobile revenues represented 57.4% of our search revenues in Q4 2021
- **Search queries** in Russia grew 7% in Q4 2021 compared with Q4 2020

<i>In RUB millions</i>	Three months ended December 31,			Twelve months ended December 31,		
	2020	2021	Change	2020	2021	Change
Revenues	36,648	47,955	31%	124,810	165,235	32%
Revenues Ex-TAC	30,386	40,023	32%	102,883	136,276	32%
Adjusted EBITDA	18,132	23,485	30%	60,719	79,579	31%
Adjusted EBITDA margin	49.5%	49.0%	-0.5 pp	48.6%	48.2%	-0.4 pp

Revenues increased by 31% and Revenues Ex-TAC increased by 32% year-on-year in Q4 2021. On a two-year stack basis, which we are presenting to provide a clearer picture of our business by smoothing out the effect of the Covid-19 pandemic, the revenues grew by 18% in Q4 2021. The increase was primarily driven by the solid growth of the core search business (supported by product development and improved search share) as well as strong trends in the Yandex Ad Network on the back of improved economic recovery and our investments in further enhancements of our advertising products, instruments and technologies.

Adjusted EBITDA margin came to 49.0% in Q4 2021 compared with 49.5% in Q4 2020. The year-on-year dynamic was primarily driven by our investments in increasing effectiveness of advertising products (including our conversion strategies and simplified solutions for SMB clients) and in product and performance marketing to support the growth of iOS market share.

MLU (Taxi)

In 2021, the MLU (Taxi) segment included our mobility businesses, which consist of the (i) Ride-hailing business (including Yandex Taxi in Russia and 19 other countries across CIS and EMEA, and Uber in Russia and CIS) for both B2C and B2B, (ii) Yandex Drive, our car-sharing business; (iii) the FoodTech businesses (including Yandex Eats, our ready-to-eat and grocery delivery service; and Yandex Lavka, our hyperlocal convenience store delivery service); and (iv) Yandex Delivery (Logistics), our last mile logistics solution for individuals, SMBs and enterprises.

Key operational trends:

- Number of **rides in the Ride-hailing service** increased 48% compared with Q4 2020
- The number of our **dark stores in Yandex Lavka service** reached 404 stores as of the end of December 2021

<i>In RUB millions</i>	Three months ended December 31,			Twelve months ended December 31,		
	2020	2021	Change	2020	2021	Change
GMV:						
Mobility	104,082	174,729	68%	337,863	588,846	74%
Ride-hailing	100,999	170,750	69%	327,442	574,052	75%
Drive	3,083	3,979	29%	10,421	14,794	42%
Yandex Delivery (Logistics)	4,165	11,296	171%	8,578	29,456	243%
FoodTech	12,913	26,446	105%	37,147	80,101	116%
Total GMV	121,160	212,471	75%	383,588	698,403	82%
Revenues:						
Mobility	14,828	26,722	80%	49,244	85,391	73%
Ride-hailing	12,304	23,366	90%	40,719	73,024	79%
Drive	2,524	3,356	33%	8,525	12,367	45%
Yandex Delivery (Logistics)	1,539	5,294	244%	3,083	12,912	319%
FoodTech	6,371	12,621	98%	16,663	37,652	126%
Eliminations	(487)	(1,759)	261%	(1,035)	(4,384)	324%
Total revenues	22,251	42,878	93%	67,955	131,571	94%
Adjusted EBITDA:						
Mobility	3,339	7,939	138%	8,115	23,465	189%
Ride-hailing	3,247	7,511	131%	9,892	22,266	125%
Drive	92	428	365%	(1,777)	1,199	n/m

Yandex Delivery (Logistics)	(429)	(54)	-87%	(837)	(902)	8%
FoodTech	(1,143)	(2,444)	114%	(3,841)	(10,591)	176%
Total Adjusted EBITDA	1,767	5,441	208%	3,437	11,972	248%
Adjusted EBITDA margin as % of GMV:						
Mobility	3.2%	4.5%	1.3 pp	2.4%	4.0%	1.6 pp
Ride-hailing	3.2%	4.4%	1.2 pp	3.0%	3.9%	0.9 pp
Drive	3.0%	10.8%	7.8 pp	-17.1%	8.1%	25.2 pp
Yandex Delivery (Logistics)	-10.3%	-0.5%	9.8 pp	-9.8%	-3.1%	6.7 pp
FoodTech	-8.9%	-9.2%	-0.3 pp	-10.3%	-13.2%	-2.9 pp
Total Adjusted EBITDA as % of GMV	1.5%	2.6%	1.1 pp	0.9%	1.7%	0.8 pp

MLU (Taxi) segment revenues increased by 93%, with Ride-hailing (including our corporate Taxi business) and Yandex Lavka as the largest contributors to growth, followed by the Yandex Delivery (Logistics) business, as well as Yandex Eats. Ride-hailing and Drive revenues increased by 90% and 33% respectively, driven by solid growth in rides and even faster growth in GMV (against the backdrop of the continuing driver supply shortage as well as seasonal increases in surge coefficients due to the weather conditions). Yandex Delivery (Logistics) revenues increased by 244% year-on-year and demonstrated solid growth compared to Q4 2020, as a result of increasing demand for last-mile delivery services. FoodTech revenue delivered solid 98% year-on-year growth primarily driven by the growth of Yandex Lavka on the back of increased demand and new dark stores openings, as well as by the solid performance of Yandex Eats Grocery; its share reached 26% of Yandex Eats GMV in Q4. On a two-year stack basis, revenue in Ride-hailing, Drive and FoodTech increased by 48%, 15% and 216%, respectively (including 128% two-year stack growth for Yandex Eats).

Eliminations related to the MLU (Taxi) segment represent the eliminations of intercompany revenues between different businesses within the Taxi Group. The increase of 261% in Q4 2021 compared with Q4 2020 was mainly attributed to a higher volume of FoodTech orders fulfilled by our Yandex Delivery (Logistics) business growing from a low base.

Adjusted EBITDA of MLU (Taxi) was RUB 5,441 million in Q4 2021, an increase from RUB 1,767 million in Q4 2020. Adjusted EBITDA of the Mobility businesses reached RUB 7,939 million and increased 138% in Q4 2021 compared to Q4 2020, which was however offset by our investments into the rapidly growing Yandex Lavka and Yandex Eats (primarily as a result of expansion of our grocery delivery from retail chains) businesses as well as expansion of our Yandex Delivery (Logistics) services (including investments in building a stand-alone supply of drivers and couriers).

Yandex Market

The Yandex Market segment includes our e-commerce marketplace and several small experiments.

Key operational trends:

- Total **E-Commerce GMV** (Yandex Market marketplace, our e-grocery business Yandex Lavka and grocery-originated GMV of Yandex Eats) increased by 192% year-on-year in Q4 2021
- The share of **GMV sold by third-party sellers** on our Yandex Market marketplace reached 82% in Q4 2021 compared to 63% in Q4 2020
- **Marketplace's assortment** was 22.6 million SKUs as of the end of Q4 2021, up from 20.9 million SKUs as of the end of Q3 2021 and 2.0 million SKUs as of the end of Q4 2020, and further expanded to 25.2 million SKUs as of the end of January 2022
- **The number of active buyers⁷** on Yandex Market marketplace increased by 96% year-on-year and reached 9.8 million as of the end of Q4 2021
- **The number of active sellers⁸** on Yandex Market marketplace increased by 214% year-on-year and reached 23.9 thousand as of the end of 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.

The table below presents the financial results of the Yandex Market segment on a like-for-like basis for the full three and twelve months periods ended December 31, 2020 and 2021.

<i>In RUB millions</i>	Three months ended December 31,			Twelve months ended December 31,		
	2020 *	2021	Change	2020 *	2021	Change
GMV of Yandex Market	14,692	46,208	215%	43,612	122,188	180%
Revenues:	8,659	10,454	21%	28,831	35,288	22%
Revenues from sale of goods (1P)	4,447	7,021	58%	15,307	24,319	59%
Commission and other marketplace revenues (3P)	1,557	2,638	69%	4,592	6,220	35%
CPC revenues ⁹	2,655	795	-70%	8,932	4,749	-47%
Adjusted EBITDA	(3,036)	(12,372)	n/m	(8,293)	(40,451)	n/m
Adjusted EBITDA margin	-35.1%	-118.3%	-83.2 pp	-28.8%	-114.6%	-85.8 pp

* Financial results of Yandex Market for the three and twelve months ended December 31, 2020 were included in Yandex's consolidated financial results on a consolidated basis from July 24, 2020. Yandex's portion of the results of Yandex Market prior the date of acquisition were recognized in the line item "Loss from equity method investments".

(9) CPC revenues are defined as revenues from price comparison services priced on a CPC (cost-per-click) basis and recognized only when a user clicks on product offerings placed by merchants on Yandex Market. Marketplace revenues (from sales of goods (1P) and commission and other marketplace revenues (3P)) are priced on CPA (cost per action) model.

The growth in GMV of Yandex Market marketplace slightly accelerated to 215% year-on-year in Q4 2021 compared with 212% in Q3 2021. The growth was driven by a combination of factors, including the expansion of the customer and merchant base, as well as product improvement, the expansion of Market Express offer and order frequency.

Yandex Market total revenues grew 21% in Q4 2021 compared with Q4 2020. The slower-than-GMV revenue growth is explained by the changes in marketplace revenue mix (increase in the share of 3P GMV to 82% in Q4 2021 compared with 63% in Q4 2020), the decrease of the blended 3P take-rates as well as the decline in price comparison revenue (by 70% year-on-year on the back of the conversion of merchants from CPC to our 3P marketplace model). Revenues from sale of goods (1P) grew 58% year-on-year and were influenced by overall business growth and partially offset by a decrease in 1P as a share of GMV. Commission and other marketplace revenues (3P) increased by 69% year-on-year driven by the overall growth of 3P GMV, partially offset by the lower merchant commissions and the decrease of the 3P blended take-rates (on the back of the expansion of the DBS (Delivery by Seller) model and lower merchant commissions compared to the last year).

Adjusted EBITDA loss of the Yandex Market business was RUB 12.4 billion in Q4 2021, reflecting expectedly higher during the high season operating expenses associated both with materially increased volume of orders processed by fulfillment and logistics and targeted promotional campaigns, as well as fixed costs related to newly deployed operations infrastructure, partially offset by improving unit economics due to the optimization of delivery options, more efficient resources planning, and streamlining the key operational processes, including simplification of merchant acquisition and enrollment.

Media Services

The Media 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 12 million as of the end of Q4 2021, up 79% from the end of Q4 2020

<i>In RUB millions</i>	Three months ended December 31,			Twelve months ended December 31,		
	2020	2021	Change	2020	2021	Change
Revenues	2,901	6,517	125%	7,807	18,408	136%
Adjusted EBITDA	(1,141)	(1,886)	65%	(3,735)	(6,464)	73%
Adjusted EBITDA margin	-39.3%	-28.9%	10.4 pp	-47.8%	-35.1%	12.7 pp

Media Services revenues grew 125% in Q4 2021 compared with Q4 2020. The increase was primarily driven by the growth of subscription revenue (on the back of the rapid growth of paying members of the Yandex Plus program), licensing revenue (due to a significantly higher volume of original content produced and exclusive content purchased in 2021 vs 2020), as well as devices revenue (a significantly greater volume of sales due to sales of new types of devices) and transactional revenue (mainly through ticket sales due to the events market recovery). The adjusted EBITDA losses of RUB 1.9 billion reflects our investments in content and marketing which translates into the growth of the Yandex Plus subscriber base as well as the growth of personnel expenses required to support the expansion of the business.

Classifieds

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

<i>In RUB millions</i>	Three months ended December 31,			Twelve months ended December 31,		
	2020	2021	Change	2020	2021	Change
Revenues	1,818	2,302	27%	5,778	8,158	41%
Adjusted EBITDA	599	485	-19%	1,070	2,066	93%
Adjusted EBITDA margin	32.9%	21.1%	-11.8 pp	18.5%	25.3%	6.8 pp

Classifieds revenues increased by 27% in Q4 2021 compared with Q4 2020 and was driven mainly by the increase in revenues from auto dealers' listings. Auto dealers services revenue has grown by more than 1.5x and reached RUB 1.3 billion as compared to Q4 2020 due to the continued improvement of our monetization strategies and improvement of product offering. Adjusted EBITDA decreased by 19% in Q4 2021 compared with Q4 2020, driven by increased investments in the development and marketing of new products and services in order to expand our end-to-end value proposition for both customers and consumers, as well as overall enhancement of the Classifieds segment's offering.

Other Business Units and Initiatives

The Other Business Units and Initiatives segment includes our self-driving vehicles business ("Yandex SDG"), Zen, Yandex Cloud, Yandex Education, Devices, FinTech, Yandex Uslugi ("Services") and Yandex Lavka experiments in international markets ("Lavka Overseas"), as well as several other experiments.

Key operational trends:

- **Zen's daily average users** was 22.3 million in December 2021, up 8% from September 2021 and 10% from December 2020

<i>In RUB millions</i>	Three months ended December 31,			Twelve months ended December 31,		
	2020	2021	Change	2020	2021	Change
Revenues	4,620	8,642	87%	11,105	24,082	117%
Adjusted EBITDA	(2,580)	(5,506)	113%	(8,294)	(14,874)	79%
Adjusted EBITDA margin	-55.8%	-63.7%	-7.9 pp	-74.7%	-61.8%	12.9 pp

Other Business Units and Initiatives revenues increased 87% in Q4 2021 compared with Q4 2020. The increase was primarily driven by the fast growth in Devices (revenue increased 111% year-on-year to RUB 4.1 billion in Q4 2021 on the back of the strong demand for our stations and consumer price increase per device), Zen (due to development of new formats aimed to improve the quality of content and advertising feed) and Cloud (due to client base expansion and strong acceleration in the consumption of platform services).

Adjusted EBITDA loss amounted to RUB 5.5 billion, an increase on the loss of RUB 2.6 billion in Q4 2020, as a result of investments in Lavka Overseas, FinTech, Devices, Yandex SDG (where adjusted EBITDA loss was RUB 1.3 billion in Q4 2021 primarily due to an increase in the number of employees to further improve our self-driving technology, as well as to deploy rovers in new territories), Zen (due to increased investments in content development and marketing) and other initiatives. The Adjusted EBITDA margin of our Devices business has improved from -31.7% in Q4 2020 to -24.8% in Q4 2021, primarily driven by economies of scale, and the optimization of procurement prices and logistics costs.

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, logistics services, devices intercompany sales and others.

<i>In RUB millions</i>	Three months ended December 31,			Twelve months ended December 31,		
	2020	2021	Change	2020	2021	Change
Revenues:						
Segment revenues	76,897	118,748	54%	231,322	382,742	65%
Eliminations	(5,298)	(8,420)	59%	(12,978)	(26,571)	105%
Total revenues	71,599	110,328	54%	218,344	356,171	63%
Adjusted EBITDA:						
Segment adjusted EBITDA	13,741	9,647	-30%	49,084	31,828	-35%
Eliminations	27	73	170%	264	315	19%
Total adjusted EBITDA	13,768	9,720	-29%	49,348	32,143	-35%

Eliminations related to our revenues increased 59% in Q4 2021 compared with Q4 2020. The increase was mainly attributed to the intercompany eliminations related to logistics activities between Yandex Market and MLU (Taxi), devices intercompany sales, higher intercompany TAC related to the fast growing Zen business as well as the intercompany revenue in Search and Portal (related to brand royalties, data centers rent paid by business units).

Consolidated revenues breakdown¹⁰

(10) The full definition of our consolidated revenues by source is presented under the caption "Revenues" in Item 5 in our Annual Report on Form 20-F for the year ended December 31, 2020.

<i>In RUB millions</i>	Three months ended December 31,			Twelve months ended December 31,		
	2020	2021	Change	2020	2021	Change
Online advertising revenues	38,402	48,431	26%	126,450	166,618	32%
Revenues related to MLU (Taxi) segment, excluding sales of goods	17,691	32,942	86%	57,516	101,402	76%
Revenues related to sales of goods	10,148	17,658	74%	20,145	55,910	178%
Other revenues	5,358	11,297	111%	14,233	32,241	127%
Total revenues	71,599	110,328	54%	218,344	356,171	63%

Online advertising revenues grew 26% in Q4 2021 compared with Q4 2020 and generated 44% of total revenues. On a two-year stack basis online advertising revenues grew by 19%, and by 22% excluding TAC.

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 2021, our headcount increased by 798 full-time employees. The total number of full-time employees was 18,004 as of December 31, 2021, up by 5% compared with September 30, 2021, and up 52% from December 31, 2020, which was primarily driven by the expansion of our teams in (i) Search and Portal (mainly sales managers and developers), (ii) in the E-commerce businesses (including Yandex Market, Yandex Lavka and Yandex Eats) to support the rapid growth of their operations and scale, and (iii) to support the fast growth of Ride-hailing, Yandex Cloud, FinTech, Media Services and other businesses.

Cost of revenues, including traffic acquisition costs (TAC)

<i>In RUB millions</i>	Three months ended December 31,			Twelve months ended December 31,		
	2020	2021	Change	2020	2021	Change
TAC	5,916	7,162	21%	19,946	25,669	29%
<i>Total TAC as a % of total revenues</i>	8.3%	6.5%	-1.8 pp	9.1%	7.2%	-1.9 pp
Costs related to MLU (Taxi) segment, excluding sales of goods	9,096	16,604	83%	29,014	52,945	82%
<i>Costs related to MLU (Taxi) segment, excluding sales of goods as a % of revenues</i>	12.7%	15.0%	2.3 pp	13.3%	14.9%	1.6 pp
Cost of devices and other goods sold ¹¹	9,203	15,265	66%	17,586	49,957	184%
<i>Cost of devices and other goods sold as a % of revenues</i>	12.9%	13.8%	0.9 pp	8.1%	14.0%	5.9 pp
Other cost of revenues	7,231	13,435	86%	19,188	45,382	137%
<i>Other cost of revenues as a % of revenues</i>	10.1%	12.2%	2.1 pp	8.8%	12.7%	3.9 pp
Total cost of revenues	31,446	52,465	67%	85,734	173,952	103%
<i>Total cost of revenues as a % of revenues</i>	43.9%	47.6%	3.7 pp	39.3%	48.8%	9.5 pp

(11) Including cost of 1P products on Yandex Market marketplace.

TAC grew 21% in Q4 2021 compared with Q4 2020 and represented 6.5% of total revenues, down 177 basis points compared with Q4 2020. The year-on-year dynamic of TAC as a share of revenue was primarily driven by a decrease in the share of advertising revenues as a percentage of total revenues as well as the optimization of TAC rates.

Operating Expenses

<i>In RUB millions</i>	Three months ended December 31,			Twelve months ended December 31,		
	2020	2021	Change	2020	2021	Change
Product development	10,027	13,996	40%	36,339	48,461	33%
<i>As a % of revenues</i>	14.0%	12.7%	-1.3 pp	16.6%	13.6%	-3 pp
Sales, general and administrative	21,173	39,392	86%	62,913	122,924	95%
<i>As a % of revenues</i>	29.6%	35.7%	6.1 pp	28.8%	34.5%	5.7 pp
Depreciation and amortization	4,845	7,078	46%	17,687	24,111	36%
<i>As a % of revenues</i>	6.8%	6.4%	-0.4 pp	8.1%	6.8%	-1.3 pp
Total operating expenses	36,045	60,466	68%	116,939	195,496	67%
<i>As a % of revenues</i>	50.3%	54.8%	4.5 pp	53.6%	54.9%	1.3 pp

Total operating expenses increased 68% in Q4 2021 compared with Q4 2020. The increase was mainly due to personnel expenses, which supported revenue growth of MLU (Taxi) and Search and Portal, GMV growth acceleration of Yandex Market, advertising and performance marketing activities to support our market share gains, and the expansion of our customer base in a number of services (primarily Ride-hailing, E-commerce businesses, Search and Portal and our Yandex Plus subscription program). Q4 2021 dynamics were also affected by the low operating costs base in Q4 2020 due to pandemic-related cost optimization measures that were implemented in 2020.

<i>In RUB millions</i>	Three months ended December 31,			Twelve months ended December 31,		
	2020	2021	Change	2020	2021	Change
SBC expense included in cost of revenues	124	112	-10%	449	479	7%
SBC expense included in product development	2,599	2,736	5%	9,216	11,504	25%
SBC expense included in SG&A	2,092	2,180	4%	6,063	8,846	46%
Total SBC expense	4,815	5,028	4%	15,728	20,829	32%
<i>As a % of revenues</i>	6.7%	4.6%	-2.1 pp	7.2%	5.8%	-1.4 pp

Total SBC expenses increased 4% in Q4 2021 compared with Q4 2020. The increase primarily reflects new equity-based grants made in 2020-2021 and the change of share price of Yandex N.V., which is partly offset by the exchange of MLU equity awards for new Yandex N.V. RSUs in Q4 2020.

Income/(loss) from operations

<i>In RUB millions</i>	Three months ended December 31,			Twelve months ended December 31,		
	2020	2021	Change	2020	2021	Change
Income/(loss) from operations	4,108	(2,603)	<i>n/m</i>	15,671	(13,277)	<i>n/m</i>

Losses from operations amounted to RUB 2.6 billion in Q4 2021 compared to income from operations of RUB 4.1 billion in Q4 2020. The decrease reflects the changes in segment mix amid the continuing investments in our rapidly growing businesses (primarily Yandex Market, FoodTech, Media Services and Other Business Units and Initiatives).

Adjusted EBITDA decreased 29% in Q4 2021 compared with Q4 2020. The decline was mainly driven by re-investments of strong Adjusted EBITDA generated by the Search and Portal and Ride-hailing businesses into a number of fast-growing attractive opportunities including E-commerce (Yandex Market, Yandex Eats Grocery and Yandex Lavka), Media Services and Other Business Units and Initiatives (including Lavka Overseas, FinTech, Devices, Yandex SDG, Zen and other experiments).

Interest income decreased RUB 49 mln in Q4 2021 compared with Q4 2020 and remained stable in both quarters.

Interest expense increased 50% in Q4 2021 compared with Q4 2020, reflecting higher finance lease expenses due to the expansion of fulfillment capacity for Yandex Market as well as our fleet of cars for our car-sharing business.

Income tax expense for Q4 2021 was RUB 2,028 million, down from RUB 3,964 million in Q4 2020. Our effective tax rate in Q4 2021 was negative of 243.5% compared to positive tax rate of 102.5% in Q4 2020. If we remove the effects of deferred tax asset valuation allowances, SBC expense, gain on the revaluation of investment in Clickhouse, contribution to the Russian Fund for the Development of Information Technologies and tax provisions recognized, our effective tax rate for Q4 2021 was 16.9%, compared to 20.7% for Q4 2020 as adjusted for effects of deferred tax asset valuation allowances, SBC expense and tax provisions recognized in that period. The decrease in the tax rate without above-mentioned effects was primarily driven by the permanent difference between US GAAP and tax accounting as well as differences in foreign tax rates of certain our subsidiaries.

Net loss was RUB 2.9 billion in Q4 2021, compared with net loss of RUB 0.1 billion in Q4 2020. Apart from the drivers described above that affected the results of operations and income taxes, the change in net income/(loss) was driven by gain on the revaluation of our investment in ClickHouse in the amount of RUB 3.5 billion and our RUB 1.5 billion contribution to the Russian Fund for the Development of Information Technologies to support Russian technology companies in promoting their products and services.

Adjusted net income decreased 55% in Q4 2021 compared with Q4 2020, primarily driven by the same factors that affected the change of net loss.

Net cash flow provided by operating activities for Q4 2021 was RUB 3.4 billion (\$45.8 million) and **capital expenditures** were RUB 18.9 billion (\$254.1 million).

The **total number of shares issued and outstanding** as of December 31, 2021 was 358,703,353, including 323,004,678 Class A shares, 35,698,674 Class B shares, and one Priority share and excluding 795,801 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, 1.9 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 15.6 million shares, of which RSUs to acquire 5.4 million shares were fully vested; performance share units (PSUs) for 0.4 million shares and synthetic options for 2.1 million, 0.5 million of which were fully vested.

Impact of the COVID-19 Pandemic

In Q4 2021 we saw a continuing strengthening of the Russian economy as well as gradual recovery of consumer demand across our key markets. The growth rates of our key businesses, advertising and ride-hailing, have further normalized in Q4 2021 compared to the previous quarter, which was influenced by the lower base as a result of the pandemic. The businesses that experienced an acceleration of demand during the pandemic continued to demonstrate solid growth trends on the back of fewer COVID-19 restrictions, including our FoodTech businesses, Yandex Market marketplace and Media Services. We believe this is related to the change in consumer behavior and habits, and low penetration of these services in Russia.

The number of new COVID-19 cases in Russia started to grow again in December 2021 and January 2022 and reached a new record high. As such, some regions in Russia continued to introduce various lockdown measures and restrictions. The performance in the upcoming months will highly depend on the epidemiological situation in Russia and the magnitude of the potential restrictive measures implemented by authorities.

With regards to our financial position as of the end of December 31, 2021, our analysis of the effect from COVID-19 on goodwill and non-current assets shows no measurable impact. The development of the situation with respect to COVID-19 may also lead to changes in estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates.

Conference Call Information

Yandex's management will hold an earnings conference call on February 15, 2022 at 8:00 AM U.S. Eastern Time (4:00 PM Moscow time; 1:00 PM London time).

We recommend using the dial-in option if you plan to ask questions. In this case please dial-in at least 10 minutes prior to the call start time (using dial-in number and confirmation code stated below).

To access the conference call live, please dial:

US: +1 646 828 8073
UK/International: +44 (0) 330 336 9601
Russia: +7 495 646 5137
Passcode: 8108150

A live and archived webcast of this conference call will be available at:

<https://www.webcast-eqs.com/yandex20220215>

Following the call, a webcast replay will be available at the Yandex Investor Relations website at <https://ir.yandex/events-and-presentations>

ABOUT YANDEX

Yandex (NASDAQ and MOEX: YNDX) is a technology company 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 information services, navigation products, while also expanding into e-commerce, online entertainment, cloud computing and other markets to assist millions of consumers in Russia and a number of international markets. Yandex, which has over 30 offices worldwide, has been listed on NASDAQ since 2011 and on Moscow Exchange since 2014.

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 COVID-19 pandemic 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, the impact of the ongoing COVID-19 pandemic and regulatory and business responses to that crisis, macroeconomic and geopolitical developments affecting the Russian economy or our business, changes in the political, legal and/or regulatory environment, 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, 2020 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 1, 2021 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, 2022, 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, Adjusted net income and financial results on a like-for-like basis including Yandex Market. 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) SBC expense, (3) interest expense, (4) income tax expense, (5) one-off restructuring and other expenses, (6) accrual of expense related to the contingent compensation payable to employees in connection with certain business combinations, (7) income/(loss) from equity method investments, less (1) interest income and (2) other income/(loss), net, (3) effect of Yandex Market consolidation
- **Adjusted net income** means U.S. GAAP net income/(loss) plus (1) SBC expense adjusted for the income tax attributable to the SBC expense, (2) accrual of expense related to the contingent compensation payable to certain employees in connection with certain business combinations, (3) one-off restructuring and other expenses, (4) amortization of debt discount related to our convertible debt adjusted for the related reduction in income tax, (5) loss from disposal of investment in Yandex Money less (1) foreign exchange losses/(gains) adjusted for (increase)/reduction in income tax attributable to foreign exchange gains/(losses), (2) effect of Yandex Market consolidation
- **Financial results on a like-for-like basis including Yandex Market** means revenues, ex-TAC revenues, income/(loss) from operations, adjusted EBITDA, adjusted net income and net income/(loss) of the combined results of operations as if the acquisition of Yandex Market completed as of January 1, 2020. These amounts have been calculated after the elimination of revenue related to intercompany transactions and adjusting the results of Yandex Market to reflect amortization associated with intangibles acquired and related income tax results

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 a non-cash charge, however, and 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.

Acquisition-related costs

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 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.

Foreign exchange gains and 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.

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 restructuring targeted amendments to Corporate Governance Structure approved by shareholders in December 2019 and other similar one-off expenses.

Effect of Yandex Market consolidation

We adjust net income and EBITDA for gain on Yandex Market consolidation. 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.

Loss from disposal of investment in Yandex Money

We adjust net income for loss from disposal of investment in Yandex Money. We have added this loss to adjusted net income as we believe that it is useful to present adjusted net income and related margin measures excluding impacts not related to our operating activities.

Amortization of debt discount

We also adjust net income 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.

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, 2020* RUB	December 31, 2021 RUB	December 31, 2021 \$
ASSETS			
Cash and cash equivalents	132,398	79,275	1,067.1
Term deposits	105,787	23,415	315.2
Investments in marketable equity securities	-	4,049	54.5
Accounts receivable, net	25,440	43,568	586.4
Prepaid expenses	6,727	12,663	170.4
Inventory	4,810	9,587	129.0
Funds receivable, net	2,289	6,180	83.2
Investments in debt securities	-	452	6.1
VAT reclaimable	7,573	13,498	181.7
Other current assets	5,377	7,288	98.1
Total current assets	290,401	199,975	2,691.7
Property and equipment, net	61,772	98,325	1,323.5
Operating lease right-of-use assets	20,800	36,245	487.9
Intangible assets, net	21,842	22,359	301.0
Content assets, net	7,464	13,767	185.3
Goodwill	104,275	117,864	1,586.5
Long-term prepaid expenses	1,391	3,278	44.0
Investments in non-marketable equity securities	1,135	10,215	137.5
Deferred tax assets	1,639	5,625	75.7
Other non-current assets	4,893	7,843	105.6
Total non-current assets	225,211	315,521	4,247.0
TOTAL ASSETS	515,612	515,496	6,938.7
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable, accrued and other liabilities	43,634	84,495	1,137.3
Income and non-income taxes payable	12,573	16,196	218.0
Deferred revenue	6,645	10,415	140.2
Total current liabilities	62,852	111,106	1,495.5
Convertible debt	83,277	85,835	1,155.4
Deferred tax liabilities	3,705	2,989	40.2
Operating lease liabilities	12,830	24,642	331.7
Finance lease liabilities	3,387	15,350	206.6
Other accrued liabilities	1,459	2,649	35.7
Total non-current liabilities	104,658	131,465	1,769.6
Total liabilities	167,510	242,571	3,265.0
Redeemable noncontrolling interests	3,167	869	11.7
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: 320,430,479 and 323,800,479, Class B: 35,708,674 and 35,698,674, and Class C: 1,429,984 and 10,000, respectively); shares outstanding (Class A: 318,501,858 and 323,004,678, Class B: 35,708,674 and 35,698,674, and Class C: nil)	278	281	3.8
Treasury shares at cost (Class A: 1,928,621 and 795,801, respectively)	(6)	(2,728)	(36.7)
Additional paid-in capital	160,857	112,942	1,520.2
Accumulated other comprehensive income	17,923	16,193	217.9
Retained earnings	145,789	131,488	1,769.9
Total equity attributable to Yandex N.V.	324,841	258,176	3,475.1
Noncontrolling interests	20,094	13,880	186.9
Total shareholders' equity	344,935	272,056	3,662.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	515,612	515,496	6,938.7

* Derived from audited consolidated financial statements and revised in the first quarter of 2021 due to immaterial discrepancies

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			Twelve months ended		
	December 31,			December 31,		
	2020	2021	2021	2020	2021	2021
	RUB	RUB	\$	RUB	RUB	\$
Revenues	71,599	110,328	1,485.0	218,344	356,171	4,794.2
Operating costs and expenses:						
Cost of revenues ⁽¹⁾	31,446	52,465	706.2	85,734	173,952	2,341.4
Product development ⁽¹⁾	10,027	13,996	188.4	36,339	48,461	652.3
Sales, general and administrative ⁽¹⁾	21,173	39,392	530.2	62,913	122,924	1,654.7
Depreciation and amortization	4,845	7,078	95.3	17,687	24,111	324.5
Total operating costs and expenses	67,491	112,931	1,520.1	202,673	369,448	4,972.9
Income/(loss) from operations	4,108	(2,603)	(35.1)	15,671	(13,277)	(178.7)
Interest income	1,161	1,112	15.0	3,869	4,615	62.1
Interest expense	(747)	(1,119)	(15.1)	(2,373)	(3,711)	(50.0)
Effect of Yandex Market consolidation	-	-	-	19,230	-	-
Income/(loss) from equity method investments	2	3,825	51.5	(2,175)	6,367	85.7
Other income/(loss), net	(655)	(2,048)	(27.5)	2,321	(1,217)	(16.3)
Net income/(loss) before income taxes	3,869	(833)	(11.2)	36,543	(7,223)	(97.2)
Income tax expense	3,964	2,028	27.3	13,193	7,430	100.0
Net income/(loss)	(95)	(2,861)	(38.5)	23,350	(14,653)	(197.2)
Net loss/(income) attributable to noncontrolling interests	411	(1,567)	(21.1)	1,363	(16)	(0.2)
Net income/(loss) attributable to Yandex N.V.	316	(4,428)	(59.6)	24,713	(14,669)	(197.4)
Net income/(loss) per Class A and Class B share:						
Basic	0.89	(12.19)	(0.16)	72.52	(40.48)	(0.54)
Diluted	0.81	(12.19)	(0.16)	69.77	(40.48)	(0.54)
Weighted average number of Class A and Class B shares used in per share computation						
Basic	353,292,329	363,263,671	363,263,671	340,764,574	362,386,669	362,386,669
Diluted	365,970,656	363,263,671	363,263,671	353,382,841	362,386,669	362,386,669

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

Cost of revenues	124	112	1.5	449	479	6.4
Product development	2,599	2,736	36.8	9,216	11,504	154.8
Sales, general and administrative	2,092	2,180	29.4	6,063	8,846	119.2

YANDEX N.V.

Unaudited Condensed Consolidated Statements of Cash Flows

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

	Three months ended December 31,		
	2020	2021	2021
	RUB	RUB	\$
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:			
Net income/(loss)	(95)	(2,861)	(38.5)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:			
Depreciation of property and equipment	3,644	5,443	73.3
Amortization of intangible assets	1,201	1,635	22.0
Amortization of content assets	737	941	12.7
Operating lease right-of-use assets amortization and the lease liability accretion	2,607	3,183	42.8
Amortization of debt discount and issuance costs	526	516	6.9
Share-based compensation expense	4,815	5,028	67.7
Deferred income tax expense/(benefit)	681	240	3.2
Foreign exchange (gains)/losses	880	(149)	(2.0)
Income from equity method investments	(2)	(3,825)	(51.5)
Other	54	(714)	(9.6)
<i>Changes in operating assets and liabilities excluding the effect of acquisitions:</i>			
Accounts receivable, net	(6,555)	(11,574)	(155.8)
Prepaid expenses and other assets	(6,415)	(5,132)	(69.0)
Inventory	2,406	(2,499)	(33.5)
Accounts payable, accrued and other liabilities	2,175	12,938	174.1
Deferred revenue	1,951	2,633	35.4
Bank deposits and loans to customers	-	303	4.1
Bank deposits and liabilities	-	(145)	(2.0)
Content assets	(2,503)	(2,137)	(28.8)
Content liabilities	31	(421)	(5.7)
Net cash provided by operating activities	6,138	3,403	45.8
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:			
Purchases of property and equipment and intangible assets	(7,176)	(18,879)	(254.1)
Proceeds from sale of property and equipment	32	85	1.1
Acquisitions of businesses, net of cash acquired	(329)	-	-
Investments in non-marketable equity securities	-	(2,485)	(33.4)
Investments in marketable equity securities	-	(735)	(9.9)
Proceeds from investments in non-marketable equity securities	-	944	12.7
Proceeds from sale of marketable equity securities	-	511	6.9
Investments in debt securities	-	(100)	(1.3)
Investments in term deposits	(96,937)	(23,475)	(316.0)
Maturities of term deposits	141,830	53,443	719.4
Loans granted	(472)	(443)	(6.0)
Proceeds from repayments of loans	-	390	5.2
Net cash provided by investing activities	36,948	9,256	124.6
CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:			
Proceeds from exercise of share options	1,088	114	1.5
Repurchases of share options	(186)	-	-
Ordinary shares issuance costs	(5)	-	-
Repurchases of ordinary shares	-	(3,436)	(46.2)
Proceeds from overdraft borrowings	397	2,941	39.6
Payment of contingent consideration and holdback amount	-	(569)	(7.7)
Payment for finance leases	(63)	(301)	(4.1)
Other financing activities	(21)	(141)	(1.8)
Purchase of redeemable noncontrolling interests	(135)	-	-
Purchase of non-redeemable noncontrolling interests	-	(14,714)	(198.1)
Net cash provided by/(used in) financing activities	1,075	(16,106)	(216.8)
Effect of exchange rate changes on cash and cash equivalents, and restricted cash and cash equivalents	(5,228)	1,359	18.3
Net change in cash and cash equivalents, and restricted cash and cash equivalents	38,933	(2,088)	(28.1)
Cash and cash equivalents, and restricted cash and cash equivalents, beginning of period	93,513	81,487	1,096.8
Cash and cash equivalents, and restricted cash and cash equivalents, end of period	132,446	79,399	1,068.7
Reconciliation of cash and cash equivalents, and restricted cash and cash equivalents:			
Cash and cash equivalents, beginning of period	93,463	81,425	1,096.0
Restricted cash and cash equivalents, beginning of period	50	62	0.8
Cash and cash equivalents, and restricted cash and cash equivalents, beginning of period	93,513	81,487	1,096.8
Cash and cash equivalents, end of period	132,398	79,275	1,067.1
Restricted cash and cash equivalents, end of period	48	124	1.6
Cash and cash equivalents, and restricted cash and cash equivalents, end of period	132,446	79,399	1,068.7

YANDEX N.V.

Unaudited Condensed Consolidated Statements of Cash Flows

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

	Twelve months ended December 31,		
	2020	2021	2021
	RUB	RUB	\$
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:			
Net income/(loss)	23,350	(14,653)	(197.2)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:			
Depreciation of property and equipment	13,862	18,162	244.4
Amortization of intangible assets	3,825	5,949	80.1
Amortization of content assets	3,013	6,386	86.0
Operating lease right-of-use assets amortization and the lease liability accretion	9,643	11,223	151.1
Amortization of debt discount and issuance costs	1,667	2,070	27.9
Share-based compensation expense	15,728	20,829	280.4
Deferred income tax expense/(benefit)	666	(5,163)	(69.5)
Foreign exchange gains	(2,752)	(235)	(3.2)
(Income)/loss from equity method investments	2,175	(6,367)	(85.7)
Effect of Yandex Market consolidation	(19,230)	-	-
Other	1,166	(458)	(6.2)
<i>Changes in operating assets and liabilities excluding the effect of acquisitions:</i>			
Accounts receivable, net	(6,333)	(18,011)	(242.4)
Prepaid expenses and other assets	(5,607)	(22,405)	(301.7)
Inventory	(1,501)	(4,756)	(64.0)
Accounts payable, accrued and other liabilities	(2,939)	22,835	307.4
Deferred revenue	2,617	3,806	51.2
Bank deposits and loans to customers	-	304	4.1
Bank deposits and liabilities	-	(194)	(2.6)
Content assets	(7,300)	(11,740)	(158.0)
Content liabilities	554	1,711	23.0
Net cash provided by operating activities	32,604	9,293	125.1
CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:			
Purchases of property and equipment and intangible assets	(24,551)	(44,621)	(600.6)
Proceeds from sale of property and equipment	106	147	2.0
Acquisitions of businesses, net of cash acquired	(33,798)	(8,236)	(110.9)
Investments in non-marketable equity securities	(15)	(3,143)	(42.3)
Investments in marketable equity securities	-	(10,604)	(142.7)
Proceeds from investments in non-marketable equity securities	-	944	12.7
Proceeds from sale of marketable equity securities	-	6,163	83.0
Investments in debt securities	-	(100)	(1.3)
Investments in term deposits	(364,894)	(264,151)	(3,555.5)
Maturities of term deposits	303,286	345,474	4,650.1
Loans granted	(472)	(1,546)	(20.9)
Proceeds from repayments of loans	391	1,667	22.4
Net cash provided by/(used in) investing activities	(119,947)	21,994	296.0
CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:			
Proceeds from exercise of share options	1,176	1,153	15.5
Repurchases of share options	(828)	(67)	(0.9)
Proceeds from issuance of convertible debt	82,046	-	-
Proceeds from overdraft borrowings	397	2,941	39.6
Repayments of overdraft borrowings	-	(398)	(5.4)
Proceeds from issuance of ordinary shares	72,650	-	-
Ordinary shares issuance costs	(96)	-	-
Repurchases of ordinary shares	(10,165)	(6,966)	(93.8)
Payment of contingent consideration and holdback amount	(63)	(6,073)	(81.7)
Payment for finance leases	(374)	(737)	(9.9)
Other financing activities	(145)	(427)	(5.7)
Purchase of redeemable noncontrolling interests	(3,213)	(1,194)	(16.1)
Purchase of non-redeemable noncontrolling interests	(1,709)	(73,077)	(983.6)
Net cash provided by/(used in) financing activities	139,676	(84,845)	(1,142.0)
Effect of exchange rate changes on cash and cash equivalents, and restricted cash and cash equivalents	23,660	511	6.8
Net change in cash and cash equivalents, and restricted cash and cash equivalents	75,993	(53,047)	(714.1)
Cash and cash equivalents, and restricted cash and cash equivalents, beginning of period	56,453	132,446	1,782.8
Cash and cash equivalents, and restricted cash and cash equivalents, end of period	132,446	79,399	1,068.7
Reconciliation of cash and cash equivalents, and restricted cash and cash equivalents:			
Cash and cash equivalents, beginning of period	56,415	132,398	1,782.1
Restricted cash and cash equivalents, beginning of period	38	48	0.7
Cash and cash equivalents, and restricted cash and cash equivalents, beginning of period	56,453	132,446	1,782.8
Cash and cash equivalents, end of period	132,398	79,275	1,067.1
Restricted cash and cash equivalents, end of period	48	124	1.6
Cash and cash equivalents, and restricted cash and cash equivalents, end of period	132,446	79,399	1,068.7

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,		
	2020	2021	Change	2020	2021	Change
Total revenues	71,599	110,328	54%	218,344	356,171	63%
Less: traffic acquisition costs (TAC)	5,916	7,162	21%	19,946	25,669	29%
Ex-TAC revenues	65,683	103,166	57%	198,398	330,502	67%

Reconciliation of Adjusted EBITDA to U.S. GAAP Net Income

<i>In RUB millions</i>	Three months ended December 31,			Twelve months ended December 31,		
	2020	2021	Change	2020	2021	Change
Net income/(loss)	(95)	(2,861)	n/m	23,350	(14,653)	n/m
Add: depreciation and amortization	4,845	7,078	46%	17,687	24,111	36%
Add: SBC expense	4,815	5,028	4%	15,728	20,829	32%
Add: compensation expense related to contingent consideration	-	208	n/m	-	471	n/m
Add: one-off restructuring and other expenses	-	9	n/m	262	9	-97%
Less: interest income	(1,161)	(1,112)	-4%	(3,869)	(4,615)	19%
Add: interest expense	747	1,119	50%	2,373	3,711	56%
Add: loss/(income) from equity method investments	(2)	(3,825)	n/m	2,175	(6,367)	n/m
Less: other (income)/loss, net	655	2,048	213%	(2,321)	1,217	n/m
Less: effect of Yandex Market consolidation	-	-	n/m	(19,230)	-	n/m
Add: income tax expense	3,964	2,028	-49%	13,193	7,430	-44%
Adjusted EBITDA	13,768	9,720	-29%	49,348	32,143	-35%

Reconciliation of Adjusted Net Income to U.S. GAAP Net Income

<i>In RUB millions</i>	Three months ended December 31,			Twelve months ended December 31,		
	2020	2021	Change	2020	2021	Change
Net income/(loss)	(95)	(2,861)	<i>n/m</i>	23,350	(14,653)	<i>n/m</i>
Add: SBC expense	4,815	5,028	4%	15,728	20,829	32%
Less: income tax attributable to SBC expense	89	-	<i>n/m</i>	-	-	<i>n/m</i>
Add: compensation expense related to contingent consideration	-	208	<i>n/m</i>	-	471	<i>n/m</i>
Less: foreign exchange gains/(losses)	880	(149)	<i>n/m</i>	(2,752)	(235)	-91%
Add: increase in income tax attributable to foreign exchange gains/(losses)	(234)	22	<i>n/m</i>	937	31	-97%
Add: one-off restructuring and other expenses	(3)	9	<i>n/m</i>	215	9	-96%
Add: loss from disposal of investment in Yandex Money	-	-	<i>n/m</i>	900	-	<i>n/m</i>
Less: effect of Yandex Market consolidation	-	-	<i>n/m</i>	(19,230)	-	<i>n/m</i>
Add: amortization of debt discount	526	516	-2%	1,667	2,070	24%
Less: reduction in income tax attributable to amortization of debt discount	(132)	(128)	-3%	(417)	(517)	24%
Adjusted net income	5,846	2,645	-55%	20,398	8,005	-61%

Reconciliation of Adjusted EBITDA Margin U.S. GAAP Net Loss Margin

<i>In RUB millions</i>	U.S. GAAP Actual Net Loss	Net Loss Margin (1)	Adjustment (2)	Adjusted EBITDA	Adjusted EBITDA Margin (3)
Three months ended December 31, 2021	(2,861)	-2.6%	12,581	9,720	8.8%
Twelve months ended December 31, 2021	(14,653)	-4.1%	46,796	32,143	9.0%

(1) Net loss margin is defined as net loss divided by total revenues.

(2) Adjusted to eliminate depreciation and amortization expense, SBC expense, one-off restructuring and other expenses, accrual of expense related to contingent consideration, interest income, interest expense, loss/income from equity method investments, other income, net, income tax expense and effect of Yandex Market consolidation. For a reconciliation of adjusted EBITDA to net loss, please see the table above.

(3) Adjusted EBITDA margin is defined as adjusted EBITDA divided by total revenues.

Reconciliation of financial results on a like-for-like basis including Yandex Market to U.S. GAAP financial results

In RUB millions

	Twelve months ended December 31, 2020
Revenues	218,344
<i>Add: revenues of Yandex Market, net of intercompany eliminations</i>	13,481
Revenues, including Yandex Market	231,825
Ex-TAC revenues	198,398
<i>Add: Ex-TAC revenues related to Yandex Market, net of intercompany eliminations</i>	13,049
Ex-TAC revenues, including Yandex Market	211,447
Income/(loss) from operations	15,671
<i>Less: depreciation and amortization of assets identified in a business combinations</i>	(554)
<i>Less: loss from operations of Yandex Market, net of intercompany eliminations</i>	(5,575)
Income from operations, including Yandex Market	9,542
Net income	23,350
<i>Less: depreciation and amortization of assets identified in a business combinations and related income tax effect</i>	(1,007)
<i>Less: loss of Yandex Market</i>	(2,034)
Net income, including Yandex Market	20,309

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February 15, 2022

Yandex Q4 2021 and Full Year 2021 Earnings: Letter to Shareholders

- **Introduction and Overview**

- Total group revenue increased by 54% year-on-year in Q4 2021 and reached RUB 110.3 billion, with the share of non-advertising businesses expanding further to 56%. Full-year revenue increased by 54% year-on-year (on a like-for-like basis) and reached RUB 356.2 billion, ahead of our full-year guidance of RUB 340 billion to RUB 350 billion. These stronger than expected results reflected robust revenue trends across our Advertising and Ride-hailing businesses as well as solid performance in Media and Delivery services, Devices and Lavka sales.
- Based on our 2021 performance, we expect total group revenues to be between RUB 490 billion and RUB 500 billion for the full year 2022.
- Below are additional comments on our Q4 2021 results by key businesses, including Advertising, Mobility, E-commerce, FoodTech, Delivery (Logistics), Media Services and others.

- **Search and Advertising**

- Q4 revenues in our Search & Portal business increased by 31% year-on-year, resulting in 32% year-on-year growth for the full year 2021. Our targeted investments in ad technology, SMB products and iOS search share among other initiatives, enabled us to outperform our percentage revenue growth guidance of high twenties, while delivering on our adjusted EBITDA margin guidance for the full year at the level of 48.2%.
 - On a two-year stack basis (which evens out the effect of the Covid-19 pandemic), Search & Portal grew by 18% in Q4 2021. The best-performing sectors on a two-year stack basis were Home Appliances, IT & Telecom, Finance & Insurance, Consumer Electronics, Education & Employment and Healthcare with growth percentages ranging from the mid-twenties to low-thirties. Only Travel remained in negative territory on a two-year stack basis at the level of low single digits.
 - We saw good progress in our iOS search share, which improved during the quarter to 44.3% in the last week of December 2021, up 2.7 pp year-on-year. Growth in app downloads and usage was driven by improvements in our Yandex Search and Browser products (video translation, caller ID, smart camera). The Yandex app appeared among the top iOS apps in Russia in 2021. Several successful marketing campaigns supported progress and drove an increase in Yandex Search's share as the default search engine within Safari, which grew by 10 pp over the year and reached 35% in January 2022.
 - Our share on Android also continued to grow and reached 59.2% as of the end of Q4 2021. On the back of solid dynamics in terms of both iOS and Android we finished Q4 2021 with a 60.2% total search share, 0.9 pp higher than the end of the previous quarter and 0.5 pp higher year-on-year.
 - Yandex is actively developing advertising formats for ecommerce players that enable advertisers to improve the presentation of their products on both search and network sites. In Q4 2021 we launched a product gallery (product cards with offers from several stores containing a picture of the product along with its name, price and other key information) that appears below the search bar. This advertising format enjoys better user perception and helps them make a choice faster, which proves to be more efficient for advertisers. The efficiency of the new format and its further expansion to cover more product categories should help us attract new advertisers and support our revenue growth.
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- We continue to develop and enhance our conversion-based proposition for our clients by simplifying the usage of advertising strategies and providing more options for settings. Recent innovations include payment for conversions for multiple goals (e.g., a purchase and a phone call) and the addition of a dynamic value for goals as well as a post-click activity analysis using ML technologies. These enhancements further improve the transparency and efficiency of CPA strategies, while allowing Yandex to expand its advertising client base and increase its share of wallet in the market.
 - Growth of conversion-oriented strategies continued in Q4, resulting in 36% of Search and Portal ad revenue (up from 30% in September and 25% in June) and 51% of Yandex's ad network revenue. Optimization for in-app events, improvements in cost revenue strategies, and loyalty programs supported this growth.
 - We recently simplified and extended the user experience of Yandex Metrica, a free tool that enables our clients to evaluate site traffic and analyze user behavior, enhancing its value as a one-stop shop for analytics. Yandex Metrica is an important first step into the Yandex ecosystem for advertisers, as it allows users to jumpstart with Yandex Direct targeted and optimized campaigns. At the moment, more than a million websites have integrated Yandex Metrica.
 - The SMB segment remained an important focus area and growth driver for Yandex's ad business in Q4 2021. We made good progress in our Yandex Business offer, a simplified monthly subscription. More than 50 thousand entrepreneurs now use Yandex Business advertising tools. The number doubled in 2021, and half of customers have renewed their subscription in the last six months.
 - As part of our strategy of advancing tools for SMBs we have announced an acquisition (pending FAS approval) of eLama's technology platform and professional team to integrate it into Yandex and strengthen our position and expertise in collaborating with small businesses. Elama is the largest aggregating platform for small ad agencies and freelance ad campaign experts, which allows them to service SMB advertisers on the leading online ad platforms such as Yandex, Google, VK and Facebook.
 - Zen continues to be our key video advertising platform, with a daily audience of 22.3 million as of the end of December. The share of video time spent has remained stable at around 40% in recent months, as we have further increased our focus on the quality of content. Our efforts have helped us to narrow the gap in net promoter score (NPS) between us and the leading content platforms. We continue to partner with content creators and have increased the amount of video content generated per day from 8 thousand in July to 11 thousand in January, which should support future video consumption growth on the platform.
 - For the full year 2022 we expect ruble-based Search & Portal revenue to grow in the mid to high teens and our adjusted EBITDA margin to remain stable compared with 2021. We may consider reinvesting more margin only if the opportunities we chase: a) will help us to achieve a higher absolute adjusted EBITDA; and b) are in line with our long-term strategic priorities.
 - **Mobility:**
 - **Ride-hailing**
 - Q4 2021 was another exceptional quarter for Ride-hailing with year-on-year acceleration of the growth in rides and GMV.
 - Rides grew 48% year-on-year, versus 44% in Q3 2021, and GMV increased 69% year-on-year in Q4 2021 compared to 62% a quarter earlier. As a result of this solid performance, our GMV reached RUB 171 billion in Q4, while the December annualized GMV run-rate exceeded RUB 800 billion (or USD 11 billion at the exchange rate as of December 31, 2021).
 - Growth rates were primarily driven by a significant increase in the driver base, the number of active users and user frequency on the platform overall, partly driven by wider adoption of Plus on the platform, as well as solid growth rates of our businesses across CIS and both existing and new EMEA countries:
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- In December 2021 our driver base exceeded 1.2 million. This represents a 35% year-on-year increase and an 18%+ increase versus September 2021, driven by our targeted initiatives aimed at driver acquisition and retention earlier in the year.
 - Total MAU of our Go app exceeded 35 million users in December, up 11% quarter-on-quarter and 43% year-on-year. Ride-hailing MAU exceeded 34 million, with Russia accounting for approximately 80%.
 - In addition to the solid increase of MAU, we also saw a significant increase in user frequency. Our ride-hailing users made an average of 7.6 rides in December, compared to 6.7 rides per user in September 2021 and 7.2 rides in December 2020. This increase in frequency was partly due to seasonality and further cohort improvements, but was also driven by an increased share of ride-hailing users with Plus membership, who took an average of 9.3 rides in December. In January, despite the typically weak seasonality and Omicron impact, user frequency remained solid – at 7.1 riders per user
- Acceleration of growth was also driven by faster than average growth outside of Russia. In aggregate, the share of trips in the CIS, as well as existing and new EMEA countries expanded by 3 pp from a year ago to 24% in Q4 2021, and 25% in December. CIS grew 66% year-on-year in rides and 81% in GMV in Q4, while EMEA was up 137% in rides and 146% in GMV. We see significant room for further expansion in these markets and expect them to contribute to our long-term growth.
 - Solid performance in Q4 allowed us to finish 2021 in excellent shape. Rides were up 50% year-on-year and reached 2.4 billion, GMV was up 75% year-on-year, implying 41% growth on a two-year stack basis. Earnings of our ride-hailing partners increased even faster – at 76% year-on-year and reached RUB 519 billion, since we maintained an effective take rate of below 10% - one of the lowest, if not the lowest effective take rate compared to other public ride-hailing services across the globe.
 - While keeping take rates below 10%, we continued to improve our operational efficiency, which allowed us to post an exceptional Adjusted EBITDA in Q4 of 7.5 billion rubles. Adjusted EBITDA was up 131% year-on-year and 74% quarter-on-quarter. Adjusted EBITDA includes approximately 500 million rubles from a one-off effect related to a tax risk reverse. Excluding this effect, Adjusted EBITDA was RUB 7 billion, up 116% year-on-year and 62% quarter-on-quarter.
 - On a full year basis, we generated Adjusted EBITDA of RUB 22 billion. This represents a 3.9% margin of GMV and 90 basis points expansion compared to 2020.
 - **Drive**, our car-sharing business, with a roughly flat year-over-year fleet of 17.5 thousand vehicles as of the end of 2021, generated RUB 4.0 billion GMV in Q4, up 29% year-on-year. This growth was driven by a significant increase in vehicle utilization boosted by the rapid development of our B2B vertical. Although B2B was in the low single digits in terms of the number of orders, B2B share in GMV exceeded 20%, while its contribution to Drive revenues was 22% in Q4. Adjusted EBITDA of Drive reached 428 million rubles in Q4 and 1.2 billion rubles for the full year.
 - We are excited about the development of our mobility businesses, and expect our Mobility GMV to be in the range of RUB 700 – 720 billion in 2022, which implies a slight acceleration of growth on a normalized two-year stack basis (normalizing for the impact of the Covid-19 pandemic). We expect the Adjusted EBITDA margin for the mobility business to improve by up to 50 bps as a percentage of GMV compared with 2021, with margin expansion across both our ride-hailing and car-sharing businesses.
- **E-commerce / Yandex Market**
 - We are very pleased with the progress in E-commerce last year, particularly the almost threefold growth of our business in terms of GMV and numerous improvements in customer value proposition, service quality and streamlining of key operational processes. Our total E-commerce GMV grew 192% year-on-year to RUB 58.8 billion in Q4 2021 (215% for Yandex Market standalone) and 187% year-on-year to RUB 160 billion for the full year 2021.
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- The total cash burn for our E-commerce businesses for the full year 2021 amounted to RUB 44.6 billion, or USD 600 million, which was less than our guidance of USD 650 million (or RUB 48 billion), demonstrating our commitment to disciplined capital allocation. As we previously highlighted, we define total cash burn as the sum of adjusted EBITDA losses (which came to RUB 47.4 billion for the full year 2021 for the total E-commerce perimeter), capital expenditures (RUB billion in the high single digits combined for Market and Lavka) and changes to working capital (a positive WC release in 2021 more than offset our capex spend).
 - Share of 3P GMV increased to 82% in Q4 from 78% in Q3 and 63% in Q4 2020. Next year, we expect our 1P/3P share to normalize around current levels, while our focus will be on increasing the share of orders/GMV fulfilled by Yandex (which currently accounts for about one-third of 3P GMV).
 - Since September, we have expanded the number of active sellers (unique legal entities who made at least one sale in the last month prior to the reporting date) by more than a third to 23.9 thousand, which implies 3.1x growth of the active merchant base for the full year 2021. The number of active buyers almost doubled year-on-year to 9.8 million. Our assortment increased to 22.6 million SKUs as of the end of Q4 2021 and further expanded to 25.2 million SKUs as of the end of January 2022. It is worth noting that our unparalleled matching algorithms enable us to eliminate a significant number of duplicate offers from the platform. Over 70% of the increase in the assortment during Q4 2021 and January 2022 was provided by high-frequency categories such as Kids and Home Goods.
 - In terms of category structure, Consumer Electronics and Grocery remained our largest categories with the strongest market position. The combined E-grocery GMV across our E-commerce businesses (Market, Lavka, Eats Grocery) increased by 119% year-on-year and reached RUB 18.2 billion in Q4 2021 (RUB 57.5 billion for the full year 2021).
 - During Q4 2021 we made further progress on our supply side offering focused on improving the ease and effectiveness of merchants' cooperation with Yandex Market. Key examples include the following: we launched a special app for Market merchants (an important step toward developing a full-fledged mobile platform for our partners), expanded the offer of fintech instruments (including our BNPL service Split as well as a number of other financial products in partnership with third-party banks) and advertising tools available for our merchants (e.g., improved functionality to create promotions in the three-for-two format and others) and improved the flexibility of our Yandex Plus loyalty program (merchants are now able to set up Yandex Plus program cashback at the percentage of their choice for the products they sell).
 - In addition, we are constantly improving the customer experience, and we recently redesigned the application: it is now easier to navigate and faster to use with a more convenient checkout option. These improvements as well as qualitative changes in the service, such as delivery time optimization and assortment expansion, drove an improvement in client metrics such as order frequency and visitor-to-buyer conversions (especially seen on our loyal audience - Plus subscribers). Overall in 2021 every second purchase on the Market was made by a Plus subscriber. GMV per Plus customer increased by 64% in 2021 compared to 2020 driven by year-on-year increase in frequency and higher average check compared to a non-Plus customer. Also, Plus subscribers are 2.4 times more likely to return for additional purchases at Yandex Market than customers without Plus.
 - Most of our increment fulfillment capacity in 2021 was added during the first nine months of the year, with only a minor expansion of 20 thousand sqm (the second stage of the regional fulfillment center in Rostov-on-Don) during Q4 2021. That said, we finished 2021 with a fulfillment capacity of around 320 thousand sqm (including only fulfillment centers, not other logistics infrastructure), which represents more than threefold growth vs. the end of 2020. We believe our current capacity will be largely sufficient to support the growth of our business in 2022, and we will thus focus more on improving the efficiency of fulfillment operations (including further automation of our distribution centers) and increasing personnel productivity and the utilization of our existing warehouse infrastructure.
 - We continued to expand our last-mile delivery infrastructure, i.e., pickup points, lockers and delivery fleet. The number of lockers more than doubled over the quarter and reached 2.9 thousand (growth of 4.1x compared with the end of 2020), and the number of pickup points increased to 7 thousand, including around 2 thousand branded points (vs. only a hundred at the end of 2020). Thanks to this expansion and the synergies with our Yandex Delivery (Logistics) business, the share of orders managed by our own delivery platform exceeded 95% (essentially leaving only remote regions to external services), up from 89% as of the end of Q3 2021 and 33% as of the end of Q4 2020.
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- We continued to work on improving the quality of delivery, an important metric for customer satisfaction. The share of orders delivered on time through our own platform exceeded 95%, reaching ~98% of orders if they were shipped from our warehouses.
 - We continued to actively develop Market Express, a fast (within two hours) delivery option, straight from merchant warehouses powered by Yandex Delivery (Logistics) and complementing the involvement of Yandex Go drivers. This service is currently available in 57 Russian cities, covering a population of 55 million people and offering the widest selection among competitors of over 1.4 million SKUs. In Q4 2021, the share of GMV delivered via Express reached high single-digit percentages across all regions, while in Moscow the share was in the mid-teens, reaching percentages in the low thirties on peak days in late December.
 - We continue to leverage our advertising expertise across segments, and advertising revenue from our marketplace platform (excluding CPC ad revenue) reached 2.9% of GMV and amounted to RUB 1.3 billion for Q4 and RUB 2.8 billion for the full year 2021. This stream continues to evolve into a sizable contributor for Yandex Market revenues and an important future driver of unit economics.
 - We improved Market unit economics by approximately 15 pp during 2021, with steady average appreciation of ca. 1 pp per month in the second half of the year. Adjusted to exclude the impact from underutilization of our fulfillment and delivery infrastructure (the addition of which was front-loaded during the year to support growth in subsequent periods), our unit economics were in the negative low-single digits as a percentage of GMV in Q4 2021.
 - Among the key drivers of our improved unit economics were measures aimed at 1) a top-line increase (such as discount optimization, 3P take rate increase, 1P pricing algorithmic curation) and 2) operations and cost-efficiency enhancement (doubling the efficiency of warehouse personnel since mid-year, optimization of the payment scheme for pickup points and channeling sales via the most cost-effective delivery channels, as well as increasing the utilization of sortation centers and lockers). Further improvement of unit economics is the key priority for 2022, which we expect to be supported by a meaningful increase in the efficiency of existing logistics facilities.
 - In 2022 we expect our total E-commerce GMV to double, while limiting the increase in total cash burn to 20% or less (where maximum spending is subject to the achievement of certain profitability and growth KPIs). This is underpinned by a significant improvement in unit economics.
 - **FoodTech**
 - In Q4, our FoodTech businesses continued growing at high double-digits with a 79% increase in orders and 105% growth in GMV compared to a year ago. On a two-year stack basis orders increased 142% and GMV was up 157%.
 - On a full-year basis, FoodTech orders were up 108% year-on-year and 135% on a two-year stack basis, GMV grew 116% year-on-year and two-year stack was 139%.
 - **Eats vertical** posted an acceleration of year-on-year growth rates in Q4 compared to Q3, with orders up 91% and GMV up 113% year-on-year. Acceleration of growth was driven by the restaurants business, which grew 67% in orders and 76% in GMV, as well as by the further development of our Grocery business, with its share of total GMV reaching 26% in Q4 and 28% in December 2021.
 - The number of restaurants on the platform grew by 1.3 thousand to 35 thousand, while grocery stores on the platform reached 3.2 thousand.
 - During the quarter we continued to focus on unit economics, and despite an undersupply of couriers, we were able to reduce the loss per order in the restaurant business, as well as in grocery. As a result, the Adjusted EBITDA loss of the Eats business as a percentage of GMV improved 3 pp in Q4 compared to Q3. We believe that even with our second position in the market, we are the most efficient player compared to our peers: our growth rates are similar to peers, while unit economics have been consistently improving.
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- **Lavka** finished the year with 404 dark stores, up from 395 stores at the end of Q3 2021. Lavka orders grew 61% year-on-year in Q4 and GMV grew 90%, while our focus on unit economics allowed us to achieve solid results in Moscow and Saint Petersburg – locations that we are primarily focusing on. Gross Profit in these regions increased by 5.3 pp compared to Q3 as a result of greater operational efficiency and while losses per order decreased by approximately 80%.
- The Adjusted EBITDA loss of our FoodTech services improved to RUB 2.4 billion compared to RUB 3.2 billion in Q3. Adjusted EBITDA loss margin as a percent of GMV of FoodTech was 9% - a significant improvement of 6 pp from Q3.
- We are excited about the total addressable market of our FoodTech businesses, and will be focused on strengthening the grocery and retail product experience, including through synergies with e-commerce. At the same time, we will continue to focus on unit economics improvements, balancing it vs investments.

- **Yandex Delivery (Logistics)**

- Deliveries reached 29 million in Q4 and grew 149% year-on-year and 36% compared to Q3. GMV was RUB 11.3 billion in Q4, up 171% year-on-year and 43% quarter-on-quarter. In December, the GMV annualized run-rate reached approximately RUB 57 billion.
- Expectedly, December was a strong month in terms of seasonality, and we were focused on building our supply. Despite strong demand for last-mile express delivery services, we were able to maintain a high quality of service with the acceptance rate in line with the traditional course of the business, as a result of our ongoing investments in supply. In December, the number of active couriers and drivers on the platform reached 80 thousand per week.
- Despite these investments, in Q4 our Adjusted EBITDA loss significantly improved and reached (0.5)% of GMV. Building unique supply is crucial for rapidly growing the business further and we will continue investing in it.
- We see our investments paying off. In the peak weeks in December we were doing approximately 400K deliveries per day – this is 2.3 times more than a year ago. We see ongoing growth in demand for such “cloud-courier” services in the light of growing demand for ecommerce and online retail services and are excited about the growth potential of the business. We reconfirm our belief that the long-term margins of the Express Delivery business may reach mid- to high-single digits of GMV.

- **Yandex Plus / Media Services**

- Media Services continued its rapid growth, increasing revenues by 125% year-on-year in Q4 2021 despite a high-base effect (related to the pandemic shelter-in-place surge), reaching a record level of RUB 6.5 billion, along with improving its adjusted EBITDA margin to -29% vs -39% a year earlier.
 - Growth was supported by the further expansion of the Yandex Plus subscriber base, an increasing share of paying subscribers, original and exclusive content license revenue due to the production of a significantly higher volume of original content and exclusive content purchased in 2021 vs 2020 as well as devices revenue due to the release of a number of new smart devices and transactional revenue mainly through ticket sales due to market recovery once pandemic restrictions were lifted.
 - We finished 2021 with 12 million Yandex Plus subscribers (up 79% year-on-year) with the share of paying subscribers exceeding 80%. Our expanded subscription base has further cemented Yandex Plus’s leading position among ecosystem subscriptions in Russia.
 - During Q4 we released original sequels of two of our highly successful projects, Principle-less 2 and Last Minister 2, and more than 40 premieres (19 of which were exclusive). Among the latter were the movies Venom 2 and Dune, which were released exclusively on KinoPoisk and were available for our subscribers just three months after the official local
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cinema release. Overall, we are very pleased with the level of execution demonstrated by our content team ahead of the holiday season, with major studio top grossing blockbusters of 2021 being available in the Plus subscription during the New Year / Christmas holidays in Russia. As a result, the average number of DAUs during the 10-day holiday period in January exceeded 2 million viewing subscribers, more than double the audience during the January holidays of 2021.

- An important milestone in our content strategy was to reach an agreement with Guy Ritchie (the most popular director among KinoPoisk viewers) to executive-produce and distribute his new film, *The Interpreter*, starring Jake Gyllenhal. This marks the first time a Russian streaming service has played a key role in co-financing a film by a top international director.
- As of mid-February 2022, KinoPoisk has 6 million viewing subscribers. Based on the latest GfK report for Q4 2021, KinoPoisk has further strengthened its number one position in the video-on-demand market and increased the gap between itself and its competitors.
- Integration between Yandex Plus and our key transactional services remains highly beneficial and creates significant synergies. During Q4 2021, Plus subscribers continued to spend more and complete transactions more often than non-Plus customers. On average they demonstrated around 45% higher frequency across key transactional services (for the full year 2021, Plus subscribers placed 2.4x more orders on Yandex Market than non-Plus subscribers), which together with a higher average check resulted in a 50%-85% higher GMV than that generated by non-Plus customers. In Ride-hailing specifically the GMV generated by riders with a Yandex Plus subscription is more than double of those without a subscription thanks to the positive impact on the mix of ride classes (cash back is available for premium classes only). Overall, Plus subscribers continue to generate a material part of GMV for our E-commerce and FoodTech services: more than 50% of GMV for Market and Eats, and around 70% for Lavka.
- **Other businesses and products**

Self-Driving Group

- In Q4 2021 we continued commercial deployment of our delivery robots through our partnership with Grubhub on the University of Arizona campus. More than 35 thousand campus residents are now able to order rover-delivery meals through the Grubhub app. This is the second university campus after Ohio State University, where our delivery robots are operating and we are preparing for further expansion and new launches across other campuses during 2022.
 - The company's rovers have already delivered over 100 thousand orders in the US and Russia to date, which has enabled us to monetize our technology in our domestic as well as international markets and to improve the courier shortage situation.
 - Also, we have expanded our footprint to the MENA and Asian markets by signing a memorandum of understanding with Majit Al Futtain Group in Dubai (in Q4 2021) and with KT Corporation in South Korea (in early 2022) to launch autonomous robotic delivery later this year.
 - On the robotaxi side, we have rolled out proprietary lidars across the AV fleet. We started making our own lidars in the spring of 2019, and nine months later we began testing the first driverless vehicles equipped with our lidars on city streets. Today, after another two years of development, all our fourth-generation cars are already equipped with them, and they will also be included in all of our new cars going forward.
 - The preparation for the launch of our robotaxi service in Moscow is in its final stage, including the necessary regulation. We have received more than 10 thousand applications from those wishing to take part in the testing.
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Fintech

- Since we obtained a banking license in July 2021, we have been focusing on the creation of several parts of the necessary banking infrastructure: the transactional infrastructure, including payment solutions, the core banking system, processing and integration with international payment systems. At the same time, we have been putting in place the processes required by regulators, including banking financial accounting, compliance, treasury, etc. In addition, we have been developing our proprietary risk management and credit scoring solutions both based on banking practices and using Yandex machine learning tools and anonymized data.
- Yandex Split is our first fintech product, which was launched in Q3 2021 for the limited audience of Yandex Market and scaled further in Q4 2021. The service had a successful start as it helped to attract over 100 thousand new customers and processed its first RUB 1 billion in GMV. On the merchant side, half of all Yandex Split orders are incremental, yielding more than 20x incremental sales / gross commission. In 2022 we plan to gradually scale Yandex Split outside of Yandex services, to work on retention and stickiness among consumers as well as to test several payment options.
- We expect to test the first transactional retail banking products in H1 2022 and the first credit retail banking products in H2 2022. Overall we are planning to focus on several retail products that we expect will be synergistic with other Yandex services, rather than building a wholesale bank.

Cloud

- Cloud continued to be one of our fastest-growing businesses in terms of revenue in Q4. Last-quarter revenues grew 174% year-on-year, and the annualized revenue run rate in December reached RUB 4.7 billion, almost 50% of which was generated by enterprise clients on the back of continued demand for cloud services amid the shift towards digital transformation.
- Growth was also driven by an increasing monthly paying customer base, which reached around 16 thousand clients in total and a strong acceleration in the consumption of more value-added platform services, in particular databases and containers, which led to a change in the product mix in favor of PaaS (share of revenue reached 42% in Q4 vs 37% a year ago). The growing scale and improving efficiency of operations together with a changing mix of services (with an increasing share of more value-added products) enabled Cloud to materially improve its unit economics and narrow its adjusted EBITDA losses as a percentage of revenue.

Devices

- Devices revenue grew 111% year-on-year in Q4 2021 and 157% year-on-year for the full year 2021 to RUB 9.5 billion. Growth was supported by an improvement in our smart speakers offering and a number of product releases throughout the year, which now address all demand segments: Station Lite, Station Mini 2 and Yandex Module (smart box with Yandex TV). We have sold almost 3 million smart devices with voice assistant Alice since the launch. In 2021, the number of weekly active smart home devices on smart home platform by Yandex exceeded 1 million devices.

Classifieds

- In 2021 we maintained our leading position in key verticals in the auto and real estate markets and ended the year with RUB 8.2 billion in revenues (with 41% year-on-year growth) and an adjusted EBITDA margin of more than 25%. Top-line growth was supported by a strong base of unique users (30 million Auto.ru MAUs by the end of the year) and a number of new product initiatives which translated into a further improvement in monetization against the challenging external backdrop (the semiconductor crisis and related shortage of new cars).
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- We recently launched the Yandex Rent service, a rental platform, which helps to manage pre-contract rental processes and subsequent administration of the payments. We are seeing good progress: a few months after the launch, we have expanded the service to four cities in Russia and added about 4 thousand apartments to the platform, 50% of which are signed online. Our service provides a 3D apartment tour, insures the risks of both parties to the transaction and supports clients on various issues even after signing a contract.

- **Technology and Other services**

- In November 2021, Yandex's **supercomputer** Chervonenkis ranked 19th in a rating of the top-500 global supercomputers, making it the most productive system in Russia and Eastern Europe. Two more Yandex supercomputers entered the top 40 in the world ranking.
 - At the end of October 2021, **ClickHouse Inc.** (spun off from Yandex in September 2021 and set up in partnership with the US-based Benchmark Capital and Index Ventures) raised USD 250 million in a second round of investment, with a company valuation of over USD 2 billion.
 - We are starting to gain traction with **Toloka**, our data-centric AI solution that enables clients to generate machine learning data at scale. Toloka has built a broad portfolio of over 2 thousand clients from the US, Europe, Israel and the CIS, including AliExpress, Tinkoff, Samsung, Leroy Merlin, Kaspersky, IVI and number of others local and international companies. Gartner named Toloka one of the notable data labeling solutions on the market in its "Hype Cycle for Data Science and ML report." It's Q4 2021 run-rate revenue exceeded RUB 1.6 billion, with an external share of more than 40%.
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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 COVID-19 pandemic 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, the impact of the ongoing COVID-19 pandemic and regulatory and business responses to that crisis, macroeconomic and geopolitical developments affecting the Russian economy or our business, changes in the political, legal and/or regulatory environment, 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, 2020 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 1, 2021 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, 2022, 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 and adjusted EBITDA margin. 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, 2022.
